

UPDATE ON THE YEAR OF TRANSFER

OVERVIEW

2a U.S. RECONSTRUCTION FUNDING

2b RECONSTRUCTION ACROSS IRAQ

OVERVIEW

U.S. CAPACITY BUILDING WITHIN IRAQ'S GOVERNMENT

ECONOMY

ESSENTIAL SERVICES

GOVERNANCE

SECURITY AND JUSTICE

2c RECONSTRUCTION IN THE PROVINCES

OVERVIEW

PROVINCIAL IRAQI CONTROL

PROVINCIAL BUDGET EXECUTION

PROVINCIAL RECONSTRUCTION TEAMS

PROVINCIAL SNAPSHOTS

SECTION 2

2

OVERVIEW

As of June 30, 2008, \$117.79 billion had been made available for the reconstruction of Iraq through U.S. appropriations, Iraqi funds, and international aid.²⁴ For an overview of funding for Iraq reconstruction, see Figure 2.1.

In January 2008, SIGIR reported that Iraq had overtaken the United States in total funding for Iraq reconstruction. Now, at the midpoint of the Year of Transfer, Iraq continues to increase its share of funding for reconstruction priorities, and the Congress has linked the use of new U.S. appropriations to Iraq's success in meeting certain benchmarks. The Supplemental Appropriations Act, 2008, further requires that appropriated funds provided through the Department of State (DoS) and the U.S. Agency for International Development "shall be made available only to the extent that the Government of Iraq matches such assistance on a dollar-for-dollar basis."²⁵

U.S. APPROPRIATIONS (\$50.46 BILLION)

Since 2003, the United States has appropriated \$50.46 billion for Iraq reconstruction assistance. The Congress provided \$6.46 billion in FY 2008, including \$4.17 billion in the Supplemental Appropriations Act, 2008, which the President signed on June 30, 2008. See Figure 2.2 for an overview of U.S. reconstruction spending.

SIGIR has oversight of all U.S. appropriated funding for the reconstruction of Iraq, which includes 33 separate accounts. More than 90% of

all appropriated funding has been made available in four major accounts:

- Iraq Relief and Reconstruction Fund (IRRF)
- Iraq Security Forces Fund (ISFF)
- Economic Support Fund (ESF)
- Commander's Emergency Response Program (CERP)

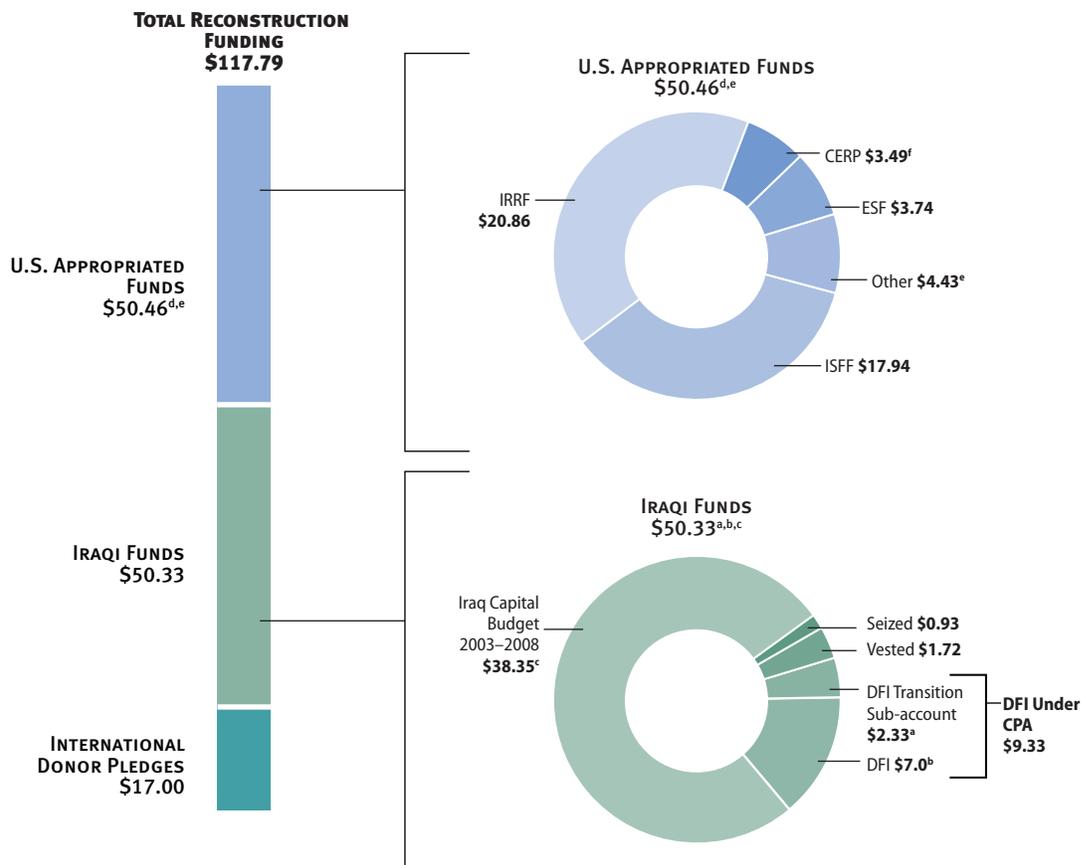
For updated information on the U.S. appropriations for Iraq relief and reconstruction, including allocations, obligations, and expenditures, see Table 2.1.

Table 2.2 presents the best information available for U.S. appropriated funding but does not provide a complete picture of all U.S. relief and reconstruction activities. SIGIR has requested funding information but has not been provided with complete detail on funding for narrowly focused programs of some agencies or the use of agency operating funds for projects in Iraq. However, SIGIR has included estimates for selected accounts, which are reflected in the table's reference notes.

Appendix D cross-references budget terms associated with the IRRF, ISFF, ESF, CERP, and international support for Iraq reconstruction. IRRF sectors have been defined differently by the U.S. Army Corps of Engineers, Gulf Region Division (GRD); DoS; P.L. 108-106; and SIGIR. Appendix E provides a cross-reference of this terminology. For more information on the background and history of each of the four main

Figure 2.1

SOURCES OF IRAQ RECONSTRUCTION FUNDING—\$117.79 BILLION
\$ Billions



Note: Numbers are affected by rounding.

^a Includes August 11, 2004 transfer of \$86 million cash from the Central Bank of Iraq for CERP at the authorization of the Ministry of Finance.

^b In previous Quarterly Reports, SIGIR reported approximately \$20 billion in DFI cumulative deposits to fund Iraqi government operations and reconstruction programs. SIGIR has refined that number to reflect only reconstruction funding, which is approximately \$7 billion, according to GAO Report 05-876 (July 28, 2005, p. 2).

^c For a discussion of Iraqi capital budget expenditures, see section 2b in this Report.

^d For the description of funding changes in U.S. appropriations since the last quarterly report, see the endnote referenced in the first paragraph of this overview.

^e May include humanitarian aid or other types of assistance.

^f Includes an estimate of \$800 million under P.L. 110-252 provided by OSD/Policy in a response to SIGIR, July 16, 2008.

funding streams, see Appendix F; and for IRRF apportionments by agency, see Appendix G.

IRRF

The IRRF program is now largely complete. Under the Supplemental Appropriations Act, 2008, the Congress rescinded \$50 million of remaining unexpended obligations. Since 2003, the Congress has appropriated \$20.86 billion for

reconstruction through the IRRF in two appropriations: P.L. 108-11 (IRRF 1) and P.L. 108-106 (IRRF 2).²⁶ IRRF 1 funds are no longer available for new obligations. The balance of funds obligated but not expended are only available for claims and adjustments toward existing contracts.²⁷

For more information on the latest rescission to the account, see Table 2.1 and Section 2a, *U.S. Reconstruction Funding*.

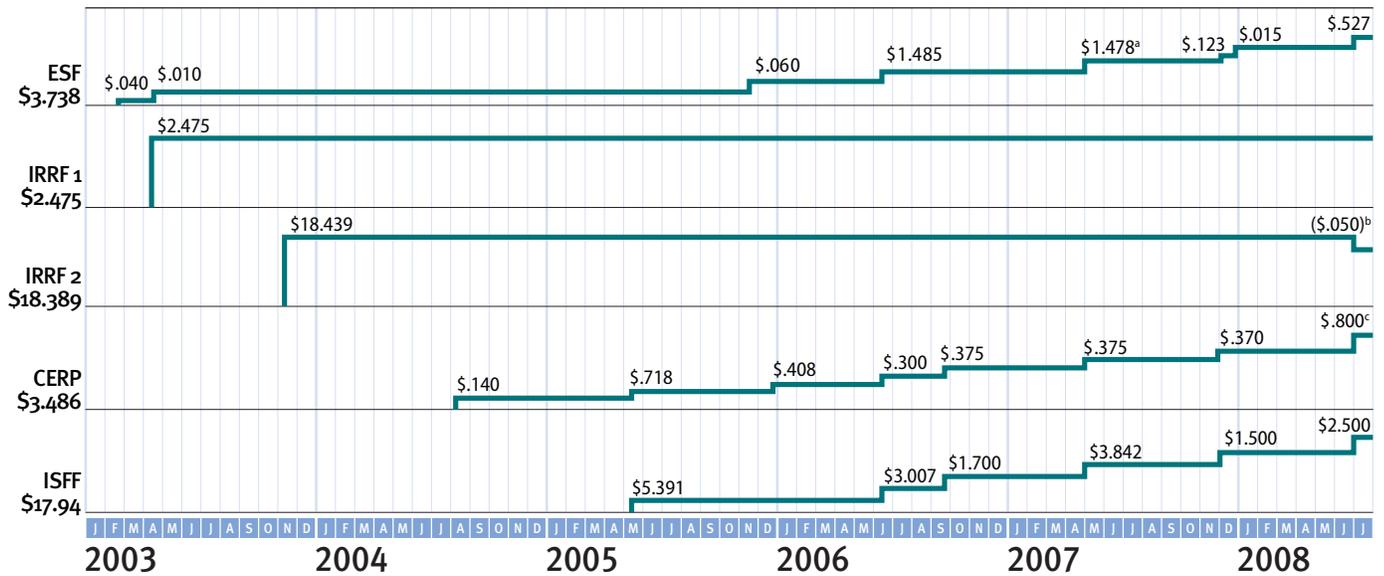
OVERVIEW

Figure 2.2

TIMELINE OF U.S. APPROPRIATIONS

\$ Billions

Source: SIGIR Analysis of Iraq Reconstruction Appropriated Funding



Note: Funding totals are not to scale.

^a Includes FY 2007 rescission of \$76 million under P.L. 110-28.

^b Includes FY 2008 rescission of \$50 million under P.L. 110-252.

^c Estimate of \$800 million appropriated to the CERP under the Supplemental Act, 2008 (P.L. 110-252) was provided by OSD/Policy in a response to SIGIR on July 16, 2008.

ISFF

Appropriations to the ISFF now almost equal those for the IRRF 2, with total funding to date of \$17.94 billion, including \$2.5 billion made available this quarter under P.L. 110-252 in FY 2008 supplemental funds and FY 2009 bridge funding. This Department of Defense (DoD) account was created on May 11, 2005, to fund activities in support of the Iraqi Security Forces (ISF). The ISFF provides training, equipment, and other support for the Iraqi Ministry of Defense and Ministry of Interior. For in-depth discussion of these ministries, see Section 2b, *Reconstruction across Iraq*.

ESF

Funding for ESF programs has been climbing in a series of appropriations, including nearly \$530 million made available under P.L. 110-252 in FY 2008 supplemental funds and FY 2009 bridge funding. Now totaling nearly \$3.74 billion, the ESF is a bilateral economic assistance fund used to promote foreign policy objectives in support of

U.S. allies and countries in democratic transition.²⁸ At the local level, ESF funds are directed toward fostering economic development and job creation through small-scale projects as well as local capacity development through Provincial Reconstruction Teams (PRTs). Nationally, the ESF is used to develop capacity in Iraq's ministries.

CERP

Under the Supplemental Appropriations Act, 2008, the CERP received approximately \$800 million, and appropriations now total \$3.49 billion.²⁹ Since May 2003, CERP has been used to produce targeted local relief and reconstruction efforts throughout Iraq. In addition to providing rapid relief projects, the CERP provides employment opportunities for Iraqis.³⁰ CERP funds are under the authority of Multi-National Corps-Iraq (MNC-I) and implemented at the Multi-National Division level.³¹

This quarter, the Government of Iraq (GOI)

U.S. SUPPORT FOR IRAQ RECONSTRUCTION (\$ BILLIONS)

U.S. FUND	APPROPRIATED	ALLOCATED	OBLIGATED	EXPENDED
IRRF 1	\$2.48	\$2.27	\$2.27	\$2.25
IRRF 2	18.39	18.35	17.82	17.13
IRRF Total	\$20.86	\$20.62	\$20.09	\$19.38
ISFF FY 2005	\$5.39	\$5.39	\$5.30	\$5.21
ISFF FY 2006	3.01	3.01	2.91	2.43
ISFF FY 2007	5.54	5.54	4.15	2.28
ISFF FY 2008	3.00	1.50	0.26	-
ISFF 2009 Bridge	1.00	-	-	-
ISFF Total	\$17.94	\$15.44	\$12.61	\$9.93
ESF FY 2003	\$0.05	\$0.05	\$0.05	\$0.05
ESF FY 2006	1.55	1.53	1.34	1.01
ESF FY 2007	1.60	1.57	1.22	0.47
ESF FY 2008	0.44	0.01	-	-
ESF FY 2009 Bridge	0.10	-	-	-
ESF Total	\$3.74	\$3.16	\$2.62	\$1.53
CERP FY 2004 ^a	\$0.14	\$0.09	\$0.09	\$0.08
CERP FY 2005	0.72	0.70	0.70	0.66
CERP FY 2006	0.71	0.69	0.69	0.61
CERP FY 2007	0.75	0.74	0.74	0.64
CERP FY 2008	1.17	0.66	0.66	0.40
CERP Total	\$3.49	\$2.88	\$2.88	\$2.40
Other Funding	4.43	0.17	0.17	0.04
Total U.S. Appropriated	\$50.46	\$42.27	\$38.37	\$33.28

Sources: IRRF 1: USAID, response to SIGIR data call, July 10, 2008; Treasury, response to SIGIR data call, July 3, 2008; USTDA, response to SIGIR data call, July 1, 2008; DoS, response to SIGIR data call, April 5, 2007; DFAS, response to SIGIR data call, July 7, 2008. IRRF 2: DoS, *Iraq Weekly Status*, July 2, 2008. ISFF: OSD, response to SIGIR data call, July 9, 2008. ESF: DoS, *Section 2207 Report*, October 2007; ITAO, responses to SIGIR data call, January 4, June 29, and July 7, 2008; GRD, response to SIGIR data call, July 2, 2008; USAID, responses to SIGIR data call, June 29, July 1, July 15, and July 17, 2008; ITAO, *Essential Indicators Report*, July 10, 2008; OMB, response to SIGIR data call, January 2, 2008. CERP: OSD, response to SIGIR data call, July 18, 2008; INL, response to SIGIR data call, July 2, 2008.

Note: Numbers are affected by rounding.

^a Complete FY 2004 CERP obligation and expenditure data was not provided in time for the publication of this Quarterly Report. SIGIR will provide more detailed reporting in the October 2008 Quarterly Report.

TABLE 2.1

began a new program to implement projects—funded by Iraq—through U.S. CERP reconstruction managers. This new program, called I-CERP, leverages U.S. procurement, disbursement, and accountability mechanisms to execute urgently needed reconstruction projects for the benefit of the Iraqi people by using Iraqi funds.

IRAQI FUNDING (\$50.33 BILLION)

Since 2003, Iraq has allocated \$38.35 billion for reconstruction through its capital budgets.³² Cumulative Iraqi funding totals also include seized funds from the former Iraqi regime, vested

Iraqi funds that were held in U.S. banks, and the Development Fund for Iraq (DFI), which was created to hold oil revenue and other Iraqi assets, including:

- \$9.33 billion in DFI assets
- \$1.72 billion in vested funds
- \$0.93 billion in funds seized by the Coalition forces

New 2008 oil revenue will be appropriated through an Iraqi 2008 supplemental. For more information on the Iraqi capital budget, see Section 2b, *Reconstruction across Iraq*.

U.S. APPROPRIATIONS FOR IRAQ RELIEF AND RECONSTRUCTION (\$ THOUSANDS)

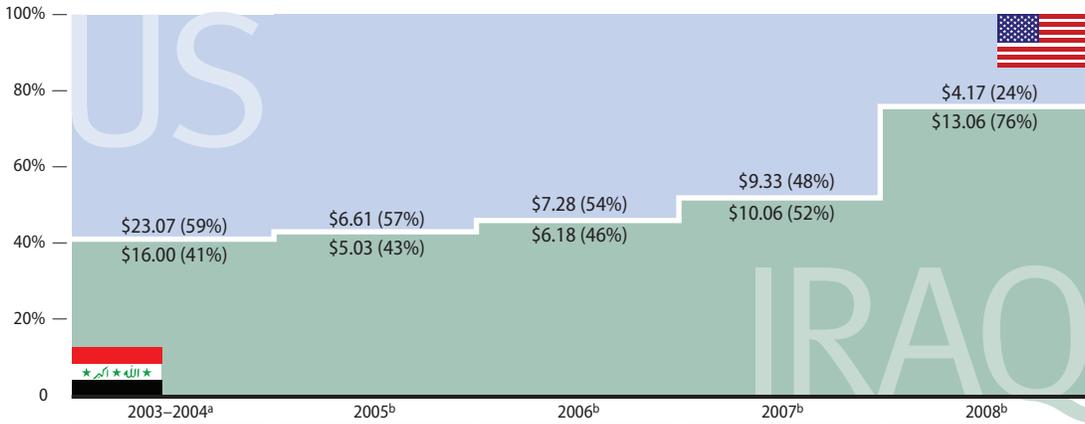
Funding Mechanism	2003	2003	2003	2004	2005	2005	2005	2006	2006	2006	2007	2007	2007	2008	2008	2008	Total
	PL. 108-7	PL. 108-11	PL. 108-106	PL. 108-287	PL. 109-13	PL. 109-102	PL. 109-148	PL. 109-234	PL. 109-289	PL. 110-28	PL. 110-92, PL. 110-116, PL. 110-137, PL. 110-149	PL. 110-161	PL. 110-252				
	Consolidated Appropriations Resolution, 2003	Emergency Supplemental Appropriations Act, 2003	Emergency Appropriations Act for the Defense and for the Reconstruction of Iraq and Afghanistan, 2004	Department of Defense Appropriations Act, 2005	Emergency Supplemental Appropriations Act for the Global War on Terror, and Tsunami Relief, 2005	Department of Defense Appropriations for the State, FY 2006	Appropriations for the Department of Defense, FY 2006	Emergency Supplemental Appropriations for FY 2006	Department of Defense Appropriations Act, FY 2007	Accountability and Iraq Recovery, 2007	2007 Foreign Assistance Continuing Resolutions	Consolidated Appropriations Act, 2008	Supplemental Appropriations Act, 2008				
Public Law #	PL. 108-7	PL. 108-11	PL. 108-106	PL. 108-287	PL. 109-13	PL. 109-102	PL. 109-148	PL. 109-234	PL. 109-289	PL. 110-28	PL. 110-92, PL. 110-116, PL. 110-137, PL. 110-149	PL. 110-161	PL. 110-252				
Date of Enactment	2/20/2003	4/16/2003	11/6/2003	8/5/2004	5/11/2005	11/14/2005	12/30/2005	6/15/2006	9/29/2006	5/25/2007	12/21/2007	12/26/2007	6/30/2008				
Major Funding Stream Totals			18,439,000		5,391,000	60,390	408,000	3,007,000	1,700,000	3,842,300	1,478,000	1,500,000	2,500,000	-50,000			18,389,000
Iraq Security Forces Fund (ISFF)																	17,940,300
Commander's Emergency Response Program (CERP) ^b				140,000	718,000			300,000	375,000	375,400		370,000	800,000				3,486,400
Economic Support Fund (ESF) ^c	40,000	10,000				60,390		1,485,000		1,478,000	122,800	14,879	526,500				3,737,569
Iraq Relief and Reconstruction Fund (IRRF 1)		2,475,000															2,475,000
Major Funding Stream Totals	\$40,000	\$2,485,000	\$18,439,000	\$140,000	\$6,109,000	\$60,390	\$408,000	\$4,792,000	\$2,075,000	\$5,695,700	\$122,800	\$1,884,879	\$3,776,500				\$46,028,269
Other Assistance Programs Totals																	489,300
Natural Resources Risk Remediation Fund (NRRRF)		489,300															489,300
Department of State, International Narcotics Control and Law Enforcement (DoS/INL)		20,000						91,400		150,000	20,048		85,000				366,448
Democracy Fund (DoS)										250,000			75,000				325,000
International Disaster and Famine Assistance		143,800							45,000	45,000	5,000	50,000	45,000				288,800
Migration and Refugee Assistance ^d									45,000	45,000	20,000	149,400	30,000				244,400
Iraq Freedom Fund (Brinkley Initiative)								50,000					50,000				100,000
Child Survival and Health Programs Fund		90,000															90,000
PL 480 Title II Food Aid		68,000															68,000
Voluntary Peacekeeping Operations																	50,000
Alhurra-Iraq Broadcasting			40,000														40,000
Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR)										7,000	12,350	15,975	4,500				39,825
Emergency Refugee and Migration Assistance													0				37,000
Overseas Humanitarian, Disaster, and Civic Aid																	17,000
International Affairs Technical Assistance								13,000		2,750							15,750
Education and Cultural Exchange Programs												6,150	6,150				12,300

Figure 2.3

U.S. VS GOI RECONSTRUCTION FUNDING

\$ Billions

Sources: Republic of Iraq: Budget Revenues and Expenses 2003, July–December; Presidency of the Iraqi Interim National Assembly: The State General Budget for 2005; GOI 2006 Budget (as approved by TNA and written into law December 2005); U.S. Treasury, Response to SIGIR Data Call (10/15/2007, 1/4/2008); GOI Budget 2008: Overview of Revenue and Expenditure, 2007–2008; Ministry of Finance, “Iraqi Federal Budget 2008,” provided by the U.S. Treasury (6/29/2008)



Note: Numbers are affected by rounding. U.S. appropriations shown reflect cumulative totals of funds enacted in each calendar year.

^a 2003–2004 totals include the Iraqi capital budget, seized funds, vested funds, and DFI funds under CPA.

^b 2005–2008 Iraq totals include funds budgeted for capital projects.

^c Estimate of \$800 million appropriated to CERP under P.L. 110-252 was provided by OSD/Policy in response to SIGIR, as of July 16, 2008.

Figure 2.3 compares the Iraqi investment with the total put forth by the United States.

As of July 2, 2008, Iraq’s oil revenues were estimated at \$33.1 billion.³³ Oil revenues continue to increase and could crest \$70 billion by the end of the year.

For an accounting of seized and vested assets, as well as the DFI, see Appendix H.

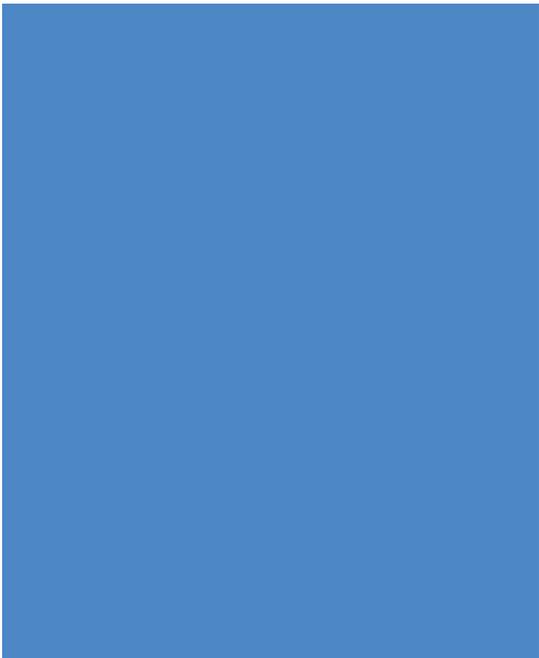
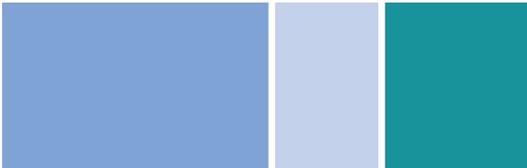
INTERNATIONAL SUPPORT (\$17 BILLION)

Support from the international community has been an important but inconsistent element in Iraq’s reconstruction. International pledges of financial support have been galvanized by the *International Compact with Iraq* (Compact), which was established in May 2007. As of July 2, 2008, international donors had pledged \$17 billion.

International donor contributions come in the form of direct and multilateral financial and technical assistance, loans, balance-of-payment support facilities, and trade credits.³⁴ Of the total pledged grants and loans, \$4.53 billion in grants and \$10.05 billion in loan assistance were pledged during the First Madrid International Donors’ Conference for Iraq Reconstruction.³⁵ Pursuant to the Compact, donors have pledged \$723 million in grants and \$1.7 billion in loan assistance. On July 7, 2008, the GOI hosted the seventh International Reconstruction Fund Facility for Iraq (IRFFI) Donor Committee meeting in Baghdad, making this the first IRFFI meeting to be held in Iraq since its creation five years ago.

For more information on international donors, see Appendix I and the discussion of the *Ministry of Planning and Development* in Section 2b.

U.S. RECONSTRUCTION FUNDING



section **2a**

U.S. RECONSTRUCTION FUNDING

As of June 30, 2008, the Congress had appropriated \$50.46 billion³⁶ to support relief and reconstruction in Iraq. SIGIR reports on the oversight and accounting for all funds appropriated or made available for the building of physical infrastructure, the establishment of political and societal institutions, and for products and

services to benefit the people of Iraq.³⁷ U.S. reconstruction assistance has been made available in 33 accounts, but most funding flows through the four major accounts shown in Table 2.3.³⁸ For a summary and historical description of these funds, see Appendix F of this report.

OVERVIEW OF U.S. RECONSTRUCTION FUNDS (\$ BILLIONS)

FUND	FUND OBJECTIVE	FUND STATUS, AS OF 6/30/2008	OBLIGATED % CHANGE SINCE LAST QUARTER	EXPENDED % CHANGE SINCE LAST QUARTER
IRRF 2 ^a	Addresses critical deficiencies in Iraqi infrastructure, particularly in essential services and security-related activities.	<p>Total Appropriated \$18.39 Total Obligated \$17.82 Total Expended \$17.13</p>	.3% ↑	1% ↑
ISFF ^b	Supports the reconstruction needs of the Iraqi Security Forces by providing equipment, supplies, services, training, and facility and infrastructure repair through the Iraqi Ministry of Defense and Ministry of Interior.	<p>Total Appropriated \$17.94 Total Obligated \$12.61 Total Expended \$9.93</p>	12% ↑	17% ↑
ESF ^c	Promotes the transition to democracy by funding local and national capacity development programs that support governance, civil society, economic policy reform, private sector, and agriculture.	<p>Total Appropriated \$3.74 Total Obligated \$2.62 Total Expended \$1.53</p>	6% ↑	33% ↑
CERP ^d	Enables commanders to provide immediate humanitarian relief, address urgent reconstruction needs, and produce focused local results for Iraqi people.	<p>Total Appropriated \$3.49 Total Obligated \$2.88 Total Expended \$2.40</p>	13% ↑	34% ↑

Sources:

^a P.L. 108-106; DoS, *Iraq Weekly Status*, July 2, 2008.
^b P.L. 109-13; P.L. 109-234; P.L. 109-289; P.L. 110-28; P.L. 110-161; P.L. 110-252; OSD, response to SIGIR data call, July 9, 2008.
^c P.L. 108-7; P.L. 108-11; P.L. 109-102; P.L. 109-234; P.L. 110-28; P.L. 110-92; P.L. 110-116; P.L. 110-137; P.L. 110-149; P.L. 110-161; P.L. 110-252; DoS, response to SIGIR data call, October 14, 2007; ITAO, responses to SIGIR data call, January 4, June 29, and July 7, 2008; GRD, response to SIGIR data call, July 2, 2008; USAID, responses to SIGIR data call, June 29, 2008, July 1, 2008, July 15, 2008, and July 17, 2008; ITAO, *Essential Indicators Report*, July 10, 2008.
^d P.L. 108-287; P.L. 109-13; P.L. 109-148; P.L. 109-234; P.L. 109-289; P.L. 110-28; P.L. 110-161; P.L. 110-252; OSD, response to SIGIR data call, July 18, 2008.

Notes: Numbers affected by rounding. IRRF numbers reflect IRRF 2 only. Funding details were not available for approximately \$30 million in FY 2006 base allocations, \$15 million in FY 2008 allocations, or \$527 million in 2008 supplemental allocations for ESF. This total includes an estimate of \$800 million appropriated to the CERP under the Supplemental Act, 2008 (P.L. 110-252) that was provided by OSD/Policy in a response to SIGIR on July 16, 2008. Complete FY 2004 CERP obligation and expenditure data was not provided in time for the publication of the Quarterly Report.

TABLE 2.3

OBLIGATION AND EXPENDITURE TRENDS

Nearly 72% of all appropriations since 2003 has been directed through the ISFF and IRRF.³⁹ With the IRRF virtually exhausted, the ISFF now has the greatest remaining amount of obligated funds—more than \$2.68 billion. This quarter, ISFF expenditures increased by nearly 17%.

The IRRF and ISFF have had the most consistent rates of expenditure, while the ESF has expended the lowest percentage of appropriations—only about 48%. More than 64% of the ISFF and nearly 75% of total CERP appropriations have been expended.⁴⁰

Figure 2.4 shows the rate of expenditure of the four major funding accounts from the time SIGIR began reporting on obligations and expenditures for each account. As Figure 2.4 shows, ESF spending was slow to start, and IRRF expenditures leveled off after a much stronger start. The ISFF has been expended at a consistent rate; and the CERP, which is used to meet the changing needs of commanders at the local level, has been expended at a more variable rate, spiking in late 2007. Figure 2.4 does not include funds made available for reconstruction in the 2008 Supplemental.

RECONSTRUCTION FUNDING EXECUTION CHANNELS

Similar to the major funding streams, reconstruction programs are delivered through a variety of implementation channels. Projects are rarely

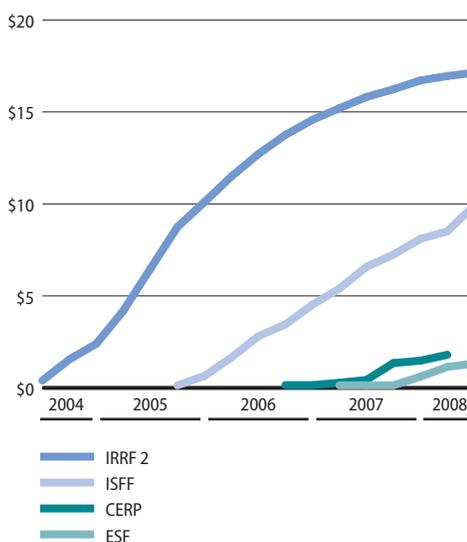
implemented by a single entity. Although each fund is administered by specific U.S. government agencies, project implementation varies by task type and sector focus. Many are delivered through a combination of interagency acquisition agreements (IAAs) and direct funding to private-sector contractors.

Figure 2.4

EXPENDITURE RATES FOR MAJOR U.S. FUNDS

\$ Billions

Sources: DoS, *Iraq Weekly Status* (7/2/2008); OSD, Response to SIGIR Data Call (7/9/2008); DoS, Response to SIGIR Data Call (10/14/2007); ITAO, Responses to SIGIR Data Call (1/4/2008, 6/29/2008, 7/7/2008); GRD, Response to SIGIR Data Call (7/2/2008); USAID, Responses to SIGIR Data Call (6/29/2008, 7/1/2008, 7/15/2008, 7/17/2008); ITAO, *Essential Indicators Report* (7/10/2008); SIGIR, *Quarterly and Semiannual Reports to the United States Congress*, March 2004–April 2008



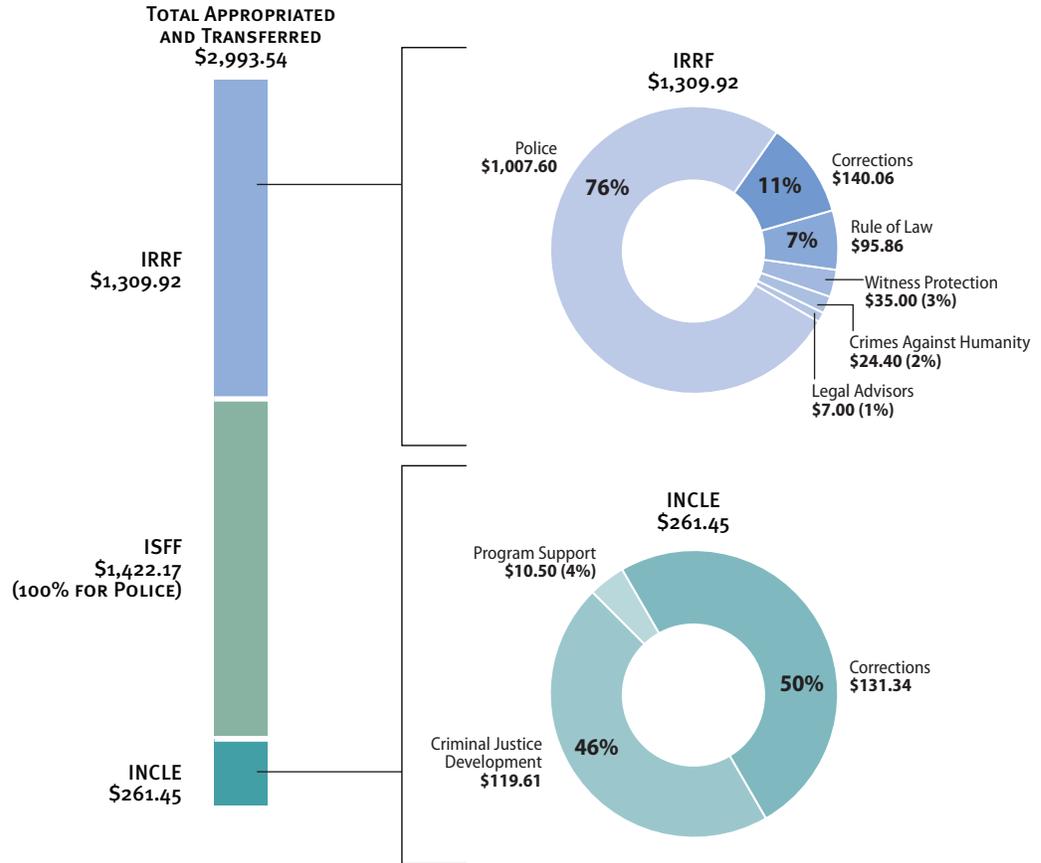
Note: SIGIR began reporting on ESF spending in FY 2006 after the enactment of the Emergency Supplemental Appropriations Act, 2006.

Figure 2.5

INL APPROPRIATIONS AND TRANSFERS

\$ Millions

Source: INL, Response to SIGIR Data Call (7/2/2008)



Note: Numbers are affected by rounding.

INTERAGENCY AGREEMENTS

The managers of IRRF, ESF, and ISFF projects administer a substantial portion of their programs through IAAs. For example, nearly \$1.31 billion of the IRRF and more than \$1.42 billion of the ISFF were transferred from DoD to the DoS Bureau of International Narcotics and Law Enforcement Affairs (INL) for work to enhance the capacity of Iraq's criminal justice system.

For an overview of this funding, which includes direct appropriations to INL's International Narcotics Control and Law Enforcement

Fund (INCLE), see Figure 2.5.

Of these transferred and appropriated funds, INL reports that \$2.73 billion has been obligated. More than 19% of obligations, or \$528 million, was implemented through IAAs. IRRF transfers account for nearly \$280 million, or 53% of INL obligations through IAAs. Of all funding transferred from the ISFF, INL has obligated \$131 million through IAAs solely for Law Enforcement and Police efforts.

Nearly 40% of ESF program allocations are managed through IAAs, including large-scale agreements that DoS has executed with GRD,

DoJ, and others, shown in Table 2.4.⁴¹

DoS relies heavily on contractors to execute its mission.⁴² GAO released an audit this quarter that reviewed DoS use of IAAs in conducting its worldwide operations. Of the ten case studies examined, two were directly related to services provided in Iraq. The report highlighted several challenges to effective management and execution,⁴³ including limited insight by DoS officials about the extent to which the department uses interagency contracting. It was also noted that DoS did not report \$144 million in logistics support contracting performed by DoD on its behalf.⁴⁴

GAO previously reported that the lack of reliable information on interagency contracts inhibits agencies from making sound contracting decisions and engaging in good management practices.⁴⁵ Overall, programs and agencies that use multiple funding streams require a greater degree of coordination.⁴⁶ Echoing these challenges in a summary review of its audit products released this quarter, SIGIR observed that there

is a continuing need for more integrated organizational management structures to facilitate the coordination of efforts among agencies.⁴⁷

DIRECT CONTRACTING

Six U.S. government organizations are primarily responsible for Iraq reconstruction contracts:⁴⁸

- U.S. Army Corps of Engineers, Gulf Region Division (GRD)
- Joint Contracting Command-Iraq/Afghanistan (JCC-I/A)
- Multi-National Corps-Iraq (MNC-I)
- Air Force Center for Engineering and the Environment (AFCEE)
- USAID
- DoS

Table 2.5 shows the top ten contractors awarded projects under the IRRF 2.

Table 2.6 shows the top ISFF contractors, and Table 2.7 shows the top ESF contractors.

Given that INL manages contracts valued at more than \$1.55 billion, funded in large part by

DEPARTMENT OF STATE ESF INTERAGENCY ACQUISITION AGREEMENTS (\$ MILLIONS)

PROGRAM	AGENCY	ALLOCATIONS	CONTRACTED AMOUNTS	EXPENDED AMOUNTS
PRT/PRDC	GRD	\$700	\$341	\$137
ISP	GRD	217	177	100
O&M Sustainment	GRD	285	274	224
Plant-level Capacity Development and Technical Training	GRD	52	36	30
Regime Crimes Liaison Office	DoJ	33	33	23
Total		\$1,287	\$861	\$514

Source: USAID, *Activities Report*, July 16, 2008; GRD, response to SIGIR data call, July 2, 2008; ITAO, *Essential Indicators Report*, July 10, 2008.

TABLE 2.4

TOP TEN IRRF 2 CONTRACTORS (\$ MILLIONS)

#	CONTRACTOR	OBLIGATED	EXPENDED
1	Bechtel National, Inc.	\$1,262	\$1,177
2	FluorAMEC, LLC	\$948	\$943
3	Parsons Global Services, Inc.	\$667	\$635
4	Kellogg, Brown & Root Services, Inc.	\$630	\$618
5	Parsons Iraq Joint Venture	\$624	\$618
6	Washington Group International	\$508	\$505
7	Development Alternatives, Inc.	\$439	\$435
8	Environmental Chemical Corporation	\$352	\$349
9	Anham Joint Venture	\$259	\$259
10	Symbion Power, LLC	\$253	\$226

Source: Corps of Engineers Financial Management System, "All Items Report for PMCON and All Items Report for PMNCN," June 30, 2008; USAID, *Activities Report*, July 16, 2008.

Note: Numbers affected by rounding. This list is produced by compiling contract-level obligation data provided by GRD and USAID only.

TABLE 2.5

TOP TEN ISFF CONTRACTORS (\$ MILLIONS)

#	CONTRACTOR	OBLIGATED	EXPENDED
1	AECOM, Government Services, Inc.	\$733	\$474
2	Contract to DoS for INL Support	\$696	\$696
3	Environmental Chemical Corporation	\$674	\$593
4	Contract to DoS for INL Support	\$386	\$386
5	American Equipment Company	\$342	\$234
6	Innovative Technical Solutions, Inc.	\$270	\$227
7	Tetra International, LLC	\$269	\$227
8	Iraqi Contractor	\$253	\$227
9	Toltest, Inc.	\$240	\$204
10	Contract to DoD for DSCA	\$224	\$224

Source: Corps of Engineers Financial Management System, June 30, 2008.

Note: Numbers affected by rounding.

TABLE 2.6

TOP TEN ESF CONTRACTORS (\$ MILLIONS)

#	CONTRACTOR	PARTNERING AGENCY	OBLIGATED	EXPENDED
1	International Relief and Development	USAID	\$499	\$253
2	Research Triangle Institute	USAID	\$252	\$109
3	Management System International	USAID	\$204	\$60
4	Louis Berger Group	USAID	\$152	\$45
5	CHF International	USAID	\$145	\$71
6	Development Alternatives, Inc.	USAID	\$130	\$5
7	BearingPoint, Inc.	USAID	\$85	\$53
8	Wamar International	GRD	\$67	\$56
9	Parsons Brinckerhoff	GRD	\$58	\$57
10	Iraqi Contractor-4767	GRD	\$49	\$33

Source: Corps of Engineers Financial Management System, June 30, 2008; USAID, *Activities Report*, July 16, 2008.

Note: Numbers are affected by rounding. This list is produced by compiling contract-level obligation data provided by GRD and USAID.

TABLE 2.7

U.S. RECONSTRUCTION FUNDING

TOP INCLE CONTRACTORS (\$ MILLIONS)

CONTRACTOR	OBLIGATED	EXPENDED
DynCorp	\$1,424	\$1,328
Bearing Point	\$16	\$13
BEA Systems	\$9	\$9
CPI	\$6	-
LENCO	\$2.5	\$2.5
PAE	\$1.3	\$0.0

Source: INL, response to SIGIR data call, July 3, 2008.

Note: Numbers are affected by rounding.

TABLE 2.8

IRRF and ISFF transfers, a listing of top INCLE contractors is provided in Table 2.8. (The Congress exempted CERP from standard contracting regulations; consequently, SIGIR reporting for the CERP is limited to project-level obligations). Within their respective funding streams, contractors listed in each of these tables account for:

- 33% of IRRF obligations
- 32% of ISFF obligations
- 63% of ESF obligations
- 52% of INCLE obligations

Combined, the top 36 contractors of the IRRF, ISFF, ESF, and transfers and appropriations to the INCLE have been awarded 33% of total U.S. appropriations.⁴⁹ Consistent with the imminent completion of the IRRF 2 program, rankings for contractors in this stream have not changed from those reported last quarter. Corresponding obligations have increased only incrementally. For IRRF's largest contractor, Bechtel National, Inc., all projects are now reported as complete, with 658 individual sub-projects that range in sectors from Water Resources and Electricity to Health Care and Transportation and Telecommunications.

AECOM is the largest ISFF contractor, with total obligations of \$733 million—an increase of \$40 million from last quarter. AECOM supports the Iraqi Armed Forces through more than 230 projects. Of the top ISFF contractors, the

American Equipment Company shows the largest increase in obligations, up by \$85 million, or nearly 33%, during the quarter.

Although the top ten ESF contractors have not changed since last quarter, reported obligations have decreased slightly for half of the contractors listed. Wamar International had the largest increase from last quarter—up \$5 million. International Relief and Development is attributed with the largest obligation total. This USAID contractor manages 8,750 sub-projects, all of which fall under the ESF security track. Its highest program obligations are for the support of the **Community Stabilization Program**.

For INCLE contractors, obligations have not changed in comparison to figures reported last quarter. The obligation total for DynCorp is the highest obligated amount for any single contractor. Expenditures by DynCorp rose \$73 million this quarter. Also, INL reported three new contractors—BEA Systems, CPI, and LENCO.

Iraqi First Program

Through the **Iraqi First Program**, JCC-I/A has supported the award of contracts to fulfill Coalition reconstruction requirements. By using Iraqi workers and suppliers, the Coalition invigorates local industries and the economy.⁵⁰

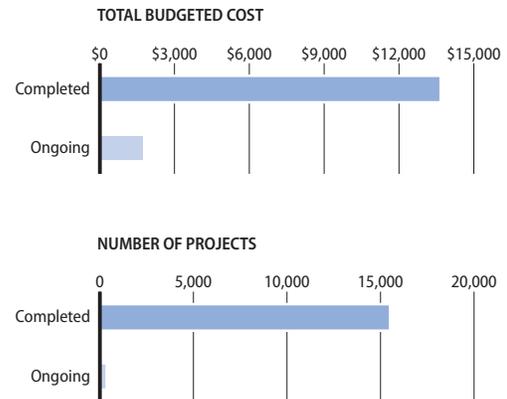
This quarter, JCC-I/A reported that there are 4,016 registered Iraqi First vendors. There are also more than 3,700 Iraqis working under a military

Figure 2.6

IRRF 2 PROJECT COMPLETION STATUS

\$ Millions, # Projects

Source: IRMS, ITAO Rollup (7/7/2008); USAID, Activities Report (7/16/2008)



logistics contract.⁵¹ To date, more than 32,000 awards have been made to Iraqi vendors, valued at more than \$6.7 billion.⁵² For Iraqi First awards for each province, see Section 2c.

I-BIZ

Another emerging mechanism supporting the development of Iraqi businesses is the **Iraqi-Based Industrial Zone (I-BIZ) program**, which aims to create opportunities for Iraqi entrepreneurs on or near Coalition bases. Commanders support I-BIZ by providing a secure work area for Iraqi businesses to supply light industrial and commercial services for the Coalition forces on the base. The initial focus for the program is on non-tactical industries.⁵³ This quarter, an I-BIZ center opened in Balad, in Salah Al-Din province.⁵⁴

IRAQ RELIEF AND RECONSTRUCTION FUND

This quarter, under the Supplemental Appropriations Act, 2008, \$50 million was rescinded from the unobligated balance of IRRF 2 monies.⁵⁵ The Congress redirected most of these funds to priorities in other countries. ITAO reports that \$10 million of these funds will be slated for anticorruption programs in Iraq.⁵⁶ Shifts in the alloca-

tions continue to occur as project needs change. OMB reported two other changes to the IRRF 2:

- \$84 million of the IRRF 2 was de-obligated and returned to OMB.⁵⁷
- \$95.6 million was re-apportioned by OMB and is now available for re-obligation.⁵⁸

To date, \$690 million, or nearly 4%, of IRRF 2 obligations remains unexpended.⁵⁹ For more information on the history of the IRRF, allocations of the IRRF by sector, and for allocation by agency, see Appendix F.

MAJOR IRRF PROJECTS

This quarter, 79 IRRF projects were completed, and to date, nearly 87% of all IRRF projects were finished. Figure 2.6 shows the status of IRRF projects, as reported in IRMS. Nearly 365 IRRF projects are still ongoing. Table 2.9 details ten major IRRF projects.⁶⁰

GEOGRAPHIC DISTRIBUTION

IRRF-funded projects are being implemented in all of the 18 provinces of Iraq. Since the start of the U.S. reconstruction program, Baghdad has received the highest project budget. However, the highest per capita concentration of projects has

occurred in the Basrah, Thi-Qar, and Tameem provinces. Table 2.10 lists IRRF project budgets and per capita totals by province, as reported in IRMS.

IRAQ SECURITY FORCES FUND

The Iraq Security Forces Fund (ISFF) received \$1.50 billion of the FY 2008 Supplemental and \$1 billion in FY 2009 bridge funding. These additional funds bring the total ISFF to \$17.94 billion—nearly the size of IRRF 2.⁶¹

FY 2008 Supplemental funding more than doubled the total ISFF appropriations made available this year. Generally, ISFF funding allocations for the MOD and MOI have decreased

from FY 2007 levels. Even with the addition of this quarter's FY 2008 Supplemental appropriation, total FY 2008 ISFF funds decreased by 47% from the total made available in FY 2007.

FUNDING USES

To date, \$9.25 billion of the ISFF has been allocated to assist the MOD, and \$5.26 billion has been made available to support the MOI.

Generally, ISFF projects are funded under four major sub-activity groups:

- Equipment and Transportation
- Sustainment
- Training and Operations
- Infrastructure

MAJOR IRRF RECONSTRUCTION PROJECTS (\$ MILLIONS)

PROJECT NAME	TOTAL BUDGETED COST	STATUS	FORECAST/ACTUAL COMPLETION	PROVINCE
Design and Construct Nassriya Water Supply Project	\$276.73	Completed	9/11/2007	Thi-Qar
Kirkuk Substation Combustion Turbines	\$205.16	Completed	11/29/2005	Tameem
Design and Construct Erbil City-Ifray Main Water Supply Project	\$201.49	Completed	7/20/2006	Erbil
Construct Qudas Power Plant Expansion	\$182.45	Ongoing	12/31/2008	Baghdad
Baghdad South New Generation Phase II Equipment	\$177.22	Completed	8/14/2006	Nationwide
Khor Zubair New Generation	\$121.36	Completed	1/6/2006	Basrah
Doura Power Plant Rehab Units 5 & 6	\$88.59	Completed	6/15/2005	Baghdad
PIJV - South Well Work Over	\$88.19	Completed	5/12/2007	Basrah
Design And Construct Nassriya Drainage Pump Station	\$81.93	Completed	2/28/2007	Thi-Qar
First Responder Network (North Region)	\$66.20	Completed	5/1/2006	Nationwide

Source: IRMS, *ITAO Rollup*, July 7, 2008; USAID, *Activities Report*, July 16, 2008.

TABLE 2.9

IRRF 2 PROJECT BUDGETS PER CAPITA

PROVINCE	BUDGET	POPULATION	BUDGET PER CAPITA
Basrah	\$2,623,482,601	1,761,000	\$1,489.77
Thi-Qar	\$1,444,915,361	1,427,200	\$1,012.41
Tameem	\$769,947,380	839,100	\$917.59
Anbar	\$1,001,030,457	1,280,000	\$782.06
Baghdad	\$4,315,427,382	6,386,100	\$675.75
Diyala	\$856,835,397	1,373,900	\$623.65
Muthanna	\$321,022,172	536,300	\$598.59
Salah Al-Din	\$630,580,391	1,077,800	\$585.06
Wassit	\$410,084,576	941,800	\$435.43
Missan	\$280,765,000	743,400	\$377.68
Erbil	\$690,576,957	1,845,200	\$374.26
Dahuk	\$188,032,383	616,600	\$304.95
Ninewa	\$740,433,023	2,473,700	\$299.32
Qadissiya	\$229,331,555	866,700	\$264.60
Najaf	\$238,090,406	946,300	\$251.60
Babylon	\$299,235,829	1,444,400	\$207.17
Kerbala	\$129,699,797	756,000	\$171.56
Sulaymaniyah	\$188,028,050	2,159,800	\$87.06

Source: IRMS, *ITAO Rollup*, July 7, 2008; USAID, *Activities Report*, July 16, 2008; Source of population: UNOCHA, "Iraq-Population by Governorate," November 19, 2007.

Note: This table does not account for \$9,927,297,807 in values for projects not tied to a province in IRMS.

TABLE 2.10

For an overview of ISFF allocations by sub-activity group, see Figure 2.7.

The ISFF funds \$927 million in "other" activities external to the MOI and MOD, including prosthetics clinics, detainee operations, Theater Internment Facility Reintegration Centers, a quick response fund, rule-of-law complexes, and disarmament, demobilization, and reintegration programs. Figure 2.8 shows the shifts in ISFF fund allocations.

In keeping with MNSTC-I's priority to expand the ISF, most ISFF obligations in support of the MOI are made for training and operations. Equipment and transportation is the top prior-

ity category for ISFF projects that support the MOD.⁶² For a list of the top obligation priorities in support of the MOD, by fiscal year, see Table 2.11. For a list of obligations in support of the MOI, see Table 2.12.

FUND EXECUTION

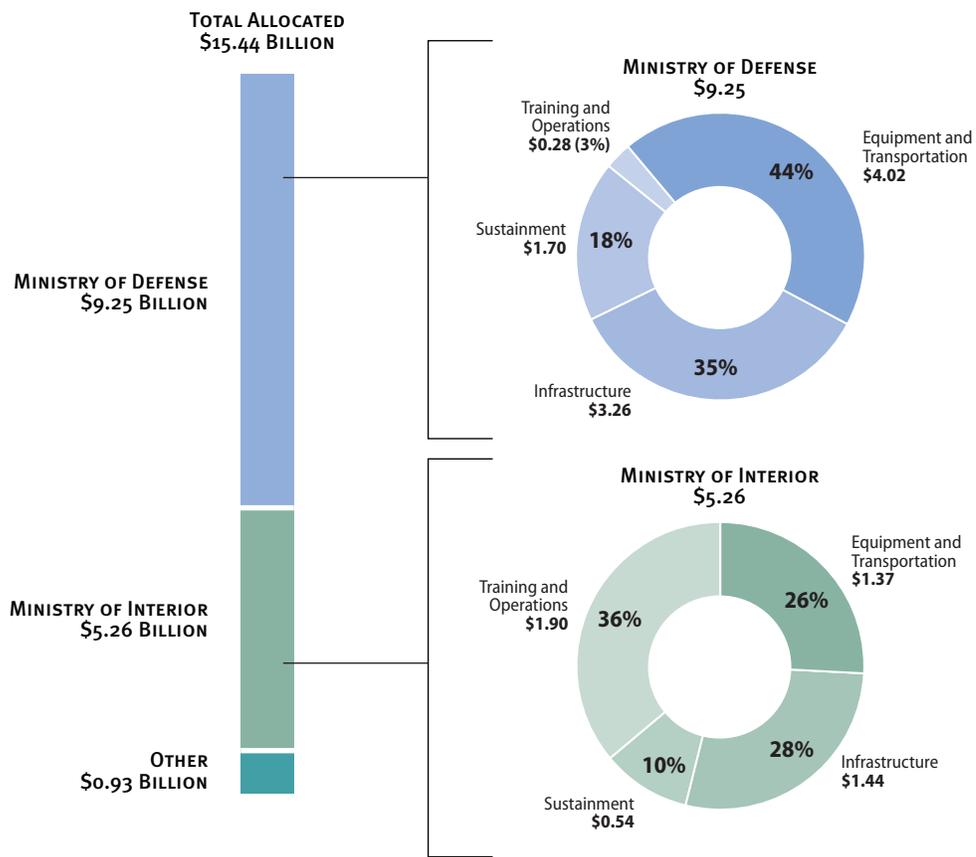
The ISFF is a two-year fund, and FY 2006 funds remain available for expenditure until September 30, 2008. Therefore, FY 2007 ISFF funds are available until September 30, 2009, and FY 2008 funds may be obligated until September 30, 2010. As of July 7, 2008, however, there have been no expenditures of FY 2008 monies reported.

Across all sub-activity groups, the percent-

U.S. RECONSTRUCTION FUNDING

Figure 2.7

ISFF ALLOCATIONS, BY SUB-ACTIVITY GROUP
 \$ Billions
 Source: OSD, Response to SIGIR Data Call (7/9/2008)



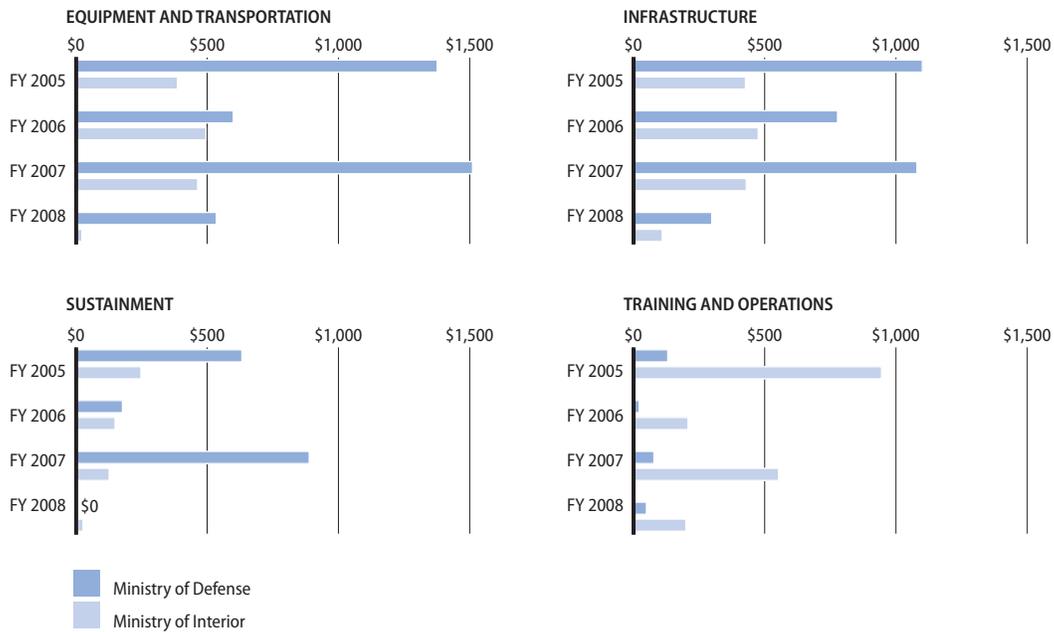
Note: Numbers are affected by rounding. Allocations do not include funds passed in the FY 2008 supplemental appropriation.

Figure 2.8

SHIFTS IN ISFF ALLOCATIONS, BY SUB-ACTIVITY GROUP

\$ Millions

Source: OSD, Response to SIGIR Data Call (7/9/2008)



TOP ISFF OBLIGATIONS, BY SUB-ACTIVITY GROUP—MOD (\$ MILLIONS)

FISCAL YEAR	SUB-ACTIVITY GROUP	OBLIGATIONS
2005	Equipment and Transportation	\$1,370.49
2007	Equipment and Transportation	\$1,125.36
2005	Infrastructure	\$1,065.40
2007	Sustainment	\$815.07
2007	Infrastructure	\$802.01

Source: OSD, response to SIGIR data call, July 9, 2008.

TABLE 2.11

TOP ISFF OBLIGATIONS, BY SUB-ACTIVITY GROUP—MOI (\$ MILLIONS)

FISCAL YEAR	SUB-ACTIVITY GROUP	OBLIGATIONS
2005	Training and Operations	\$937.22
2007	Training and Operations	\$519.50
2006	Equipment and Transportation	\$496.03
2006	Infrastructure	\$469.80
2005	Infrastructure	\$405.40

Source: OSD, response to SIGIR data call, July 9, 2008.

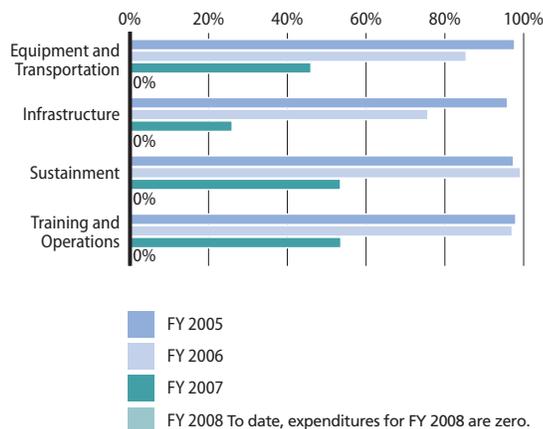
TABLE 2.12

U.S. RECONSTRUCTION FUNDING

Figure 2.9

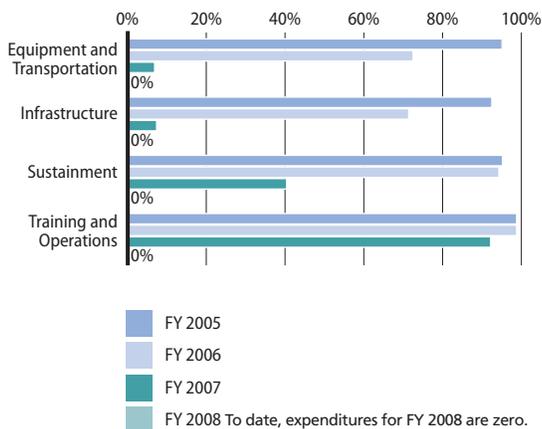
ISFF % EXPENDED, BY SUB-ACTIVITY GROUP—MOD

Source: OSD, Response to SIGIR Data Call (7/9/2008)



ISFF % EXPENDED, BY SUB-ACTIVITY GROUP—MOI

Source: OSD, Response to SIGIR Data Call (7/9/2008)



ages of allocations that have been expended are high for FY 2006 funds. However, rates of expenditures in FY 2007 vary across sub-activity group and ministry. In both the MOD and MOI allocations, the infrastructure sub-activity group has been expended more slowly than each of the other sub-activity groups in each fiscal year. Figure 2.9 illustrates the MOD and MOI rates of expenditure by sub-activity group for each fiscal year.

Funding Shifts

On April 3, 2008, DoD requested a \$610 million reallocation of funds within the FY 2007 ISFF. In the Congressional Notification to realign the ISFF, DoD noted that as a result of the evolving relationship with the GOI, funding requirements are also evolving.⁶³ Following a May 2008 congressional hearing with the Secretary of Defense, the \$610 million reallocation plan was revised⁶⁴ to cut \$171 million slated for the construction of 55 police stations.⁶⁵ DoD then proceeded with a \$439 million reallocation request:

- \$320 million to support sustainment for the MOD (\$300 for infrastructure and \$20 million

- for training)⁶⁶
- \$119 million to reprogram funds from equipment to address infrastructure projects for the MOI⁶⁷

Across both ministries, just over 30% of total appropriations to the ISFF has been allocated to infrastructure, with \$3.26 billion allocated to MOD and \$1.44 billion to MOI. This quarter, MNSTC-I reported that Iraqis are taking responsibility for \$454 million in sustainment life-support contracts previously funded through MNSTC-I enabling a shift in funds from sustainment.⁶⁸

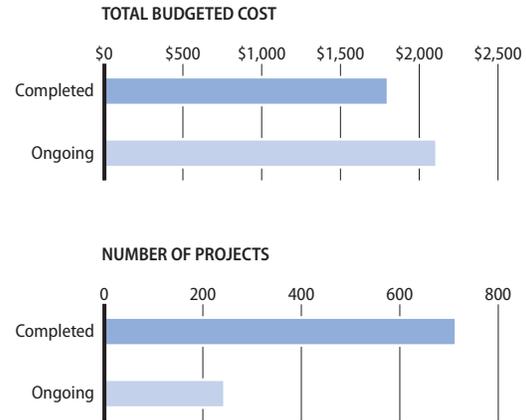
The majority of the funds reprogrammed to support MOI infrastructure will be used to expand training bases, the National Police Sustainment Brigade Headquarters facility, and infrastructure supporting the Department of Border Enforcement Facilities.⁶⁹ For a more detailed examination of the use of ISFF funds for infrastructure, see SIGIR's audit summary in Section 3.

Figure 2.10

ISFF PROJECT COMPLETION STATUS

\$ Millions, # Projects

Source: IRMS, ITAO Rollup (7/7/2008)



MAJOR ISFF RECONSTRUCTION PROJECTS (\$ MILLIONS)

PROJECT NAME	TOTAL BUDGETED COST	STATUS	FORECAST/ACTUAL COMPLETION	PROVINCE
Construct 6th Div. Units at Old Muthanna Airfield	\$57.66	Completed	3/2/2007	Baghdad
Renovate North Depot at Taji	\$44.33	Completed	1/31/2007	Baghdad
Construct 3rd BDE HQ and 1st BN, 3rd BDE, 7th Div, at Al Qaim	\$42.38	Ongoing	5/15/2008	Anbar
5/6 Div FOB Honor Building Renovations	\$39.62	Ongoing	1/15/2008	Baghdad
Shaiba Location Command	\$37.28	Ongoing	9/27/2009	Thi-Qar
Police Station - Diyala Operations Center	\$37.00	Completed	8/29/2007	Diyala
Construct/Renovate Tadjji IA Schools	\$36.26	Ongoing	3/31/2008	Baghdad
7th DIV HQ MTR and DTB at Camp Mejed	\$35.33	Ongoing	7/15/2008	Anbar

Source: IRMS, ITAO Rollup, July 7, 2008.

TABLE 2.13

Major ISFF Projects

This quarter, 49 ISFF projects were completed, and more than half were facility and infrastructure projects in Baghdad province. As of June 30, 2008, the IRMS reported that 714 total ISFF

projects, valued at \$1.8 billion, were completed. Figure 2.10 shows the status of completed and ongoing ISFF projects.

This quarter, more than 240 ISFF projects are ongoing. Table 2.13 lists major ISFF projects.

ISFF PROJECT BUDGETS PER CAPITA

PROVINCE	BUDGET	POPULATION	BUDGET PER CAPITA
Anbar	\$1,458,135,284	1,280,000	\$1,139
Baghdad	\$4,290,258,314	6,386,100	\$672
Ninewa	\$807,698,141	2,473,700	\$327
Diyala	\$414,957,461	1,373,900	\$302
Tameem	\$242,449,646	839,100	\$289
Thi-Qar*	\$285,752,954	1,427,200	\$200
Salah Al-Din	\$203,162,176	1,077,800	\$188
Wassit	\$139,706,251	941,800	\$148
Missan*	\$75,926,504	743,400	\$102
Basrah*	\$172,934,082	1,761,000	\$98
Qadissiya*	\$73,573,736	866,700	\$85
Najaf*	\$59,390,143	946,300	\$63
Babylon	\$33,982,813	1,444,400	\$24
Erbil*	\$26,798,996	1,845,200	\$15
Dahuk*	\$7,341,002	616,600	\$12
Sulaymaniyah*	\$25,343,740	2,159,800	\$12
Muthanna*	\$2,674,864	536,300	\$5
Kerbala*	\$982,680	756,000	\$1

Source: IRMS, *ITAO Rollup*, July 7, 2008; Population figures: UNOCHA, "Iraq-Population by Governorate," November 19, 2007.

Note: This table does not account for values for projects not tied to a province in IRMS.

* Indicates provinces that have achieved Provincial Iraqi Control.

TABLE 2.14

GEOGRAPHIC DISTRIBUTION

ISFF projects are being implemented in all 18 provinces of Iraq.⁷⁰ Since the program began, the highest per capita implementation has been in Anbar, Baghdad, and Ninewa provinces. Table 2.14 provides a distribution by province of budgeted amounts, total and per capita, for ISFF projects.

Budget per capita cost is low across the three provinces of the Kurdistan region; it is semi-autonomous and has been primarily in control of its own security since 2003. It was officially transferred to Regional Iraqi Control in May 2007. Nine of the ten provinces with the lowest budget per capita have already achieved transition to Provincial Iraqi Control, and the other province is expected to transfer in November 2008.

ECONOMIC SUPPORT FUND

This quarter, the ESF received \$526 million

through the FY 2008 Supplemental Appropriations Act.⁷¹ Total appropriations to date for the ESF amount to \$3.74 billion. For a breakdown of congressional guidance for FY 2008 and FY 2009 bridge ESF appropriations, by program, see Table 2.15.

FUNDING USES

ESF programs are aligned in three tracks—security, economic, and political. The security track receives the largest allocation of ESF funds, accounting for 63% of the total ESF appropriations. Figure 2.11 shows the distribution of ESF allocations to these tracks.

DoS has used interagency acquisition agreements with GRD and DoJ to execute several ESF programs.⁷² To provide consistency in the terminology used to discuss U.S. funds, SIGIR considers ESF "obligations" for interagency agreements as funds "committed." SIGIR views funds that

ESF SUPPLEMENTAL APPROPRIATIONS UNDER P.L. 110-252, BY PROGRAM (\$ MILLIONS)

	FY 2008	FY 2009 BRIDGE	TOTAL
Provincial Reconstruction Teams (PRTs)	\$139.00	\$35.00	\$174.00
Community Stabilization Program (CSP)	100.00	32.50	132.50
Community Action Program (CAP)	75.00	32.50	107.50
Operations and Maintenance of Key USG-Funded Infrastructure	10.00	0	10.00
Provincial Economic Growth (Including Agriculture and Microfinance)	25.00	0	25.00
National Capacity Development	70.00	0	70.00
Marla Ruzicka Iraqi War Victims Fund	5.00	2.50	7.50
Total	\$424.00	\$102.50	\$526.50

TABLE 2.15

have been awarded under contracts as “obligated.” For the funding status of the primary ESF programs by track, see Table 2.16.

Highlights of program expenditures this quarter include:

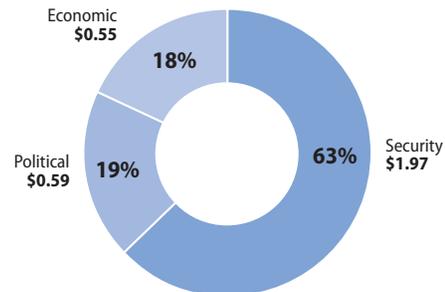
- The largest ESF program—the PRT/PRDC program—had a 16% increase in obligations from last quarter.
- Of all programs with allocations over \$100 million, the Local Governance Program had the highest increase in expenditures over the previous quarter—a 127% increase.
- Programs with the highest expenditure rates were primarily new programs for FY 2007 and FY 2008—such as the Targeted Development Program, which increased by more than 160%, and the Inma Private Sector Agribusiness Development Program, which increased by about 150% this quarter.
- Within the political track, the National Capacity Development program—which accounts for 34% of the political track obligations—had the highest rate of expenditure, with an 85% increase in expenditures from last quarter.
- This quarter, the O&M Sustainment program continued to be the largest program in the economic track. This program also has the track’s highest expenditure rate—up \$54.18 million from last quarter. For more information on O&M sustainment efforts in the electricity sector, see Section 2b.

Figure 2.11

ALLOCATIONS OF ESF FUNDS BY TRACK

\$ Billions, % of \$3.11 Billion Allocated

Source: DoS, *Section 2207 Report*, October 2007; ITAO, Responses to SIGIR Data Call (1/4/2008, 6/29/2008, and 7/7/2008); GRD, Response to SIGIR Data Call (7/2/2008); USAID, Responses to SIGIR Data Call (6/29/08, 7/1/2008, 7/15/2008, and 7/17/2008); ITAO, *Essential Indicators Report* (7/10/2008); OMB, Response to SIGIR Data Call (1/2/2008)



Note: Numbers are affected by rounding. The total amount represented is approximately 84% of all appropriated ESF funds for Iraq, which totals \$3.74 billion. Program and track-level details were not available for \$50 million of FY 2003 funding or for \$562 million in FY 2008 supplemental funds.

Across all tracks, the Community Stabilization Program (CSP) has obligated and expended more than any other ESF program (\$514 million obligated and just more than \$341 million expended).

In March 2008, USAID’s Office of Inspector General issued a report on the implementation and results of the CSP that identified operational and reporting challenges.⁷³ In particular, evidence

U.S. RECONSTRUCTION FUNDING

ESF STATUS OF PROGRAM FUNDING (\$ MILLIONS)

PROGRAM	TOTAL ALLOCATIONS	TOTAL OBLIGATIONS	TOTAL EXPENDED AS A % OF OBLIGATIONS
Economic			
O&M Sustainment	\$285	\$274	 82%
Inma Private Sector Agribusiness Development	93	93	 31%
Targeted Development Program	57	6	 22%
Plant-Level Capacity Development and Technical Training	52	36	 82%
Provincial Economic Growth	36	36	 13%
Izdihar	24	24	 94%
Political			
National Capacity Development	\$205	\$205	 48%
Democracy and Civil Society ^a	163	132	 49%
Economic Governance II, Policy, Subsidy, Legal, and Regulatory Reforms	85	85	 64%
Iraqi Refugees (Jordan)—transferred to Migration and Refugee Assistance ^b	60	50	 55%
Ministerial Capacity Development	45	37	 56%
Regime Crimes Liaison Office	33	33	 69%

TABLE 2.16

PROGRAM	TOTAL ALLOCATIONS	TOTAL OBLIGATIONS	TOTAL EXPENDED AS A % OF OBLIGATIONS
Security			
PRT/PRDC Projects	\$700	\$341	 40%
Community Stabilization Program	514	514	 66%
Local Governance Program	252	252	 67%
Infrastructure Security Protection	217	177	 56%
Community Action Program	135	135	 68%
PRT Quick Response Fund	132	121	 21%
Marla Ruzicka Iraqi War Victims Fund (transferred to IRRF)	25	20	 100%

Sources: ITAO, response to SIGIR data call, January 4, 2008; DoS, *Section 2207 Report*, October 2007; GRD, Response to SIGIR data call, July 2, 2008; USAID response to SIGIR data call, June 29, 2008; ITAO, *Essential Indicators Report*, July 10, 2008; ITAO, response to SIGIR data call, July 7, 2008; USAID, responses to SIGIR data call, July 1, 2008, July 14, 2008, and July 17, 2008; OMB, response to SIGIR data call, January 2, 2008.

Notes: Numbers affected by rounding. SIGIR did not receive reporting for obligated and expended amounts for approximately \$30 million in FY 2006 base allocations. The obligations in this table represent only contractual awards. No funds committed through Interagency Acquisition Agreements were included.

^a Amounts in this category include programs reported as "Civil Society Development," "Civil Society-ADF and IFES," "Civil Society-IREX," "Democracy and Civil Society," "Democracy Funding for IRI NDI NED," and "USIP."

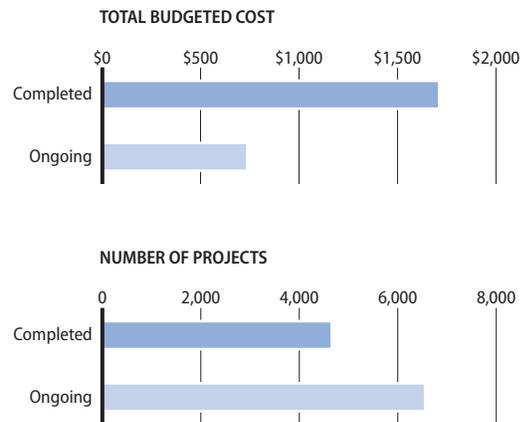
^b Amounts in this category include programs reported as "Iraqi Refugees (Jordan)—transferred to Migration and Refugee Assistance" and *Iraqi Scholars Program*, as per guidance given in an OMB response to SIGIR data call on January 3, 2008.

Figure 2.12

ESF PROJECT COMPLETION STATUS

\$ Millions, # Projects

Source: IRMS, *ITAO Rollup* (7/7/2008); USAID, *Activities Report* (7/16/2008)



MAJOR ESF RECONSTRUCTION PROJECTS (\$ MILLIONS)

PROJECT NAME	TOTAL BUDGETED COST	STATUS	FORECAST/ACTUAL COMPLETION	PROVINCE
Missan Surgical Hospital, Phase 2	\$14.08	Ongoing	5/19/2009	Missan
Provide & Install 132 kV Power Cable Feeder	\$13.10	Ongoing	3/22/2009	Basrah
Oil Pipeline Exclusion Zone Baiji - Baghdad - Phase 6	\$11.86	Ongoing	11/30/2008	Salah Al-Din
Oil Pipeline Exclusion Zone Baiji - Baghdad - Phase 5	\$10.50	Ongoing	12/26/2008	Salah Al-Din
Water Reverse Feeding of Clean Water	\$10.18	Ongoing	1/8/2009	Basrah
ABOT/KAAOT Oil Platform Life Support	\$9.71	Completed	2/24/2008	Basrah
Baqubah General Hospital EHC	\$9.61	Ongoing	4/17/2009	Diyala
Al-Junaina & Al Andulas Movement & Storm Damage Water Drainage System	\$8.67	Ongoing	9/11/2008	Basrah
Oil Pipeline Exclusion Zone Baiji - Baghdad - Phase 3	\$8.57	Ongoing	12/26/2008	Salah Al-Din
Oil Pipeline Exclusion Zone Baiji - Baghdad - Phase 4	\$8.49	Ongoing	8/17/2008	Baghdad

Source: IRMS, *ITAO Rollup*, July 7, 2008.

TABLE 2.17

of potential fraud was observed within a district of Baghdad.⁷⁴ In response, USAID managers acknowledged the level of risk associated with the program while affirming the program's overall success.⁷⁵

Program allocations reported in Table 2.16 have been affected by recent reprogrammings. This quarter, \$7 million of uncommitted PRT funds was realigned from the PRDC program to the ESF's Quick Response Fund.⁷⁶ This represents a nearly 5% increase in the allocated funds for the QRF to date. In addition to that reprogramming, SIGIR reported last quarter that \$76 million of the ESF had been rescinded. This quarter,

ITAO noted that following the rescission, the Infrastructure Security Protection program was reduced by \$10 million.⁷⁷

Major ESF Projects

Since April 1, 2008, 2,198 ESF projects were completed; almost all were security-related. Currently, 34% of all ESF projects have been completed; a total of 4,660 completed projects have been reported in IRMS and USAID *Activities Reports*. For the status of completed and ongoing ESF projects, see Figure 2.12. Table 2.17 lists major ESF projects.

U.S. RECONSTRUCTION FUNDING

ESF PROJECT BUDGETS PER CAPITA

PROVINCE	BUDGET	POPULATION	BUDGET PER CAPITA
Salah Al-Din	\$308,234,380	1,077,800	\$285.98
Tameem	\$229,659,488	839,100	\$273.70
Baghdad	\$1,029,320,844	6,386,100	\$161.18
Basrah	\$234,878,695	1,761,000	\$133.38
Anbar	\$132,769,488	1,280,000	\$103.73
Dahuk	\$57,194,860	616,600	\$92.76
Missan	\$60,600,224	743,400	\$81.52
Muthanna	\$41,364,570	536,300	\$77.13
Wassit	\$63,818,490	941,800	\$67.76
Kerbala	\$43,344,223	756,000	\$57.33
Erbil	\$79,745,680	1,845,200	\$43.22
Babylon	\$60,375,834	1,444,400	\$41.80
Thi-Qar	\$54,213,407	1,427,200	\$37.99
Ninewa	\$83,282,235	2,473,700	\$33.67
Sulaymaniyah	\$71,852,077	2,159,800	\$33.27
Diyala	\$44,623,109	1,373,900	\$32.48
Najaf	\$28,014,897	946,300	\$29.60
Qadisiya	\$24,723,031	866,700	\$28.53

Source: IRMS, *ITAO Rollup*, July 7, 2008; USAID, *Activities Report*, July 16, 2008; Source of population: UNO-CHA, "Iraq-Population by Governorate," November 19, 2007.

Note: This table does not account for \$1,247,688,809 in projects that are not tied to a province in the IRMS.

TABLE 2.18

Geographic Distribution

ESF-funded projects are being implemented in all of the 18 provinces of Iraq.⁷⁸ From the beginning of reconstruction efforts, the highest per capita concentration of projects has occurred in Salah Al-Din, Tameem, and Baghdad provinces. Table 2.18 provides a distribution by province of budgeted amounts, total and per capita, for ESF projects.

COMMANDER'S EMERGENCY RESPONSE PROGRAM

The FY 2008 Supplemental appropriations designated \$800 million for the CERP.⁷⁹ To date, \$3.49 billion have been appropriated to the CERP, of which \$2.88 billion have been obligated and \$2.40 billion have been expended.⁸⁰

MNC-I details guidance for the use of CERP funds and provides CERP Standard Operating Procedures in its publication *Money As A*

Weapon System (MAAWS). In May 2008, MNC-I again revised the MAAWS to include the purpose and restrictions of the new program I-CERP, which uses the traditional CERP mechanism to implement Iraqi-funded projects.

CERP OVERSIGHT

Projects with values over \$500,000 are an important component of the CERP program, but they make up less than 3% of the total number of projects. As cited in a recent GAO audit, the remaining projects below this threshold are not subject to the same level of oversight or internal controls.⁸¹

In the latest version of MAAWS, MNC-I notes explicitly that, "failure to accurately report CERP execution data is indicative of poor internal management controls and may result in funding being withheld until rectified."⁸² Under the current design, commanders are responsible

AVERAGE BUDGETED COST OF ONGOING CERP PROJECTS BY FISCAL YEAR (\$ THOUSANDS)

TYPE	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Non-Construction	\$32.79	\$62.89	\$90.73	\$80.15	\$86.31
Reconstruction	\$54.93	\$144.94	\$169.15	\$172.51	\$140.12

Source: IRMS, CERP Excel Workbook, June 30, 2008.

TABLE 2.19

AVERAGE BUDGETED COST OF COMPLETED CERP PROJECTS (\$ THOUSANDS)

TYPE	2004	2005	2006	2007	2008
Non-Construction	\$29.63	\$59.02	\$69.31	\$60.29	\$92.34
Reconstruction	\$46.07	\$80.83	\$136.59	\$143.69	\$212.27

Source: IRMS, CERP Excel Workbook, June 30, 2008.

Note: Figures are based on the year of the completed projects.

TABLE 2.20

for identifying and approving projects as well as ensuring proper management, reporting, and fiscal controls to account for funding.⁸³

The revised MAAWS also addresses issues associated with potential overlap between CERP funds and other initiatives. CERP funds are executed at the MND level by local commanders, and these projects are often located in regions where Provincial Reconstruction Teams (PRTs) and Provincial Reconstruction Development Councils (PRDCs) are in operation. In previous reports, SIGIR has observed a lack of coordination between these entities. MNC-I has since revised its CERP guidance to mandate project coordination with the PRT/PRDC program, which is funded by the ESF. MAAWS now specifies that CERP programs should coordinate with PRTs and local Iraqi officials.⁸⁴ Also, MNF-I and ITAO began an initiative to synchronize the funds used

through CERP and PRDC by creating a shared project listing for MND Commanders and PRT Team Leaders.⁸⁵

CERP PROJECT COSTS

Changes in CERP spending over time have been most evident in the increase in monetary value of CERP projects and in the shift in funding uses. As funding for large infrastructure projects through the IRRF decreased, CERP funds have been used to fund repair and construction projects. In general, average construction project costs increased distinctly in late 2005. Values remained consistent until FY 2008. Thus far in FY 2008, budgeted reconstruction values for ongoing projects have declined. For an overview of budgeted project costs for ongoing projects, see Table 2.19, and for completed projects, see Table 2.20.

In early 2008, average obligations per CERP

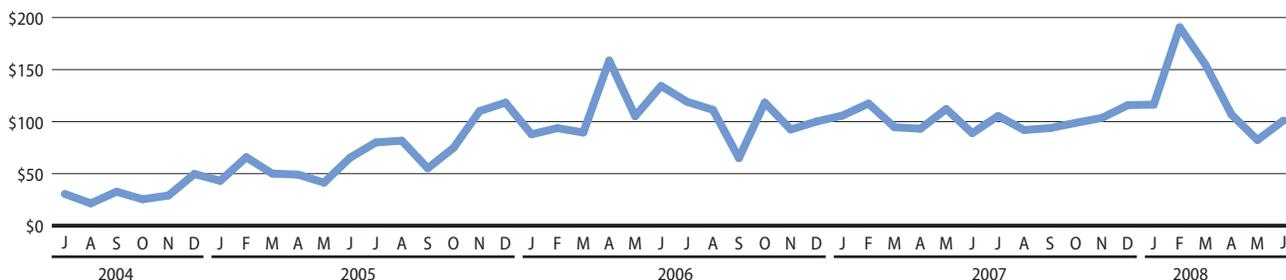
U.S. RECONSTRUCTION FUNDING

Figure 2.13

CERP AVERAGE MONTHLY OBLIGATIONS FOR COMPLETED PROJECTS, AS OF 6/30/2008

\$ Thousands

Source: IRMS, MNC-I Quarterly Report (6/30/2008)



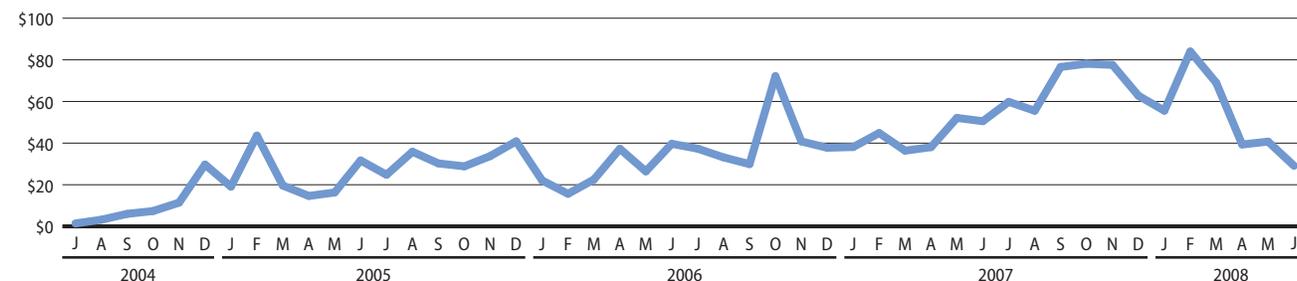
Note: Date shown reflects the actual completion date of projects. The CERP Program began in June 2003, funded initially with seized Iraqi assets and oil revenue from the Development Fund for Iraq (DFI). The Congress began appropriating U.S. funding for the CERP in August 2004.

Figure 2.14

CERP TOTAL MONTHLY EXPENDITURES FOR COMPLETED PROJECTS, AS OF 6/30/2008

\$ Millions

Source: IRMS, MNC-I Quarterly Report (6/30/2008)



Note: Date shown reflects the actual completion date of projects. The CERP program began in June 2003, funded initially with seized Iraqi assets and oil revenue from the Development Fund for Iraq (DFI). The Congress began appropriating U.S. funding for the CERP in August 2004.

project rose sharply. This trend has leveled off in recent months. Figure 2.13 illustrates the change in obligations for completed projects since 2003, and Figure 2.14 shows CERP expenditures for completed projects over time. Average CERP costs have increased because of an increase in both the total projects and contracting of more costly projects. Most projects have consistently remained under \$500,000; however, the number and magnitude of projects above \$500,000 have steadily increased over time.⁸⁶ Of all CERP projects ongoing and completed, 21,351 projects, or nearly 90% of all projects, are valued at or

below \$20,000. Another 573 projects valued at more than \$500,000 each account for just more than 2% of total projects. However, as of June 30, 2008, they have been awarded more than 35% of total CERP obligations. In 2004, projects valued at more than \$500,000 accounted for only 13.7% of all CERP obligations.

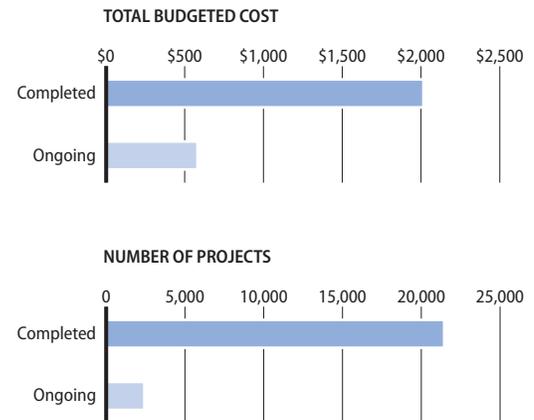
DoD officials report that this increase in project cost is due in large part to a lack of other available reconstruction money, an improved security environment in which to execute projects, and the fact that many of the most urgent short-term issues were addressed by earlier reconstruct-

Figure 2.15

CERP PROJECT COMPLETION STATUS

\$ Millions, # Projects

Source: IRMS, CERP Excel Workbook (6/30/2008)



tion efforts, leaving more long-term and large-scale issues to be addressed.⁸⁷

MAJOR CERP PROJECTS

This quarter, 1,324 CERP projects were completed. Of all 21,453 CERP projects, nearly 83% have been completed.⁸⁸ Figure 2.15 shows the number and value of completed and ongoing CERP projects.

Overall, more than 2,400 projects are still ongoing. Table 2.21 details 10 major CERP projects both completed and ongoing.

Geographic Distribution

As of June 30, 2008, more than \$2.8 billion of the CERP had been obligated for projects in all 18 provinces.⁸⁹ By design, CERP projects differ widely based on the priorities requested by commanders as they adapt to the evolving needs of the communities they support. A per capita analysis of project budgets by province shows that a significantly large amount per capita has been spent in the Anbar province, which has a per capita budget nearly twice that of the next largest province. Table 2.22 provides a list of the CERP per capita budgeted cost by province.

U.S. RECONSTRUCTION FUNDING

MAJOR CERP RECONSTRUCTION PROJECTS (\$ MILLIONS)

PROJECT NAME	TOTAL BUDGETED COST	STATUS	FORECAST/ACTUAL COMPLETION	PROVINCE
Electrical Distribution In Muhalla 312	\$11.68	Ongoing	1/31/2009	Baghdad
Oil Security Project (Security Fencing)	\$9.92	Completed	7/9/2006	Basrah
Construct Kirkuk Municipal Landfill In Tameem	\$8.82	Completed	2/8/2008	Tameem
Dibbis Pump Station - Pumps	\$8.25	Completed	2/15/2008	Tameem
Zafarnia Paving, Sewers, Etc.	\$8.06	Completed	10/29/2006	Baghdad
Fallujah Sewer Pump Stations F1, F2	\$7.60	Ongoing	9/15/2008	Anbar
Strategic Crude Oil Repair	\$7.10	Completed	3/22/2008	Basrah
Baiji Oil Refinery Infrastructure Protection Materials	\$6.92	Ongoing	9/22/2008	Salah Al-Din
Electrical Distribution In Muhalla 310	\$6.57	Ongoing	9/9/2008	Baghdad
Rehabilitate Two BIAP Domestic Terminals	\$6.56	Ongoing	9/15/2008	Baghdad

Source: IRMS, CERP Excel Workbook, June 30, 2008.

TABLE 2.21

CERP PROJECT BUDGETS PER CAPITA

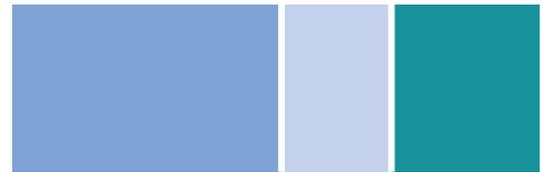
PROVINCE	BUDGET	POPULATION	BUDGET PER CAPITA
Anbar	\$425,437,409	1,280,000	\$332.37
Salah Al-Din	\$185,181,289	1,077,800	\$171.81
Baghdad	\$978,039,054	6,386,100	\$153.15
Tameem	\$123,207,807	839,100	\$146.83
Basrah	\$241,350,377	1,761,000	\$137.05
Diyala	\$164,878,595	1,373,900	\$120.01
Babylon	\$164,716,196	1,444,400	\$114.04
Qadissiya	\$75,386,175	866,700	\$86.98
Ninewa	\$174,110,452	2,473,700	\$70.38
Kerbala	\$51,804,549	756,000	\$68.52
Wassit	\$58,518,737	941,800	\$62.13
Muthanna	\$24,268,622	536,300	\$45.25
Erbil	\$76,367,943	1,845,200	\$41.39
Najaf	\$38,852,867	946,300	\$41.06
Missan	\$21,318,108	743,400	\$28.68
Thi-Qar	\$40,866,647	1,427,200	\$28.63
Dahuk	\$11,164,750	616,600	\$18.11
Sulaymaniyah	\$11,963,471	2,159,800	\$5.54

Source: IRMS, CERP Excel Workbook, June 30, 2008; Population source: UNOCHA, "Iraq-Population by Governorate," November 19, 2007.

Note: This table does not account for \$10,059,903 in projects not tied to a province in the IRMS.

TABLE 2.22

RECONSTRUCTION ACROSS IRAQ



section

2b

OVERVIEW

Three important milestones define this Year of Transfer for the U.S. reconstruction program in Iraq:

- **Management and Funding:** transferring reconstruction planning, management, and funding responsibilities to Iraqi control
- **Asset Transfer:** transferring U.S.-provided reconstruction programs, projects, and assets from U.S. to Iraqi control
- **Provincial Security:** transferring provincial security responsibilities from Coalition to Iraqi forces

The U.S. reconstruction program continues capacity-building efforts within the GOI to enable the transfer and sustainment of U.S. projects as well as to strengthen Iraq's capabilities to protect its population. Complementing efforts at the national level, the Provincial Reconstruction Team (PRT) program—operating in local communities—continues to coordinate U.S. and Iraqi initiatives throughout the country's 18 provinces.

U.S. CAPACITY BUILDING WITHIN IRAQ'S GOVERNMENT

U.S. capacity development advisors serving government ministries or institutions provide immediate support to manage the training of Iraqi civil servants—at both the national and provincial levels—in public administration functions, such as human resource and project management, procurement, and delivery of public services.⁹⁰ To accelerate the progress of ministry performance, the U.S. Agency for International Development (USAID) and the Department of State (DoS) work with other U.S. agencies to expand the capabilities of Iraqi ministries and other governing entities. Table 2.23 provides an overview of three U.S. capacity-building programs.

In the past, there has generally been weak coordination among the multiple agencies

implementing ministerial capacity-development programs. Agencies tended to implement their own programs with little prioritization of projects or coordinated planning. U.S. investments in capacity building are at risk if no integrated set of programs is developed.⁹¹

FOCUS ON BUDGET EXECUTION

In view of the increasing contribution of Iraqi financial resources to support the country's rehabilitation and reconstruction, budget execution remains a matter of considerable focus. The cultural changes engendered by a more diffuse budgetary system present significant challenges that are being addressed directly by capacity-development activities.⁹²

U.S. CAPACITY DEVELOPMENT INITIATIVES

PROGRAM	DESCRIPTION
<p>National Capacity Development Program (Tatweer)</p> <p>USAID implements through the ESF: \$204.5 million obligated; IRRF: \$4.5 million obligated</p>	<p>Also known as Tatweer (Arabic for "Development"), the program works closely with ministerial and executive entities. These are highlights of program activities:</p> <ul style="list-style-type: none"> • This quarter, USAID reported that 6,717 Iraqis throughout all 18 provinces participated in training through the Tatweer project. This represents a 41% increase in the number of trainees over last quarter's training figures. Classes focused on project, fiscal, and information technology, as well as management, procurement, anticorruption, leadership, and communication. • This quarter, 713 trainees participated in anticorruption, procurement, information technology, and human resources classes. Tatweer also provides training to Iraq's inspectors general. • The Ministries of Oil, Electricity, Finance, Planning and Development Cooperation, Municipalities and Public Works, Water Resources, Agriculture, Health, Justice, Human Rights, and Displacement and Migration receive Tatweer assistance. <p>The program is planned to end in July 2009.</p>
<p>Ministerial Capacity Development Program</p> <p>ITAO implements through the ESF: \$45 million</p>	<p>The program focuses on short-term improvements and management support. The Assistance Programs Office is responsible for assisting senior advisors with managing timelines, deliverables, risk, and quality control of assigned projects.</p>
<p>Capacity Development of Iraq's Security Ministries</p> <p>MNSTC-I implements through the ISFF: amount not available</p>	<p>Some ISFF-supported initiatives strengthen the capacity of the Ministries of Defense and Interior to develop and manage the Iraqi Security Forces. For more information, see discussions of the Ministries of Defense and Interior, later in this section.</p>

Sources: USAID, responses to SIGIR data call, July 15, 2008, June 29, 2008, and April 14, 2008; USAID, Tatweer homepage, www.tatweer-iraq.com.

TABLE 2.23

BENCHMARK ON BUDGET EXECUTION

Iraq and its external donors have accepted the importance of improved budget execution processes. In the *International Compact with Iraq* (Compact), the GOI listed as a priority action that more than 90% of 2007 recurrent and investment budgets be executed by the end of 2007.⁹³ This goal was not met.

GOI REGULATIONS TO EXPEDITE SPENDING

In early 2008, as GOI budget execution fell below expectations, the Council of Ministers (CoM) adopted an approach that provided authority for ministers, heads of agencies, and governors to enter into contracts of up to \$50 million. Nine ministries were granted this authority: the Ministries of Defense, Interior, Oil, Trade, Health, Electricity, Industry and Minerals, Water Resources, and Municipalities and Public Works.⁹⁴

Agencies not attached to a ministry may approve contracts of up to \$30 million, and provinces can approve those of up to \$10 million.⁹⁵ For details of the budget execution rates for the various ministries, see discussion of the *Ministry of Finance* in this section.

RECONSTRUCTION ACROSS THE MINISTRIES

The overview that follows takes a closer look at reconstruction activities within a sample of the GOI's executive ministries, legislative bodies, and judicial entities—grouped by SIGIR under relevant topics: Economy, Essential Services, Governance, and Security and Justice. Table 2.24 provides a description of and key statistics for the ministries discussed in this section.

RECONSTRUCTION ACROSS IRAQ

OVERVIEW OF GOI MINISTRIES (\$ MILLIONS)

MINISTRY	RESPONSIBILITIES	MINISTER	CAPITAL BUDGET EXPENDITURE RATES	OPERATIONAL BUDGET EXPENDITURE RATES	INTERNATIONAL COMPACT INDICATIVE ACTIONS
Economy					
MINISTRY OF FINANCE	Oversees budget, economic, and finance functions.	Bayan Jabr	 0%	 17%	Goals that have been achieved include the addition of a budget review, and addition of the GFS system into budget formulation. The United States continues to work with the MOF to implement the Iraq Financial Management Information System.
			Total Budget: \$0.79	Total Budget: \$17,488.38	
MINISTRY OF AGRICULTURE	Develops and executes policies for farm and plant issues, agricultural extension, and agricultural economics.	Ali al-Bahadeli	 .8%	 23%	The 14 goals in progress include reducing or phasing out the public distribution system for food, liberalizing the agricultural market, and adjusting agricultural policies.
			Total Budget: \$140.41	Total Budget: \$70.69	
MINISTRY OF INDUSTRY AND MINERALS	Manages the development of Iraq's industrial base, including both private and state-owned enterprises (SOEs).	Fawzi al-Hariri	 0%	 18%	Establishing a framework for the privatization of selected SOEs has not yet started; identification and submittal to the CoM for the legal reforms that will be required for SOE privatization in progress; \$400 million in 2008 funds allocated for the revitalization of viable SOEs; 2,032 new business licenses issued by MIM.
			Total Budget: \$358.33	Total Budget: \$22.99	
MINISTRY OF TRANSPORTATION	Oversees the management of aviation systems, rail networks, and highways.	Vacant	 .5%	 8%	Established an Iraqi Interstate Commerce provision that prohibits provinces and regions from establishing barriers that inhibit the movement of goods within the country; noted that the action will have to be reviewed again.
			Total Budget: \$244.34	Total Budget: \$121.60	
MINISTRY OF COMMUNICATIONS	Tasked with providing telecommunications service, running the State Company for Internet Services, and managing the postal service.	Vacant	 0%	 19%	The government is in the process of developing a new media and telecommunications law to improve media freedom; total investment in the telecommunications industry is worth \$3.5 billion.
			Total Budget: \$248.89	Total Budget: \$14.44	

U.S. CAPACITY BUILDING WITHIN IRAQ'S GOVERNMENT

OVERVIEW OF GOI MINISTRIES (\$ MILLIONS)

MINISTRY	RESPONSIBILITIES	MINISTER	CAPITAL BUDGET EXPENDITURE RATES	OPERATIONAL BUDGET EXPENDITURE RATES	INTERNATIONAL COMPACT INDICATIVE ACTIONS
Essential Services					
MINISTRY OF OIL	Oversees the petroleum industry, including policy, refining operations, technology funding, and planning.	Husayn al-Shahristani	 0%	 2%	Goals achieved: now receives reports of all financial transactions, and publishes a monthly report on all exports; also, it has committed to the EITI.
			Total Budget: \$2,000.00	Total Budget: \$103.68	
MINISTRY OF ELECTRICITY	Manages the policies and development of Iraq's electrical systems, including distribution, transmission, and generation.	Karim Wahid	 0%	 2%	No indicative actions achieved, but progress includes creating a working group to address restructuring the MOE, finalizing an eight-year master plan, conducting project management training, and discussing reorganizing the ministry's institutional structure.
			Total Budget: \$1,146.23	Total Budget: \$89.06	
MINISTRY OF WATER RESOURCES	Responsible for managing the networks and policies related to irrigation, water supply, hydropower, flood issues, and marsh restoration.	Abd al-Latif Rashid	 2%	 36%	Actions in progress include meeting with Turkey and Syria over a Euphrates water-sharing plan and completing the first phase of the National Water Resources Management Plan.
			Total Budget: \$381.27	Total Budget: \$109.57	
MINISTRY OF HEALTH	Manages and implements policies related to Iraq's health system.	Saleh al-Hasnawi	 1%	 11%	Progress made in developing an Emergency Preparedness Response Plan, strengthening local health delivery, and promoting a family health care model. Still requires progress in providing support for the PHC system and private-public partnerships.
			Total Budget: \$23.88	Total Budget: \$1,872.79	
MINISTRY OF EDUCATION	Oversees the administration, facilities, training, supplies, and standards related to the education system.	Khudayyir al-Khuza'i	 0%	 17%	Goals achieved include education budget by 5%, distributing child allowance to families, and expanding teacher training. MOE has yet to address plans to educate those displaced by violence, expand food programs in schools, or streamline coordination between government units.
			Total Budget: \$125.00	Total Budget: \$1,891.96	

RECONSTRUCTION ACROSS IRAQ

OVERVIEW OF GOI MINISTRIES (\$ MILLIONS)

MINISTRY	RESPONSIBILITIES	MINISTER	CAPITAL BUDGET EXPENDITURES	OPERATIONAL BUDGET EXPENDITURES	INTERNATIONAL COMPACT INDICATIVE ACTIONS
Governance					
MINISTRY OF PLANNING AND DEVELOPMENT COOPERATION	Principally tasked with reconstruction planning and prioritization activities, but also manages other entities.	Ali Baban	 .2%	 2%	Review of improving coordination with MOF underway; PACs created to improve procurement processes.
			Total Budget: \$36.76	Total Budget: \$135.79	
MINISTRY OF FOREIGN AFFAIRS	Provides consular services in Iraq.	Hoshyar Zebari	 0%	 3%	Building capacity to negotiate and implement international treaties and agreements in progress; MOFA team following development program; two of the six indicative actions to prepare, negotiate, sign, ratify, and implement treaties and agreements not yet addressed.
			Total Budget: \$20.83	Total Budget: \$248.79	
MINISTRY OF DISPLACEMENT AND MIGRATION	Responsible for planning and coordinating policies related to all of Iraq's refugees and internally displaced persons.	Abd al-Samad Rahman Sultan	 0%	 6%	Rapid Reaction Plan developed with UN to address needs of returnees; national policy on IDPs designed; GOI co-financed UN's Consolidated Appeal Process, released in February 2008; benchmark to promote social and economic rights of vulnerable groups by end of 2007 was not part of ministry's plan for 2007.
			Total Budget: \$0.83	Total Budget: \$16.78	
MINISTRY OF HUMAN RIGHTS	Tasked with promoting human rights organizations and formulating Iraq's declaration of human rights within Iraq.	Wijdan Mikha'il	 0%	 10%	Made technical assistance for the Housing Market Information System operational, developing legislation for a range of human rights issues, training staff, and monitoring human rights activities across governmental institutions.
			Total Budget: \$1.67	Total Budget: \$13.14	
Security and Justice					
MINISTRY OF DEFENSE	Responsible for Iraq's armed forces, including policies and activities related to recruiting, training, and equipping.	Abdul Qadir Muhammed Jasmin al-Mufraji	 0%	 13%	New ministerial structure approved, military improving to the point where 10 provinces have come under Provincial Iraqi Control, and a security clearance bureau has been established for applicants.
			Total Budget: \$241.67	Total Budget: \$4,831.25	
MINISTRY OF INTERIOR	Charged with overseeing Iraq's police, border, port, and emergency personnel.	Jawad al-Bulani	 .3%	 18%	Five-year plan and new ministerial structure approved. MOI is working on strengthening anticorruption, weapons and equipment tracking, and establishing legislation for a National Intelligence Agency.
			Total Budget: \$115.93	Total Budget: \$3,806.26	
MINISTRY OF JUSTICE	Operates prisons and some jails.	Acting Minister: Safa al Safi	 1%	 21%	Achieved separation of Higher Juridical Council from the Ministry, provided monetary compensation to those working in the judiciary, and provided additional funding for judicial security.
			Total Budget: \$7.09	Total Budget: \$188.40	

Sources: DoS, *Iraq Weekly Status Report*, July 16, 2008, p. 5; U.S. Treasury, response to SIGIR data call, May 29, 2008; *International Compact with Iraq*, "A New Beginning, Annual Review," May 2007–April 2008, www.iraqcompact.org; DoS, "About the Iraqi Ministries," www.state.gov.

Note: Numbers affected by rounding. The GOI's capital budget is now known as the Project and Reconstruction Budget. Only Iraqi budget data through March 2008 was available to SIGIR on the date of publication. Not all ministries are represented in the table.

TABLE 2.24

ECONOMY

Dominated by the oil sector, Iraq's economy has benefited from higher crude oil prices and a rise in production and export levels. Although security across Iraq remains uneven, economic activity continues to expand. But the execution of Iraq's capital and operational budgets remains a significant challenge.

MINISTRY OF FINANCE

Iraq's Ministry of Finance (MOF) manages the national budget and is responsible for financial and economic policy, budget formulation, and tracking of budget execution.⁹⁶ The Central Bank of Iraq (CBI) works with the MOF like the Federal Reserve Bank works with the Department of the Treasury in the United States. The MOF manages the government funds held in the CBI.

GOI BUDGET

In 2008, Iraq budgeted nearly \$49.89 billion for operational and capital expenditures across 26 ministries, provinces, and other executive offices, as well as legislative institutions. Reporting of both operational and capital expenditures continues to lag by about four months; the MOF has provided information on spending only through March 2008.

In July 2008, the MOF announced its intent to increase the 2008 budget by 44%, adding \$21 billion to the existing 2008 budget.⁹⁷ The draft supplemental budget will be debated before the economics affairs committee of the CoM and the Council of Representatives (CoR); however, the date has not yet been set.

For a discussion of provincial budgets, see Section 2c.

GOI Capital Budget

SIGIR and the Government Accountability Office (GAO) previously identified low expenditure rates for the capital budget.⁹⁸ In 2007, GAO reported that all of Iraq's central ministries—the entities responsible for security and the delivery of essential services—spent only 11% of their capital budgets.⁹⁹ However, the Bureau of Near-Eastern Affairs-Iraq (NEA-I) reported that the GAO considered only one budget category (Non-financial Assets) as capital expenditures; therefore, it did not address a substantial portion of total investment spending.¹⁰⁰

There are several challenges to effective capital spending in Iraq:¹⁰¹

- violence and sectarian tensions, which hamper the ability to keep capital projects on schedule and prevent U.S. advisors from fully supporting capacity development
- a shortage of trained budget and procurement staff with right technical skills
- weak procurement, budgetary, and accounting systems that cannot efficiently balance the execution of capital projects while protecting against reported widespread corruption

To date, the Office of the Treasury Attaché has organized and funded 8 budget execution workshops led by Iraqis, resulting in more than 240 trained ministerial and provincial officials.¹⁰² The U.S. Treasury and DoS are also in the process of forming a **Public Financial Management Action Group** that will help integrate and coordinate U.S. government assistance on improving capital budget execution.¹⁰³

GOI Operational Budget

In addition to providing limited capital execution data, the MOF expenditure report combines capital and operational data without clearly differentiating between the two.¹⁰⁴ As of March 2008, only 15.9% of the budget had been expended.¹⁰⁵

Tracking the Budget

To improve MOF visibility over budget execution, the GOI and United States continue to discuss the implementation of the Iraq Financial Management Information System (IFMIS). Under provisions of the *International Compact with Iraq* (Compact), the GOI set targets for shifting the current manual accounting system to the IFMIS during 2007.¹⁰⁶ The United States has already invested \$26 million to support implementation of IFMIS, as of January 2008, when SIGIR released an audit on the system finding it was well short of its goal.¹⁰⁷

The system has not been fully supported within the GOI, and security impediments created additional challenges that led to the project's suspension in June 2007. With the signing of a Memorandum of Understanding between the MOF and USAID in January 2008, the system's implementation has been resumed.¹⁰⁸ The USAID contractor plans to hand over IFMIS to the GOI in late 2008,¹⁰⁹ and ministry use of the general-ledger module of the system is scheduled to start in January 2009.¹¹⁰ USAID estimated that the budget-formulation and purchasing modules are expected to be completed in the spring of 2009.¹¹¹

Tracking Oil Revenues

Oil revenues through the first half of 2008 topped \$33 billion.¹¹²

The MOF maintains the accounting records for the Development Fund for Iraq (DFI), through which all oil revenues are channeled. The account is situated in the Federal Reserve Bank of New York (FRBNY).

A recent International Advisory and Monitoring Board (IAMB) audit of the DFI found that the MOF's records were not complete. The audit noted differences between the amounts transferred to entities and amounts recorded as transfers in the MOF's books. According to the audit, there is no written agreement between the MOF and the Central Bank of Iraq (CBI) on the process for financing Iraq's current account from the DFI FRBNY account. The CBI has been financing the MOF's current account by withdrawing DFI funds from FRBNY in U.S. dollars and then transferring an equivalent amount in Iraqi dinars to the current account. The lack of transparency in this process is a concern.¹¹³

STABILIZING INFLATION

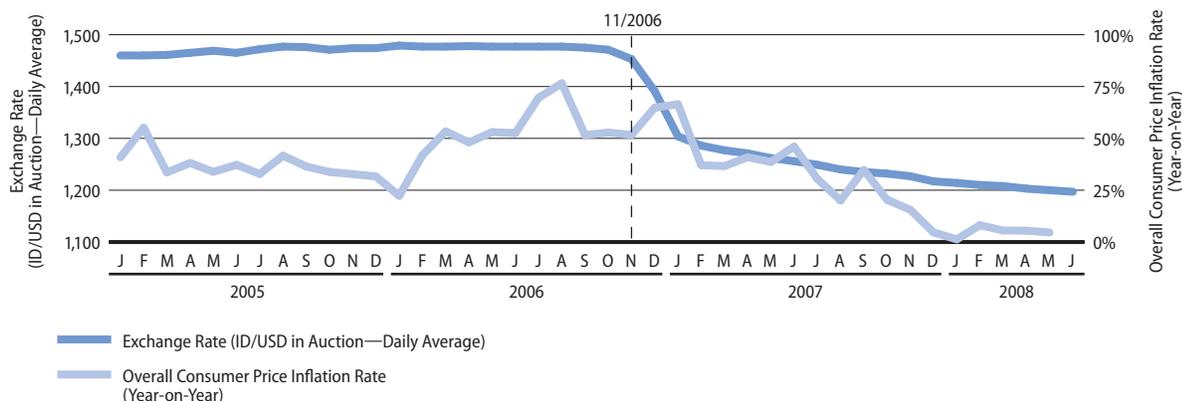
On June 22, 2008, the CBI announced a one-point reduction in the interest rate it pays on commercial bank deposits—signaling confidence that underlying inflation is under control.¹¹⁴ The annual consumer price inflation rate (year-on-year) has remained below 10% for the first five months of 2008.

The core consumer price index spiked somewhat in April (compared to March) because of a sharp rise in food prices. The U.S. Treasury Attaché noted that April's price movements did not

Figure 2.16

IRAQI DINAR/U.S. DOLLAR EXCHANGE RATE AND OVERALL INFLATION RATE

Source: Central Bank of Iraq, "Key Financial Indicators" (7/2/2008)



Note: The line at November 2006 indicates the month that the CBI began targeting interest rates to curb rising inflation.

appear to reflect a sustained inflationary trend.¹¹⁵ Prices in May stabilized and dropped from April's levels.¹¹⁶ For Iraq's annual inflation and exchange rates since January 2005, see Figure 2.16.

INTERNATIONAL DEBT RELIEF

The MOF is responsible for negotiating debt relief with international creditors. The U.S. Treasury noted that Iraq's estimated outstanding bilateral debt is between \$53 billion and \$77 billion.¹¹⁷

This quarter, the United Arab Emirates announced that it will forgive Iraq's debt, which was approximately \$7 billion; as of July 14, 2008, there was no signed agreement.¹¹⁸ The U.S. Treasury estimates that debt owed to non-Paris Club bilateral creditors that have yet to sign debt agreements with Iraq is between \$44.7 billion to \$68 billion.¹¹⁹ Creditors in this group include Saudi Arabia (Iraq's largest creditor), China, Kuwait, Qatar, Jordan, Turkey, Egypt, Poland, Brazil, Greece, Pakistan, Tunisia, Morocco, and Algeria. As of June 2008, Iraq had received \$8.2 billion in debt relief from non-Paris Club bilateral creditors

and \$19.7 billion in commercial debt relief.¹²⁰

The GOI has signed or agreed to bilateral debt restructuring terms with all Paris Club countries.¹²¹ The Compact anticipated that—by the end of 2008—the last tranche of outstanding Paris Club debt will be canceled, pending successful completion of Iraq's second Stand-by Arrangement (SBA) with the International Monetary Fund (IMF).¹²²

STAND-BY ARRANGEMENTS

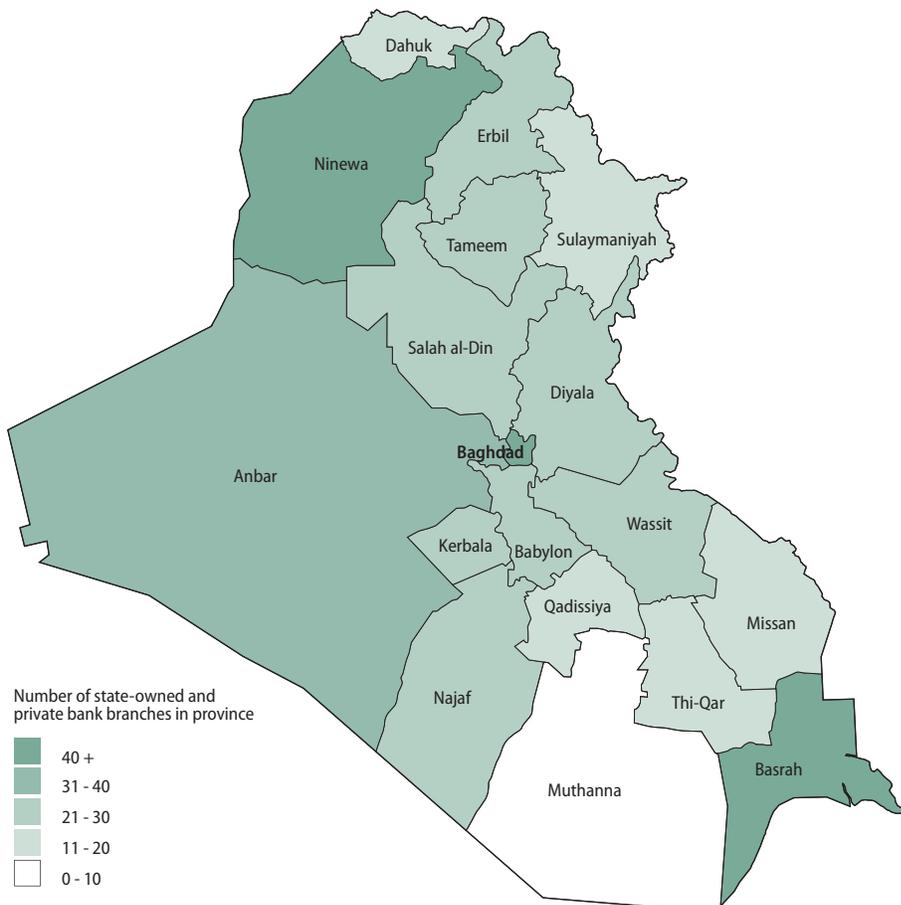
Since 2005, the IMF has approved two SBAs with Iraq—\$685 million under the first SBA, which expired in December 2007, and \$744 million under the current SBA for potential balance of payment support. Iraq has not drawn on any of the monetary support available under the SBAs because of the country's healthy balance of payments and foreign-exchange reserves position.¹²³

Operating under the current SBA, which is effective until March 2009, Iraq is focusing on maintaining economic stability, facilitating higher revenue in the oil sector, and moving forward

Figure 2.17

BANK BRANCHES IN IRAQ

Source: JCC-I/A, Response to SIGIR Data Call (7/6/2008)



with reforms and institution building.¹²⁴ The U.S. Treasury reported that Iraq is “on-track with the performance criteria and most structural benchmarks in the SBA.”¹²⁵

BANKING

Iraq’s SBA with the IMF set targets for modernizing Iraq’s banking sector, which comprises 39 banks and 724 branches located throughout the country. Most are located in Baghdad, which has more than 300 bank branches.¹²⁶ Figure 2.17 shows the distribution of Iraq’s bank branches.

State-owned Bank Reform

This quarter, operational and financial audits were completed for the largest state-owned banks in Iraq. Rafidain and Rasheed banks—with World Bank and U.S. Treasury assistance—will use the audit reports to develop restructuring plans in the second half of 2008. An additional development regarding bank restructuring was Rafidain’s recent selection of a firm to develop a core banking system and pay-for-performance plans.¹²⁷

Electronic Funds Transfer

The U.S. Treasury and Task Force to Improve Business and Stability Operations in Iraq aims to reduce cash transactions by improving electronic funds transfer (EFT) capabilities in public and private banking institutions. As of June 2008, there were 13 EFT-capable banks operating through about 170 EFT-capable branches in Iraq.¹²⁸

JCC-I/A's **Host Nation EFT Program** calls for payments on any contract awarded for more than \$50,000 to be paid electronically. As of the end of June 2008, 91% of about \$42 million paid on JCC-I/A contracts was made via EFT.¹²⁹

In partnership with the U.S. Treasury Attaché, JCC-I/A launched the EFT Assistance Center on April 15, 2008. The goal of the center is to extend the EFT program to other U.S., private-sector, and GOI entities throughout Iraq.¹³⁰

FINANCE

Several U.S.-supported programs are extending micro-grant and loan programs to stimulate economic development for local businesses.

Micro-grants

USAID's **Iraq Rapid Assistance Program (IRAP)** is managing the implementation of 11 microfinance grants (valued at nearly \$2.2 million) that have been approved and obligated. Total grant disbursements exceed \$900,000. Seven grants were awarded in Baghdad and one each in Kirkuk, Anbar, Babylon, and Ninewa.¹³¹

Another grant program is managed by USAID's **Community Stabilization Program (CSP)**, which awards private business grants ranging from \$500 to \$100,000 for the

micro-, small-, and medium-enterprise (MSME) program. MSME private business grants take the form of equipment and materials; there are no cash disbursements.¹³² Table 2.25 provides the status of CSP grants. For more information on CSP, see Section 2a of this Report.

Loan Guarantees

Formed by 11 private Iraqi banks with the assistance from USAID, the Iraqi Company for Bank Guarantees (ICBG) is providing access to financing for small- and medium-sized enterprises. For an overview of the 42 loans guaranteed by ICBG member banks,¹³³ see Table 2.26. For an example of ICBG efforts, see the discussion of *Wassit* province in Section 2c.

MINISTRY OF AGRICULTURE

Iraq's agricultural sector employs more people than any other industry, amounting to about 25% of the Iraqi workforce.¹³⁴ This quarter, drought continued to affect crops. Barley production is down an estimated 60% from 2007, and wheat production is down 36%.¹³⁵ For more information on the impact of the drought—including an update on several U.S. programs that support agricultural development in the provinces, see Section 2c.

The Ministry of Agriculture (MOA) manages Iraq's plant and animal research and development, agricultural extension, veterinary services, and agricultural economics. It recently completed a spraying initiative aimed at protecting the country's commercial date palms. Pilots and maintenance crews sprayed nearly 170,000 acres in 6 provinces last year. The MOA made an additional \$20 million available to buy new helicopters and

CSP GRANT STATUS, AS OF 6/10/2008

PROVINCE	# GRANTS APPROVED	OBLIGATIONS	EXPENDITURES
Baghdad	3,497	\$26,837,854	\$15,565,248
Ninewa	862	7,333,092	941,317
Tameem	888	5,542,695	2,903,795
Diyala	20	274,285	3,450
Basrah	103	313,776	47,086
Babylon	96	576,496	45,180
Anbar	1,508	10,520,138	6,676,462
Totals	6,974	\$51,398,336	\$26,182,538

Source: USAID, response to SIGIR data call, June 29, 2008.

TABLE 2.25

ICBG GUARANTEED LOANS, BY PROVINCE

PROVINCE	# OF LOANS	VALUE OF LOANS
Sulaymaniyah	14	\$564,675
Babylon	11	414,608
Erbil	11	232,000
Baghdad	5	68,333
Kerbala	1	15,500
Total	42	\$1,295,116

Source: USAID, response to SIGIR data call, June 29, 2008.

Note: This table includes additional small and micro-enterprise lending by the commercial banks; the money lent is the banks' money underwritten by the banks.

TABLE 2.26

spare parts for crop treatment in 2009.¹³⁶ In the past two years, Iraq has begun to revitalize its date palm industry for export.¹³⁷

U.S. AGRICULTURAL EFFORTS

This quarter, the U.S.-funded **Iraq Agriculture Extension Revitalization project**—which aims to build the institutional capacity of the MOA and Iraq's agricultural universities—continued training for Iraqi farm workers.

As of June 29, 2008, 20 workshops and training for 700 Iraqi workers were held. Moreover, there have been 21 special grants provided to farmers and extension workers to further develop skills learned during training. The U.S. Department of Agriculture granted \$5.7 million for the project, of which 85% has been expended.¹³⁸

Several other U.S. efforts supporting agricultural development at the local level are discussed in the *Provincial Snapshots* in Section 2c.

MINISTRY OF INDUSTRY AND MINERALS

The Ministry of Industry and Minerals (MIM) focuses on the development of Iraq's industrial base, which includes both private and state-owned enterprises (SOEs). In 2007, the MIM awarded more than 2,000 licenses to establish new private sector businesses and provided capacity-building courses with the United Nations Industrial Development Organization to develop entrepreneurs in small and medium enterprises.¹³⁹

The GOI set a Compact benchmark to

establish the legislative and institutional framework for initiating privatization of select SOEs, but that process has yet to begin.¹⁴⁰

The GOI reportedly plans to allocate about \$1.2 billion to restart or privatize SOEs.¹⁴¹ The GOI allocated \$400 million in 2008 for the rehabilitation of viable SOEs, and the CoR has requested a similar amount be allocated for 2009 and 2010.¹⁴²

U.S. TASK FORCE TO IMPROVE BUSINESS AND STABILITY OPERATIONS

The U.S. DoD Task Force to Improve Business and Stability Operations (Task Force) focuses on revitalizing Iraq's economy through several activities:¹⁴³

- restarting idle SOEs and private industrial enterprises in Iraq
- in conjunction with the Joint Contracting Command-Iraq/Afghanistan, directing the contracting of U.S. and Coalition reconstruction materials to rely on Iraqi-supplied products
- reestablishing intra-Iraqi and regional demand
- regenerating global supply relationships with the international community
- enabling the connection of Iraq's banking sector with the international finance community

This quarter, SIGIR issued a report that provides information on the Task Force's activities and funding. SIGIR's future work will include audits that evaluate issues such as the effectiveness of this and other economic assistance programs and coordination among the various U.S. economic assistance programs.

According to SIGIR's July 2008 report, the Task Force received about \$180 million in FY 2007 and FY 2008 allocations from Global War on Terror (GWOT) and Iraqi Freedom Fund monies.¹⁴⁴ More than 94% has been obligated, and the Task Force has requested an additional \$49 million in the FY 2009 GWOT budget. To date, \$50 million in grants to restart 34 SOEs has been made available. Through all of its efforts, the Task Force estimates that it has created 100,000 Iraqi jobs, of which 25,000 were generated from the restart of the 34 SOEs.

MINISTRY OF TRANSPORTATION

The Ministry of Transportation (MOT) is responsible for the policy and planning related to Iraq's transportation system, which includes aviation, maritime, railway, and highway conveyances.

IRAQ REPUBLIC RAILWAY

This quarter, Iraq Republic Railway (IRR) train movements totaled 1,570—up nearly 200% from the same period last year. An improved security situation has allowed the IRR to conduct more train movements.¹⁴⁵

The Transportation Attaché's Office has provided the IRR and the MOT with a detailed strategic plan that addresses issues within the IRR organization that need to be modified to produce an organization that can effectively meet the rail freight service requirements of Iraq. These are some of the challenges facing the IRR:¹⁴⁶

- **Repair.** Mechanical repair services are ineffective because of insufficient management capacity and lack of skilled labor.

- **Maintenance.** The lack of an ongoing track maintenance program has resulted in a spike in derailments as the deteriorated rail infrastructure sustains increased use.
- **Human Resources.** Transportation services at the IRR are severely limited by the inability of current IRR management to hire and train additional conductors and engineers.
- **Management.** IRR management is fragmented and incapable of operating a functioning railroad.

The MOT has earmarked \$960 million for the reconstruction of the IRR between Baghdad and Rabiya and Baghdad and Basrah. The MOT has indicated that the additional capital funding will be used to buy construction materials for the rail project; the IRR will supply construction management and personnel to complete the work.¹⁴⁷

AVIATION

This quarter, Boeing and the GOI announced a nearly \$5 billion order for 40 commercial airplanes. The agreement marked the single largest purchase of aircraft ever made by the GOI.¹⁴⁸ Figure 2.18 shows total flights (civilian and military) in Iraq's provinces with airports.

Operating under a three-year contract awarded in July 2007, the United States is providing assistance to prepare Iraqi controllers managing air-traffic control facilities. Training is now being conducted by a contractor at three facilities under the International Civil Aviation Organization standards.¹⁴⁹

The Baghdad Area Control Center (BACC) provides air-traffic services to approximately 150

daily flights, generating more than \$6 million in revenue for Iraq since its opening in August 2007. The BACC controls all Iraqi airspace above 29,000 feet, and the facility is the first in the country to use high-altitude radar for air-traffic services.¹⁵⁰ The Transportation Attaché anticipates that the BACC facility will be self-sustaining by March 2009.

On January 18, 2008, the first air-traffic controller was certified at the Baghdad Air Traffic Control Tower (ATCT)—Baghdad's second facility. On the basis of current facility certifications, the ATCT should be self-sustaining in its current configuration by January 2009.

The Basrah ATCT is the facility closest to being self-sufficient. Enhanced Aviation English proficiency is an identified weakness, and an instructor was hired this quarter. OTA forecasted that the Basrah ATCT will have sufficient staffing to run autonomously without British and U.S. contractor assistance by December 2008.

MINISTRY OF COMMUNICATIONS

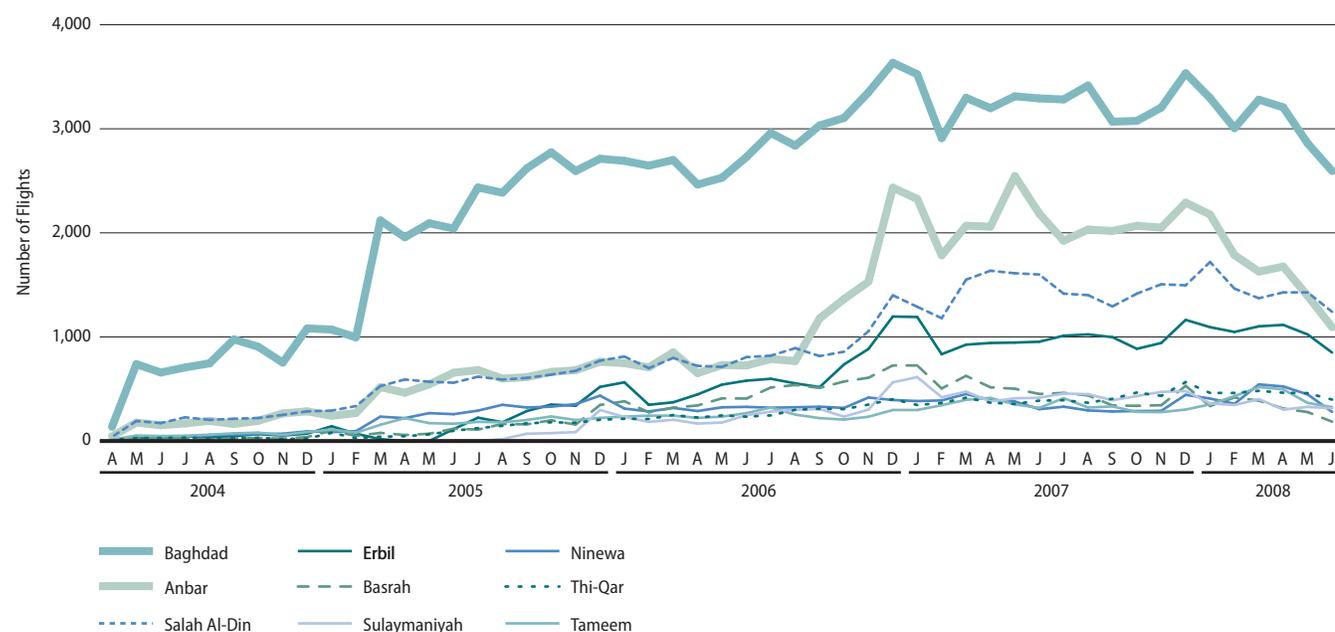
The Ministry of Communications is responsible for providing basic telecommunications services to the public, government, and business. Iraq's telephone system continues to improve. Of the nearly 15 million Iraqis with phone service of some kind, 13.4 million are global system for mobile (GSM) communication subscribers. More than 800,000 Iraqis are reported to subscribe to some kind of Internet service.¹⁵¹

The United States has obligated \$860 million and expended \$720 million in the transportation and communications sectors.¹⁵² In October 2003, the UN/World Bank Joint Iraq Needs Assessment

Figure 2.18

CIVILIAN AND MILITARY AIR TRAFFIC COUNT, BY PROVINCE

Source: IATAO, Response to SIGIR Data Call (6/29/2008)



Note: This data was provided to IATAO by the Regional Air Movement Control Center, which does not differentiate traffic counts between military and civilian traffic. The data in this graphic includes total movements tracked by airports within the provinces listed. Ninewa, Salah Al-Din, and Anbar each have two airports; flights from these airports were combined to generate the province totals.

estimated Iraq's reconstruction needs in transportation and communication totaled \$3.4 billion for 2004-2007.¹⁵³

U.S. COMMUNICATIONS PROJECTS

Since 2003, the United States, other Coalition states, and Iraq have undertaken several initiatives designed to improve Iraq's telecommunications system, including the **Advanced First Responder Network**, **Telecommunications Business Modernization**, and **Modernizing Iraq's Telecommunications and Postal Commission** projects.

The latest of these efforts is the \$24.2 million reconstruction of the **Iraqi Telecommunications System** project, including design of a telecom center and exchange around Baghdad's al-Mamoon tower. As of July 1, 2008, nearly \$13 million has been spent. However, Gulf Region Division (GRD) noted that project costs for replacing "battle-destroyed" or sabotaged equipment are rising, with cost-to-complete estimates at more than \$14 million (nearly \$2 million more than the amount obligated).¹⁵⁴ This quarter, GRD reports that the project is 44% complete,¹⁵⁵ and facilities are expected to be operational by the end of December 2008.¹⁵⁶

ESSENTIAL SERVICES

Notwithstanding improvements in oil and electricity production, rebuilding infrastructure and improving the provision of water, sanitation, health care, and education remain critical priorities in the Year of Transfer. This section takes a closer look at both GOI and U.S. efforts in Iraq's primary essential service ministries—the Ministries of Oil, Electricity, Water Resources, Health, and Education.

A new program, the Iraqi-Commander's Emergency Response Program (I-CERP), is directing GOI funds using the U.S. CERP mechanism. The GOI has directed the focus of this program toward essential-service projects, which include schools, water purification plants, health clinics, city planning facilities, roads, sewers, and irrigation.¹⁵⁷ Thus far, most projects have been listed in the Education and Civic Infrastructure Repair categories.¹⁵⁸ For more information on I-CERP, see Section 1, *SIGIR Observations*.

MINISTRY OF OIL

The Ministry of Oil is responsible for the operations, planning, and policy related to Iraq's petroleum industry, the largest component of Iraq's gross domestic product. Oil production continued to rise this quarter. Rising production is attributed to:¹⁵⁹

- the Ministry of Oil's ability to stabilize its operations
- the improving security environment
- better-coordinated repair efforts

The U.S. Embassy reported that there have been no pipeline interdictions in 2008, as of June 30, 2008.¹⁶⁰ Figure 2.19 provides the total number of pipeline interdictions since the beginning of 2006.

PRODUCTION AND EXPORTS

This quarter's oil production was the highest reported since the reconstruction program began five years ago. The quarterly average was 2.43 million barrels per day (MBPD)—a 2% increase from the figure reported by ITAO last quarter and a 16% increase from the average from the same quarter last year.¹⁶¹ This average exceeded the 2.2 MBDP goal established by the Ministry of Oil¹⁶² and approached the pre-war (1998-2002) daily oil production average of 2.58 MBPD.¹⁶³

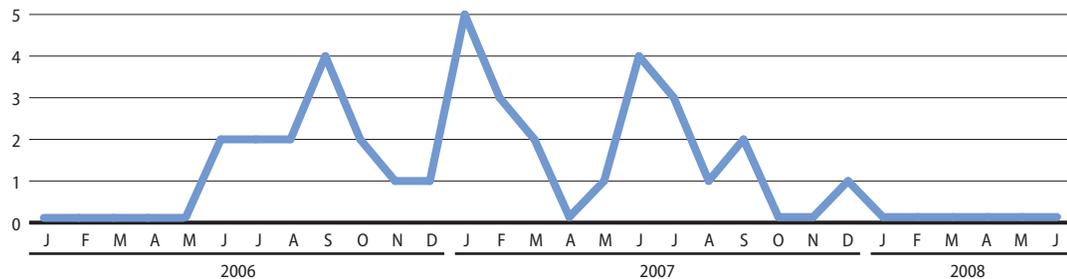
Exports have remained consistent for 2008 at around 1.89 MBPD.¹⁶⁴ But this quarter's export average is more than 19% higher than the same time last year.¹⁶⁵

Rising oil prices continue to increase Iraq's oil revenues. Iraq's 2008 oil revenues are estimated at \$33.1 billion,¹⁶⁶ as of July 2, 2008. If the upward trend continues, they could reach as high as \$70 billion for 2008.¹⁶⁷ Figure 2.20 shows the quarterly export and production averages and the OPEC average spot price for crude oil.

Figure 2.19

TOTAL PIPELINE INTERDICTIONS

Source: ITAO, Response to SIGIR Data Call (7/6/2008)



INVESTMENT IN THE OIL SECTOR

As of June 30, 2008, the United States has obligated \$1.97 billion and expended \$1.86 billion in this sector.¹⁶⁸ In 2003, the CPA estimated that \$8 billion would be needed from 2004 to 2007 to rebuild the oil infrastructure in Iraq.¹⁶⁹

The GOI capital investment budget for 2008 allocated \$2 billion to the Ministry of Oil. But last quarter, ITAO estimated that a capital investment program of at least \$100 billion would be needed to rebuild Iraq’s oil infrastructure.¹⁷⁰

The Ministry of Oil spent just 60% of its budget in 2007.¹⁷¹ This quarter, Iraq’s oil minister stated that the ministry’s investment in the oil sector mostly involved the rehabilitation of oil wells.¹⁷² Table 2.27 lists the budget execution rate for the ministry’s various investments. This quarter, the Minister of Oil noted that investment and expenditure would quicken in the second half of this year as 105 new fuel refineries are established.¹⁷³

PIPELINE EXCLUSION ZONES

Pipeline Exclusion Zones (PEZs) are being created through a highly effective U.S.-funded program to protect Iraq’s pipelines. PEZ projects have been credited with a decline in pipeline interdictions throughout the country and the concomitant rise in oil exports—now

consistently an additional 350,000–500,000 barrels each month.¹⁷⁴

This quarter, SIGIR inspected the **Kirkuk-to-Baiji PEZ (Phase 3)** project. During SIGIR’s site visit in June 2008, inspectors found that the fences, berms, ditches, wire, and guardhouses were in compliance with contract designs and specifications. Moreover, SIGIR observed Iraqi Army soldiers manning the guardhouses at each road crossing. These were the project’s objectives:

- Reduce oil pipeline interdictions.
- Improve the reliability of crude oil delivery from the Kirkuk oil field to the Baiji Oil Refinery.
- Increase exports of northern crude oil via the Iraq-to-Turkey Pipeline.

The SIGIR assessment, reported that:¹⁷⁵

- There have been no reported pipeline interdictions since the project started in June 2007.
- Northern crude oil exports have increased by approximately 91.3 million barrels (worth \$8.2 billion), which represents a 239:1 return on the \$34.4 million project.

As of June 30, 2008, nearly \$88 million of the ESF has been obligated, and more than \$42 million has been expended through the **Infrastructure Security Protection** program, which is

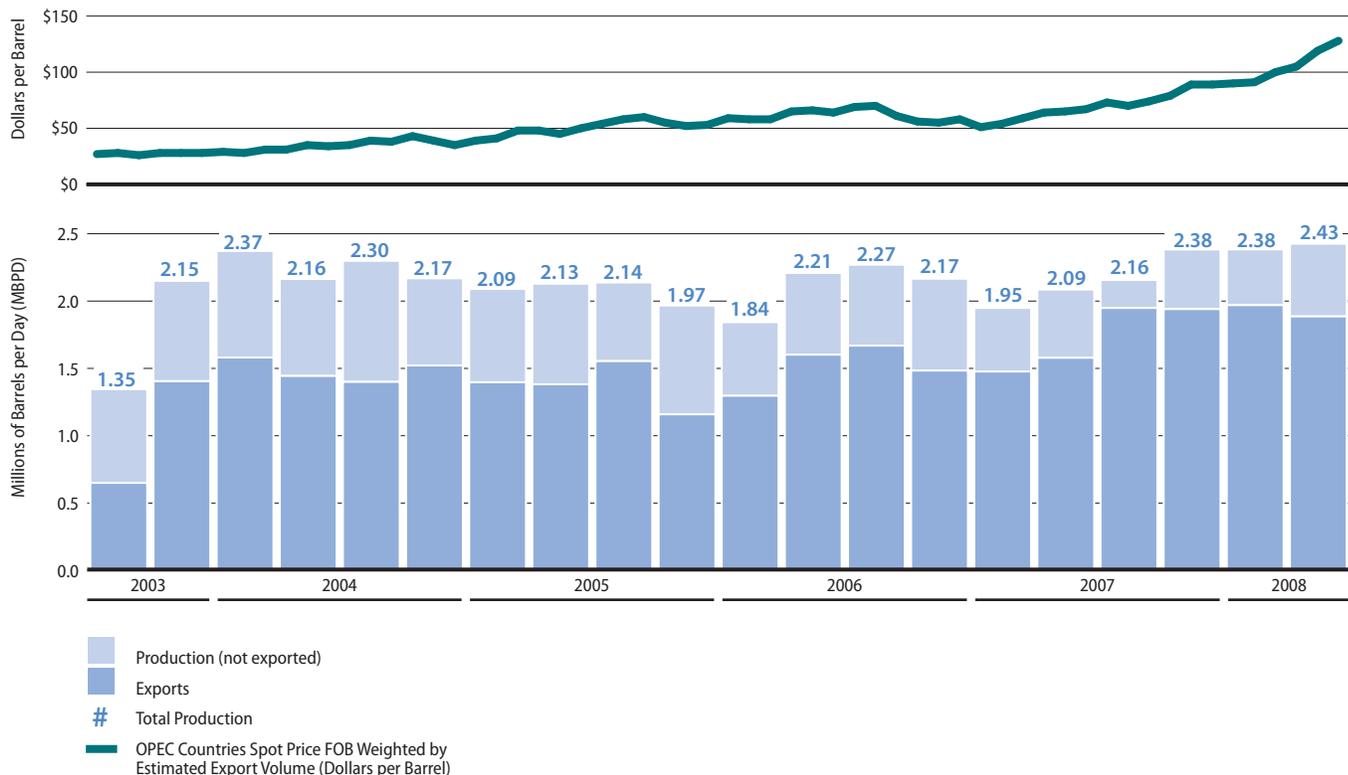
RECONSTRUCTION ACROSS IRAQ

Figure 2.20

IRAQ'S PRODUCTION AND EXPORT OF CRUDE OIL VS. MARKET PRICE FOR OIL

Millions of Barrels per Day (MBPD), Dollars per Barrel

Source: ITAO, *Monthly Import, Production, and Export Spreadsheet* (April 2008); U.S. Energy Information Administration, "World Crude Oil Prices: OPEC Average" (7/9/2008); Energy Fusion Cell, *Daily Oil Report* (4/30/2008, 5/29/2008, 6/30/2008)



Note: Numbers are affected by rounding. Daily export and production averages for this quarter were compiled from the 30-day rolling averages reported by the Energy Fusion Cell (EFC) on April 30, May 29, and June 30, 2008. Oil production and export data provided by ITAO has not been reconciled or adjusted for accuracy. The data provided is unofficial and meant only for general awareness. For official oil figures, visit the Ministry of Oil's website at www.oil.gov.iq. Iraq does not receive the OPEC average for its oil. This graphic shows the general trend in oil prices.

MINISTRY OF OIL – INVESTMENT PROGRAMS

AREA OF INVESTMENT	PERCENTAGE OF BUDGET EXECUTED IN 2007
Development of production of the extraction sector	72%
Oil and gas exploration (annual program)	65%
Drilling operations in the North and the South (annual program)	94%
Energy Services	51%
Reconstruction of the oil sector	64%
Projects to enhance conversion	38%
National manufacturing (annual program)	51%
Manufacturing small refineries	22%

Source: *International Compact with Iraq, "A New Beginning: Annual Review,"* May 2007-April 2008, p. 51, www.iraqcompact.org.

TABLE 2.27

supporting the various PEZ projects throughout Iraq.¹⁷⁶

HYDROCARBON LEGISLATION

The CoR continues to discuss the **Hydrocarbon Law**. Although the draft law has been submitted to the CoR since February 2007, political differences have delayed its passage.¹⁷⁷

GOI and KRG officials met in April 2008 and mid-June 2008 to continue the negotiations, but no agreements were reached.¹⁷⁸ However, the U.S. Embassy noted that “how KRG production sharing contracts with international oil companies will be treated under the new legal and regulatory regime continues to be an issue of contention.”¹⁷⁹

Last quarter, the CoM was reviewing the **Revenue Management Law**, a piece of the Hydrocarbon Package. The law intended to set the framework for sharing oil revenue among the provinces. Although the law has been drafted, negotiations continue regarding the percentage of hydrocarbon revenues that could be allocated to national-level projects before the regional government allocations could be determined.¹⁸⁰

The GOI continues to collaborate with major international oil companies to explore and develop Iraq’s oil fields—aiming to expand production by 500,000 barrels per day within a year.¹⁸¹ Iraq recently completed a short-list of 35 foreign companies bidding for investment in oil exploration service contracts with the GOI, but companies cannot start work until the hydrocarbon framework legislation passes.¹⁸²

METERING

A recent International Advisory and Monitoring

Board (IAMB) audit found that crude oil could not be reliably measured because of the absence of a broadly implemented metering system. The IAMB found that for Iraq to achieve financial transparency and accountability in accordance with standard oil industry practices, there must be operable metering systems in oil fields and at refineries, as well as the oil terminals.¹⁸³ For 2007, the IAMB was unable to reconcile the status of 13.8 million barrels of oil produced.

The United States supported the installation and renovation of the meters at the Al Basrah Oil Terminal (ABOT), and they have been transferred to the Ministry of Oil. When the U.S.-funded portion of the project was completed, Iraqi operators were trained on the use of the automated meter systems. Since transfer of the project, the GOI and the operating companies have been responsible for the recordkeeping, maintenance, and calibration work needed to meet international standards to permit the meter systems to be used for custody.¹⁸⁴

As of June 30, 2008, the ABOT meters were not being used for custody transfer, but rather, as check meters. Iraq’s South Oil Company has a contractor working on establishing the recordkeeping, maintenance, and calibration processes required to use the meters for custody transfer, but progress has been slowed by mechanical issues.¹⁸⁵

REFINED FUELS

Iraq continues to struggle to meet the economy’s need for refined fuels. In a recent audit of the Development Fund for Iraq (DFI), IAMB noted that Iraqi refineries are operating 10% below oil

industry benchmarks for normal outputs of the oil refining process,¹⁸⁶ but the Ministry of Oil made some progress on refined-fuel projects this quarter:¹⁸⁷

- **Siniyah Refinery** was restarted and has received a constant flow of crude oil since March 2008.
- **Haditha Refinery** has been restored and was expected to become operational by the end of June 2008.
- **Doura Refinery** continues to be expanded with the construction of a processing unit that will add 70,000 barrels per day of production to the network.

This quarter, the Ministry of Oil signed agreements with the Iraq Republic Railway to deliver diesel fuel, kerosene, crude oil, heavy fuel oil, and liquefied petroleum gas to various locations throughout the country.¹⁸⁸

U.S. efforts to assist the GOI in transporting refined fuels include work on the Baiji-to-Baghdad crude and refined-fuel pipelines. The estimated completion date of the refined fuel pipelines is December 2008, with the completion date for the crude pipeline yet to be determined.¹⁸⁹

The Ministry of Oil continues to struggle to meet the energy needs to operate refineries. This quarter, as a result of **Tatweer Energy** efforts, an American company indicated willingness to contract with the Ministry of Oil to make nine turbines operational that had been imported to Iraq several years ago.¹⁹⁰

MINISTRY OF ELECTRICITY

Iraq's Ministry of Electricity (MOE) oversees the planning, policy, and implementation of Iraq's electrical system. Average daily electricity production for the quarter ending June 30, 2008, was 4,400 megawatts (MW) (including an average of about 390 MW imported)—a 12% increase from this quarter last year.¹⁹¹ This is the second highest quarterly average since the start of the war. The highest quarterly average for actual production, 4,550 MW per day, was reached during the quarter ending September 30, 2007.¹⁹²

The Energy Fusion Cell reported that a new peak generation was reached on July 8, 2008, when 5,615 MW was produced during the peak hour.¹⁹³ To date, U.S. projects have added 2,500 MW of capacity to the national grid.¹⁹⁴

The quarterly average of output over time—which is how customers experience power usage¹⁹⁵—was nearly 105,500 megawatt-hours (MWh) per day. This quarter's average was nearly a 12% increase from the same quarter last year. The recent increase in electricity output has been attributed to increased imports of diesel fuel, preventative maintenance of critical equipment, and a reduction in transmission line interdictions.¹⁹⁶

U.S. GOALS

Between 2004 and 2006, U.S. generation goals ranged from 110,000 MWh to 127,000 MWh per day;¹⁹⁷ through mid-2007, DoS continued to use the 110,000 MWh goal to track weekly progress.¹⁹⁸ However, the United States has stopped setting metric goals for electricity production.¹⁹⁹ The current U.S. goal is “to provide electricity in a reliable and efficient manner to as many Iraqi

citizens as possible, and for as many hours as possible.”²⁰⁰ A recent GAO audit reported that the United States no longer sets metrics for the electricity sector because:²⁰¹

- U.S. projects only constitute a portion of Iraq’s electricity sector.
- There are too many variables that may affect projections.

Figure 2.21 compares Iraq’s electricity output over time to the previous 110,000 MWh goal.

U.S. O&M SUSTAINMENT INITIATIVES

ITAO noted that recent electricity gains have been attributed primarily to the U.S.-funded operations, maintenance, and sustainment (OMS) program, which aims to increase the productivity of existing generators. For the first four months of 2008, plants targeted by OMS efforts have

increased production by 30% per month over the same period last year.²⁰²

In addition to increases in output, the OMS program has improved the availability and reliability of generation plants. The OMS-supported plants have experienced fewer outages compared to non-OMS plants.²⁰³

The estimated completion date of the OMS program is September 9, 2008, unless the MOE starts to pick up the funding for the program.²⁰⁴ ITAO reported that the MOE has yet to take any steps to retain the current contract or to replace the program with an alternative.²⁰⁵ With no programs in place, this U.S. reconstruction investment could be at risk.²⁰⁶

ELECTRICITY IN THE PROVINCES

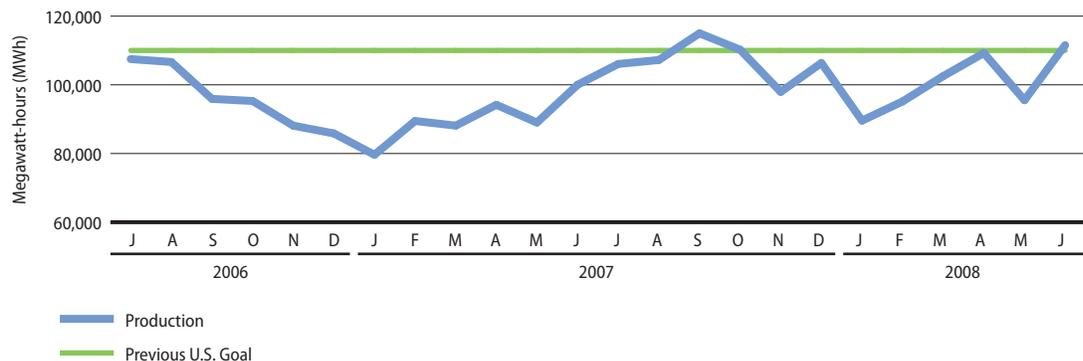
Consistent delivery of electricity throughout the country remains a challenge, and demand con-

Figure 2.21

DAILY ELECTRICITY PRODUCTION OVER TIME

Megawatt-hours (MWh)

Source: ITAO, *IRMO Electric Daily Units Performance Report (7/1/2006–6/29/2008)*; ITAO, *Weekly Status Reports (7/1/2006–6/29/2008)*



Note: Production includes imports. Numbers are affected by rounding. These figures are monthly averages of daily production averages.

tinues to outstrip supply in every province. Figure 2.22 shows the daily average output and demand by province for the quarter, ending June 30, 2008.

Baghdad consumes more than any other province, and it continues to struggle to meet the demand for electricity. To help alleviate Baghdad's power shortage, the Ministry of Electricity is engaged in these activities:²⁰⁷

- purchasing and installing \$380 million in generators throughout Baghdad and the surrounding areas
- attempting to enforce the provincial daily allocation plan,²⁰⁸ which would increase available daily power by 10% to 30% of that which is allotted to Baghdad City
- building a 132-kV transmission line from the Al Rasheed substation to Karkh, which will increase reliability of electricity to west Baghdad

Ongoing challenges to supplying electricity throughout the country include water and fuel shortages, equipment failures, damage to power lines, reliance on foreign power, and years of system neglect.²⁰⁹

Grid Instability

One of the reasons for the instability of the grid is the lack of effective power sharing and load management. MNF-I's Energy Fusion Cell noted this quarter that the "high number of recent blackouts indicates a growing problem of poor control resulting from a lack of compliance with the Ministry of Electricity's loan plan and orders."²¹⁰ Table 2.28 provides the statistics of the grid shutdowns for 2007 and 2008. To increase the reliability and enable the grid to transmit electricity, 46 electrical towers between Baghdad to Diwaniya, and 85

from Baghdad to Al-Musayab have been hardened.²¹¹

INVESTMENT IN THE ELECTRICITY SECTOR

The United States has obligated \$4.96 billion and expended nearly \$4.62 billion in this sector.²¹² To date, U.S. projects have added 2,500 MW of capacity to the national grid.²¹³ Transitioning to more technical support, ITAO aims to assist the MOE in developing and implementing plans to supply natural gas to power plants, locating and assessing new generating plants, and determining adequate fuel sources.²¹⁴

More than \$1.5 billion of the Iraqi budget was made available to the MOE in 2007, but the ministry estimates that at least \$25 billion will be needed for capital improvements in the sector.²¹⁵ It plans to add 20,000 MW of generating capacity through either new or rehabilitated power plants.²¹⁶ ITAO is assisting the MOE in acquiring supplemental funding for infrastructure improvements and with bidding, contracting, and project-management capabilities.²¹⁷

COORDINATION BETWEEN MINISTRY OF ELECTRICITY AND MINISTRY OF OIL

One of the continuing problems for the MOE is the ability to obtain adequate fuel to operate electricity generators. According to the 2008 Electrical Transition Plan, which was developed by ITAO, approximately 500 MW are not being generated because of shortages in available fuel; another 350 MW is lost to the use of suboptimal fuels for various generators.²¹⁸

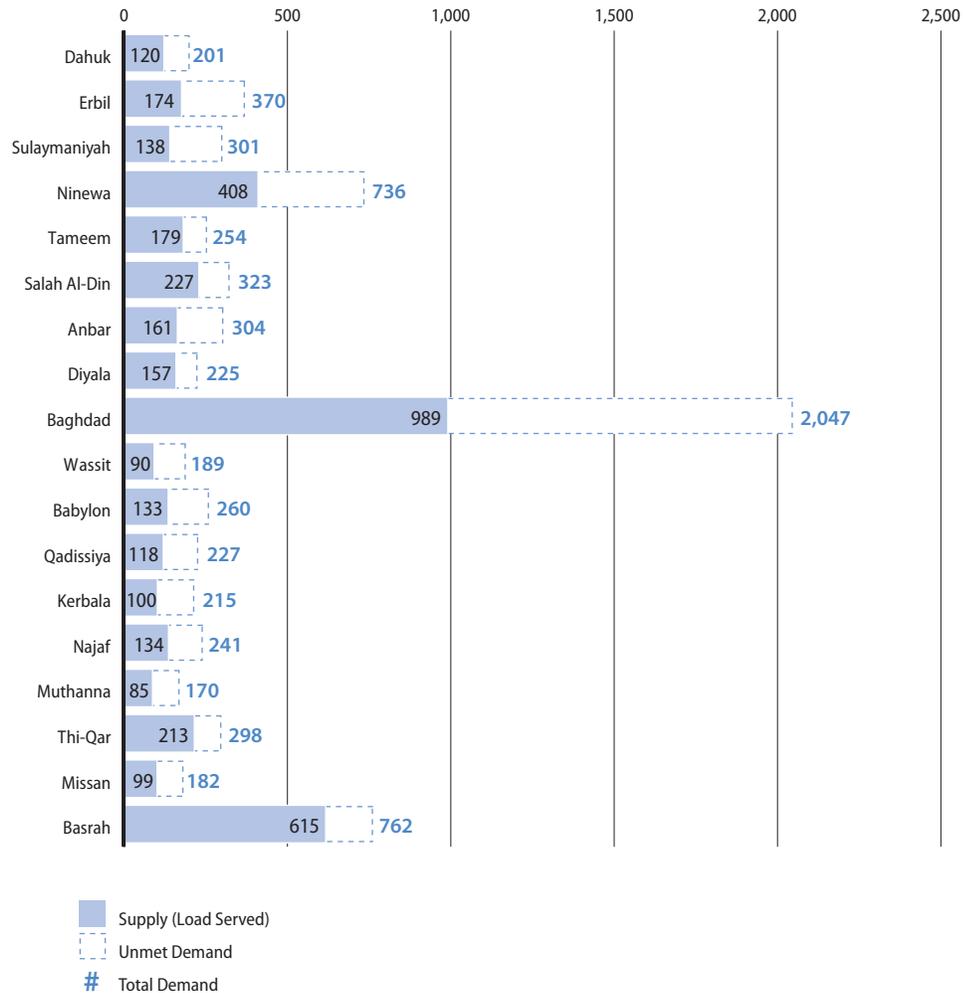
Through the *International Compact with Iraq* (Compact), the GOI has committed to

Figure 2.22

AVERAGE DAILY ELECTRICITY LOAD SERVED AND DEMAND, BY PROVINCE

Megawatts (MW)

Source: ITAO, *IRMO Electric Daily Units Performance Report (4/1/2008–6/29/2008)*; ITAO, *Weekly Status Reports (4/1/2008–6/29/2008)*



Note: Numbers are affected by rounding.

IRAQ ELECTRICITY GRID SHUTDOWNS, 2007 AND 2008 (AS OF 6/30/2008)

	2007	(1 ST HALF) 2008
National Grid Total Shutdowns	2	2
North Region Grid Shutdown (separate from National Grid)	26	18
South and Central Region Grid (separate from North Grid)	15	7

Source: GRD, response to SIGIR data call, July 2, 2008.

TABLE 2.28

implement a coordinated and integrated energy policy.²¹⁹ This quarter, MNF-I requested that the Iraqi Prime Minister establish a ministerial-level oversight committee to develop an Iraqi National Energy Strategy;²²⁰ however, to date, the plan has not been released. Through its Tatweer program, USAID facilitated an agreement between the two ministries to conduct joint-level strategic planning workshops that started on May 25, 2008.²²¹ According to DoD, the Iraqi Prime Minister is leading weekly coordination meetings with the two ministers.²²²

MINISTRY OF WATER RESOURCES

The Ministry of Water Resources (MOWR) provides water management of irrigation, water supply, hydropower, flood control, and environmental needs throughout the country.²²³ There are regional variations in access to improved water sources in Iraq.

Only 47% of people in rural areas use drink-

ing water supplied via pipes to their residences. In urban areas, disparities are more severe; only 2% of people in Basrah have access to improved drinking water sources.²²⁴ Only 20% of families outside of Baghdad province have access to working sewage facilities.²²⁵ Moreover, Iraq has no metering for water usage and no measurement of the quality of the potable water supply.²²⁶

U.S. SUPPORT TO THE WATER SECTOR

The United States has obligated about \$2.7 billion and expended \$2.4 billion in the water sector.²²⁷ Table 2.29 provides an overview of U.S. water project outputs as of June 30, 2008. The U.S. goal for water projects was to provide the capacity for 2.4 million cubic meters per day; current capacity added by U.S. projects totals 2.3 million cubic meters per day.²²⁸ This quarter, SIGIR audited a water sector reconstruction contract with FluorAMEC, LLC, which was awarded to provide design-build water projects in southern Iraq. Two task orders (**Nassriya Water Supply** and

U.S. WATER PROJECT METRICS

METRIC	VALUE	CHANGE FROM LAST QUARTER
Output of U.S. potable water projects	2.3 million cubic meters per day	2% increase
Number of people currently served by U.S. potable water projects and the number expected to gain access to potable water through remaining U.S. projects	8 million	Unchanged
Output of U.S. sewerage projects	1.2 million cubic meters per day	Unchanged
Number of people served by U.S. sewerage projects	5.1 million	Unchanged

Source: ITAO, response to SIGIR data call, June 29, 2008.

TABLE 2.29

STATUS OF PHC PROGRAM, BY PROVINCE

PROVINCE NAME	TURNED OVER	CONSTRUCTION COMPLETE	UNDER CONSTRUCTION	CANCELED	TOTAL
Dahuk	3	0	0	0	3
Erbil	7	0	0	0	7
Sulaymaniyah	6	0	0	0	6
Ninewa	6	1	1	1	9
Tameem	5	0	0	0	5
Salah Al-Din	6	1	1	0	8
Anbar	1	0	4	2	7
Diyala	1	4	2	2	9
Baghdad	26	2	0	2	30
Wassit	6	0	1	0	7
Babylon	5	2	0	0	7
Qadissiya	3	2	0	0	5
Kerbala	3	3	1	0	7
Najaf	5	1	0	0	6
Muthanna	3	0	0	0	3
Thi-Qar	3	0	5	0	8
Missan	3	0	0	1	4
Basrah	5	0	4	2	11
Total	97	16	19	10	142

Source: GRD, response to SIGIR data call, July 2, 2008.

TABLE 2.30

Basrah Sewage projects) were completed, and two projects (**Diwaniya Water Supply** and **Najaf Water Supply projects**) were terminated for the convenience of the U.S. government.

The audit found that more than \$2 billion originally allocated for water-sector projects was redirected to other sectors. Although work on the contract was generally successful, less was accomplished than expected. SIGIR identified that 97% of the project’s expenditures was associated with the two completed task orders—most for the Nassriya project. As of May 2008, nearly \$7 million had been expended on the two projects terminated for convenience.²²⁹ For more details on this audit, see Section 3 of this Report.

MINISTRY OF HEALTH

The Ministry of Health is responsible for the oversight and operation of Iraq’s healthcare sys-

tem. Both public and private healthcare systems in Iraq struggle to overcome procurement and delivery problems to get the medical supplies they need. The Kurdish region has been successful in delivering health care to Iraqis,²³⁰ but provinces still affected by military conflict are not able to provide the same access to essential health facilities.

U.S.-FUNDED PHC PROGRAM

This quarter, the total number of primary healthcare centers (PHCs) to be completed has changed. The current target is 132 PHCs; 10 centers have been canceled because of damages resulting from civil unrest and/or ITAO’s decision to cancel.²³¹ The original contract called for the construction of 150 PHCs throughout Iraq.²³² Table 2.30 provides the status and distribution of the PHCs, by province.

ONGOING PROJECTS IN THE EDUCATION SECTOR

PROJECT NAME	TOTAL BUDGETED COST	PROVINCE	FUND TYPE	ACTUAL START DATE	PROJECTED COMPLETION DATE
Sulaymaniyah Votech New Construction	\$ 5,200,000	Sulaymaniyah	CERP	12/02/2007	12/23/2008
BE/Zanobiya New Elementary School	\$4,248,510	Baghdad	ESF	11/19/2007	2/14/2009
BE/Design-Construction Salwa New Elementary School	\$3,922,463	Baghdad	ESF	12/10/2007	8/05/2008
PRDC - Design and Construct Abu Ghraib Secondary Girls School Campus	\$2,760,034	Baghdad	ESF	6/18/2008	3/14/2009
Wassit Engineering College Labs	\$2,735,636	Qadissiya	ESF	6/6/2008	6/5/2009

Sources: IRMS, *ITAO Rollup*, July 7, 2008; IRMS, CERP Excel Workbook, June 30, 2008.

TABLE 2.31

More than \$156 million of the IRRF has been obligated for construction of the PHCs, and nearly \$142 million has been expended. About \$131 million of the IRRF has been obligated for non-construction activities related to the program, of which \$123 million has been expended.²³³ The remaining PHC projects are expected to be completed by November 2008.²³⁴

MINISTRY OF EDUCATION

The Ministry of Education includes oversight of more than 20,000 schools, administrative offices, and educational facilities, which serve more than 6 million K-12 students and 300,000 teachers.²³⁵

The Ministry of Education is the implementing agency for a \$60 million World Bank Iraq Trust Fund project that aims to construct 55 new schools and rehabilitate 133 existing schools. Construction of 12 new schools (in Anbar, Erbil, and Muthanna) is complete, and the rehabilitation of the existing schools is finished. The rehabilitation program benefitted 45,000 students.²³⁶

The U.S. reconstruction program also continues to support the construction and rehabilitation of Iraq's schools. As of June 30, the United States has obligated \$760 million and expended \$640 million in the education sector.²³⁷ Table 2.31 shows several ongoing education projects in Iraq.

GOVERNANCE

The Seventh International Reconstruction Fund Facility for Iraq (IRFFI) Donor Committee Meeting hosted by GOI and co-chaired by Iraq and Italy was held in Baghdad on July 7, 2008.²³⁸ The meeting aimed to review the World Bank and United Nations Iraq trust funds and to examine additional steps to further align IRFFI with the *International Compact with Iraq* (Compact). It also examined the lessons learned since the establishment of IRFFI in 2003, when the Madrid Conference took place. The donors agreed that the next donor meeting will be scheduled for the second half of November 2008.²³⁹

On May 29, 2008, 83 countries and 13 international organizations attended the first Annual Review Conference of the International Compact with Iraq in Stockholm.²⁴⁰ The Annual Review was developed by the GOI with input from the international community and support of the United Nations. Participants acknowledged the progress of last year, but noted that work remains to be done. Further, they encouraged Iraq's international partners to contribute more technical assistance for institutional capacity building, instead of financial assistance.²⁴¹

The United States supports Iraq with foreign-assistance programs to assist the GOI in meeting its objectives under the Compact.²⁴² For a list of some U.S. foreign assistance programs and projects that align with goals expressed in the Compact Joint Monitoring Matrixes for 2007 and 2008, see Appendix I.

U.S. SUPPORT FOR GOI ANTICORRUPTION EFFORTS

Last quarter, SIGIR reported that DoS and the U.S. Embassy had begun revising the plan for managing anticorruption activities in support of the GOI. However, several actions had yet to be taken to fully address the remaining 10 of 12 recommendations made previously by SIGIR.

A follow-on SIGIR audit released this quarter determined that the U.S. Embassy had fully addressed three more of these recommendations through the Anticorruption Coordination Office (ACCO).²⁴³

- Iraqis were hired to help support U.S.-GOI anticorruption efforts.
- Reports are now being provided to the Deputy Chief of Mission on progress, barriers, and funding needs.
- The GOI is being encouraged to establish relationships with regional and international partners.

As such, the Embassy has fully addressed 5 of the original 12 recommendations, and remaining measures are needed to ensure that all initiatives are working efficiently and effectively toward a common goal, including strategies to provide these elements:²⁴⁴

- metrics that tie objectives and programs to a goal
- baselines from which progress can be measured

- foundation for assessing the program's impact on corruption in Iraq
- lessons learned from prior anticorruption programs of the United States and other donor countries

For more information on SIGIR's audit, see Section 3.

This quarter, the DoS Bureau of International Narcotics and Law Enforcement Affairs (INL) sponsored the **International Criminal Investigative Training Assistance Program (ICITAP)**. Advisors administered nearly 1,500 hours of classroom investigatory training to 150 Commission on Integrity (CoI) trainees. ICITAP advisors also conducted more than 1,400 hours of on-the-job mentoring to CoI investigators.²⁴⁵ The work of the CoI investigators resulted in the referral of 153 corruption cases to Iraq's investigative judges.²⁴⁶

In April 2008, the Board of Supreme Audit (BSA) received the final shipment of translated auditing manuals from the U.S. Government Accountability Office (GAO) in a project sponsored by INL. An official delivery ceremony with the BSA Board President and the new Embassy Anticorruption Coordinator took place at the BSA headquarters.²⁴⁷

IRAQ'S COUNCIL OF REPRESENTATIVES

The notable decline in ethno/sectarian violence has led to a "window of opportunity" in 2008 for governmental action to create the framework for national dialogue and reconciliation necessary

to promote sustainable political and economic development.²⁴⁸ The Compact identifies actions requiring GOI legislation to address fundamental political and economic changes in line with the priorities of Iraq's Year of Transfer.²⁴⁹

This quarter resulted in only two new laws, while longstanding draft legislation remained to be adopted. Additionally, key supportive legislation and administrative actions for previously adopted laws have yet to be addressed. Inaction on key legal reform increases the risk that sustainable political, economic, and civil progress will be delayed.

The Council of Representatives (CoR) unanimously passed two laws this quarter:²⁵⁰

- **The Law of Salaries for Judges and Prosecutors** will increase the monthly pay for employees of the Supreme Judicial Council from \$2,000 to \$5,000, including allowances.²⁵¹
- **The Anti-Oil Smuggling Law** includes provisions to prevent the modification of vehicle tanks for the purpose of oil smuggling. It also prohibits stealing oil from pipelines as well as purchasing oil on the black market. Punitive measures include fines equal to five times the price of smuggled product and the confiscation of vehicles transporting the product.²⁵²

Several measures remain on the agenda, including draft legislation introduced this quarter:²⁵³

- Provincial Elections
- Ratification of Iraq's participation in the UN Convention Against Torture
- Ratification of Iraq's participation in the UN Convention for Biological Diversity

- Law for the rights of military personnel to receive pensions
- Consumer Protection Law
- Law to regulate agricultural products
- Law to regulate the Iraqi Foreign Service

Additionally, the CoR hosted sessions with the Minister of Oil and the Minister of Water Resources.²⁵⁴

PROVINCIAL ELECTIONS UPDATE

The GOI will not meet its target date of October 1, 2008, for the provincial elections because the election law is still not in place. The Independent High Electoral Commission of Iraq (IHEC) is thus unable to organize, prepare, and conduct elections by the October deadline, and they probably will not occur this year.²⁵⁵

Among the required activities to successfully implement provincial elections are a budget for the IHEC and political agreements on the terms of voter eligibility—particularly those relating to internally displaced persons (IDPs)—ahead of a voter registration process. Other administrative tasks include the selection of candidates for each Governorate Electoral Office (GEO),²⁵⁶ preparation of 550 registration centers, and the hiring of 6,500 registration officers;²⁵⁷ many of these appear to have been accomplished. In early June, UNAMI conducted training sessions for all GEO directors to prepare them for upcoming voter registration.²⁵⁸

Support for the Election Process

To support the pending election process, USAID

has obligated \$81 million through its implementing partner, **International Foundation for Electoral Systems (IFES)**, since the start of the program in September 2004.²⁵⁹ IFES disbursed nearly \$52 million, as of the end of the second quarter of fiscal year 2008.²⁶⁰ IFES, along with UNAMI, supports IHEC in general capacity building, particularly on the conversion of the public distribution system into a voter registry. Also, IFES collaborates with IHEC's Governorate Electoral Offices throughout Iraq to prepare for the upcoming election cycle and assists the Council of Ministers (CoM) and CoR on drafting electoral legislation.²⁶¹

PROVINCIAL POWERS LAW

The **Provincial Powers Law** was passed by the CoR on February 13, 2008. The law outlines the relationship between Iraq's central and local governments. It also required that the CoR pass an elections law and that provincial elections be held by October 1, 2008.²⁶² The former has not happened and the latter will not. The law will apply to Provincial Councils only after the provincial elections occur.

THE REGIONS FORMATION LAW

In October 2006, the CoR passed the **Regions Formation Law**, which provided for an April 2008 effective date. In February 2008, the CoR passed the companion **Law Governing Powers of Provinces Not Formed into Regions**.²⁶³ These laws cannot come into effect, however, without the legal and political consensus of the triggering Provincial Powers Law, which has no effect until

the new Provincial Councils are elected.²⁶⁴

Although both ISCI and Fadhilah (both Shia parties) remain interested in the possibility of region formation in southern Iraq, overt campaigning for regions formation appears to be on hold because of ongoing security operations and the upcoming provincial elections.²⁶⁵

Resolving Iraq's Disputed Internal Boundaries

Article 140 of the Iraqi Constitution mandates a process of normalization and referendum for disputed territories. The most significant of these disputed territories is Tameem province. The GOI has not met the 2007 deadline for Tameem, specified by Article 140, which includes full normalization and a referendum on unifying with the KRG.²⁶⁶

Since November 2007, UNAMI, under the leadership of the Special Representative of UN Secretary-General for Iraq, has been actively involved in finding a political resolution to Iraq's disputed internal boundaries (DIBs).²⁶⁷ Under UNAMI's UN Security Council 1770 mandate and GOI's invitation, UNAMI presented its initial reports on four DIB districts to the Presidency Council, GOI Prime Minister, and KRG Prime Minister.²⁶⁸ UNAMI is currently working on the next two phases to address Tameem and additional disputed areas, and plans to present its reports to the GOI leadership by the end of the summer.²⁶⁹

INVESTMENT LAW UPDATE

In November 2006, the GOI adopted an investment law intended to encourage investment in non-oil sectors and promote equal treatment for domestic and foreign investors. The establishment of the National Investment Commission (NIC) to develop and monitor the implementation of investment policies and regulations (and establish agencies at the national and regional levels to issue investment licenses) was intended to follow.²⁷⁰ Although a Chairman of the Commission was appointed in early 2007,²⁷¹ the World Bank reports that the business climate in Iraq remains challenging for investors.²⁷² SIGIR will continue to report on the NIC's progress in creating a favorable climate for investment.

AMNESTY LAW

The **Amnesty Law** came into effect in February 2008, and as of June 29, 2008, 95% of all amnesty cases have been reviewed.²⁷³ The conditions of the law have been controversial, with suggestions from some that the releases of 96,727 inmates should have been more limited.²⁷⁴ For an update on the release orders, see Ministry of Justice update in this section.

Amnesty Application Review Process

A provincial committee, made up of four judges appointed by the Higher Juridical Council (HJC), reviews every amnesty case or charge. A prosecutor on each committee, appointed by the HJC, must either sign the release order or appeal the ordered release to a special committee, compris-

ing appellate judges from around that province. If necessary, the appeals process has the ability to withdraw an amnesty release order. After a release order is signed, it is sent to the relevant ministry for execution.²⁷⁵

IRAQ'S CIVIL SERVICE ADVANCEMENT

The U.S.-funded Tatweer continues to support the GOI program to reform the Iraqi civil service. In May 2008, the CoM approved the draft law to form the constitutionally mandated **Federal Civil Service Commission**. The draft will be considered by the CoR.²⁷⁶

MINISTRY OF PLANNING AND DEVELOPMENT COOPERATION

The Ministry of Planning and Development Cooperation (MoPDC) plans and prioritizes development and reconstruction activities in Iraq.²⁷⁷ MoPDC promotes international assistance to Iraq, including liaising with existing and potential donors and following up on pledges of assistance.

U.S.-FUNDED PROCUREMENT ASSISTANCE CENTERS

GOI has received considerable support for its public procurement activities. During 2007, 2,591 ministry staff were trained in procurement at various levels.²⁷⁸ The Iraqi-led **Procurement Assistance Center (PAC) program**, funded by the United States, has been established under the supervision of the Director General of the Office

of Government Public Contracts Policy. PAC assists the GOI in drafting and enacting new and streamlined procurement regulations and implementing instructions. PAC is also involved in the development of a new Iraqi law on contracting. The PAC program has added Provincial Procurement Assistance Teams (PPATs), which support 16 provinces.²⁷⁹

TATWEER ASSISTANCE TO THE MOPDC

With Tatweer support, MoPDC hosted a two-day workshop in May 2008 at the Al-Rasheed Hotel to "Improve the Selection of Capital Investment Projects." More than 230 GOI officials attended the workshop, including Directors General (DGs) from ministries and provinces, as well as Provincial Council members.²⁸⁰

This quarter, Tatweer provided training and identified equipment needs for MoPDC's newly established six-person planning units in 15 provinces.²⁸¹ The civil servants, comprising 90 junior staff, are receiving rapid orientation training on project management and strategic planning and an overview of the existing budget execution system, including the roles of the various players. The training was conducted with the Ministry's Directorate for Housing and Construction, which oversees these provincial planning units. They will assist in monitoring implementation of projects at the provincial level.²⁸²

Tatweer's assistance to the MoPDC's Central Organization for Standardization and Quality Control (COSQC) led to completion of a draft

strategic plan.²⁸³ Tatweer also completed an implementation plan to assist COSQC in complying with World Trade Organization standards. Plans for a COSQC website moved ahead with the outline of a design and identification of system requirements. As a result of Tatweer technical assistance, the Central Organization for Statistics and Information Technology (COSIT) is slated to receive an additional \$1 million in supplemental funding to conduct surveys, and the Ministry of Finance approved an increase of \$100 million for COSIT staff.²⁸⁴

DONOR ASSISTANCE TO GOI

The United States is less able to track international funding because Iraq has shifted to normalized bilateral relations with the international community. As of July 2, 2008, DoS reported a total of \$17 billion in donor pledges.²⁸⁵ Pledges for grants total \$5.26 billion, of which \$4.53 billion was pledged at Madrid, and \$0.72 billion was pledged in conjunction with the International Compact with Iraq Ministerial Meetings.²⁸⁶

At the May 2008 Annual Review Conference of the Compact meeting in Stockholm, Australia announced pledged grants of approximately \$137 million.²⁸⁷ Of this total, nearly \$22 million had already been pledged in March 2008 for police training. The balance of \$115 million covers pledged grants for agriculture, capacity building, and the IRFFI.²⁸⁸

According to DoS, the total of grants committed to Iraq (through contracts, budget actions,

or dedicated international agreements) is \$5.55 billion, or approximately \$297 million greater than the total of grants pledged.²⁸⁹ The total of soft loans committed is about \$3.42 billion, or approximately \$8.33 billion less than loans pledged. This reflects that Iraq has been more focused on reducing its debt burden from the Saddam era than on adding new debt, and that high oil prices have served to substantially strengthen Iraq's financial position to where its need for loans is reduced.²⁹⁰

Development Assistance Database

U.S. advisors have joined with those from the United Nations Development Programme (UNDP) and the European Union to help the MoPDC improve its tracking of donor contributions to Iraqi reconstruction. Initial efforts focused on developing the Donor Assistance Database (DAD). Recent efforts involve establishing a broader Capital Budget Request and Tracking System that would capture all efforts for reconstruction, including those funded by Iraq's national and provincial budgets. However, the efforts to integrate the two systems have caused a number of logistical and organizational issues.²⁹¹

As of July 14, 2008, the DAD reported total commitments of \$5.41 billion, an increase of approximately \$55.06 million from last quarter.²⁹² Disbursements totaled \$2.52 billion, a decrease of approximately \$16 million from last quarter.²⁹³ For an overview of Iraqi donor spending based on data from the DAD, see Appendix I.

UNITED NATIONS

Since 2003, the UN has played a sustaining role in supporting Iraq's relief and reconstruction efforts. Below is a description of some of the UN organizations' efforts performed this quarter.

Health programs for Iraqis could be reduced and the provision of some specialized medical interventions might come to a complete halt. In January 2008, the UN High Commissioner for Refugees (UNHCR) appealed for \$261 million for its operations for IDPs, returnees, and refugees; however, as of May 2008, it received only \$134 million.²⁹⁴ If UNHCR does not receive the remainder (\$128 million), it will not be able to continue direct assistance. By August 2008, UNHCR will not be able to cover all basic health needs of Iraqis, and the seriously ill Iraqis will not be able to receive their monthly medications.²⁹⁵

This quarter, the United Nations Children's Fund (UNICEF) has been scaling up its Iraq emergency operation to reach more vulnerable children in the country. UNICEF reports that Iraqi children are at greater risk of exploitation and abuse. More than 800,000 Iraqi children are unable to attend school, and only 40% can access safe water.²⁹⁶ Through its **Immediate Action for Vulnerable Children and Family (IMPACT) program**, UNICEF aims to provide assistance to more than 360,000 Iraqi children this year to ensure that they have access to health care, vaccinations, proper nutrition, and emergency medical treatment. The program also aims to provide safe water, emergency education, and specialized care for abused and vulnerable children and women.²⁹⁷

INTERNATIONAL RECONSTRUCTION FUND FACILITY FOR IRAQ

To date, 25 IRFFI donors have committed more than \$1.83 billion for Iraq reconstruction, which is an increase of approximately \$4.7 million from last quarter.²⁹⁸ The slight increase is attributable to additional commitments by Australia. For a funding breakdown of top donors from IRFFI, see Appendix I. In 2004, the IRFFI was launched to assist donors direct their resources and coordinate their support for reconstruction and development in Iraq through the World Bank Iraq Trust Fund (WB ITF) and UNDP-managed UN Development Group Iraq Trust Fund (UNDG ITF).

As of June 30, 2008, the WB ITF continues to hold deposits from 17 donors, worth nearly \$494 million.²⁹⁹ This quarter, the top donors to the WB ITF remain the same. As of June 30, 2008, 25 international donors committed nearly \$1.34 billion to the UNDG ITF, which is managed by the UNDP.³⁰⁰ New contributions to this fund have not been reported this quarter.

WORLD BANK

The World Bank funds several programs to support the GOI with reconstruction needs such as improving public- and private-sector governance, restoring basic services, and enhancing social safety nets. Although this support is funded primarily through the WB ITF, the World Bank also provides assistance through its International Development Association (IDA). As reported previously, four IDA loans are approved for Iraq, totaling \$399 million.³⁰¹ As of May 31, 2008, the status of these projects has not changed since last quarter.

MINISTRY OF FOREIGN AFFAIRS

The Ministry of Foreign Affairs (MFA) provides consular services in Iraq and gradually will extend the services to missions in other countries.³⁰² This quarter, the United Arab Emirates (UAE) announced the opening of a UAE Embassy in Baghdad, as well as the appointment of an ambassador.³⁰³

As of June 29, 2008, there are 36 foreign embassies in Iraq.³⁰⁴ Of these, 25 embassies are represented at the level of Ambassador, and 11 are represented at the level of Charge d'Affaires.³⁰⁵ During the Compact's annual review meeting, Brazil announced its intention to open an embassy in Baghdad by the end of 2008, and Turkey announced plans to open a consulate in Basrah and join the UK and Iraq in opening a free trade zone on the Kuwaiti border.³⁰⁶

This quarter, the United States supported the MFA with an IRRF-funded project that sent 15 Iraqi entry-level diplomats to the United States for training between April 27, 2008, and May 10, 2008. The training included a four-day segment at Georgetown University on diplomatic history and theory, a three-day segment at the Foreign Service Institute on diplomatic skills, and a one-day program at the Department of State and Voice of America/Woodrow Wilson Center.³⁰⁷

MINISTRY OF DISPLACEMENT AND MIGRATION

The Iraqi Ministry of Displacement and Migration (MoDM) is responsible for all matters relating to Iraqi refugees and displaced persons, as well as all non-Iraqi refugees residing in Iraq. The

ministry develops policies to address migration issues and serves as the focal point for organizations assisting refugees and displaced persons.³⁰⁸

USAID's **Office of U.S. Foreign Disaster Assistance (OFDA)** supports the capacity building in the MoDM through five implementing partners. One OFDA partner supports MoDM through trainings of junior and senior level staff in project management, leadership, strategic planning, budgets, negotiation skills, anticorruption, and monitoring and evaluation. Currently, OFDA is working on a country-wide household needs survey of IDPs with the MoDM. Another OFDA partner works with the ministry on its data management throughout the country to keep up with the registered and registering IDPs data.³⁰⁹

INTERNALLY DISPLACED PERSONS

Although exact totals of displaced persons are difficult to obtain, the UN estimates that as of May 2008, the total internal displacement has reached 2.7 million.³¹⁰ This includes 1.2 million individuals who were displaced before February 2006 and 1.5 million individuals displaced afterward.³¹¹

According to MoDM statistics, 64% of the displaced are originally from Baghdad. Eighty-two percent of that population comprises women and children, and 58.7% are children less than 12 years of age. Communities that have hosted large IDP populations have become as destitute as the displaced. For example, several governorates that have received displaced persons from Baghdad—such as Kerbala, Najaf, and Babylon, among

others—are saturated, with their already fragile services and communities overwhelmed by the large numbers of displaced.³¹²

The Compact’s annual review discussed programs that are being established in cooperation with host countries, regional partners, and the international community to address the needs of displaced Iraqis. This quarter, USAID OFDA implementing partners assisted IDPs in 17 provinces throughout the country with activities in the following sectors:³¹³

- water, sanitation, and hygiene
- health, shelter, and settlements
- economy and market systems
- logistics and relief commodities
- humanitarian coordination

In July 2008, GOI launched the National Policy to Address Displacement which aims to improve the situation for displaced persons and returnees.³¹⁴ The policy describes the rights and the needs of the 240,000 newly displaced families inside Iraq and outlines the need for coordination and cooperation between the different ministries and the international community.

RETURNEES

At the end of March 2008, the MoDM reported 13,030 returnee families (averaging six people per family).³¹⁵ Of this total, 83% returned from internal displacement and 17% from abroad; 4,300 of the 13,030 families returned to Baghdad. The government has offered registered returnees a \$1,000 payment in Baghdad, and the ministry’s

implementing partners were providing ad hoc food and nonfood items.

Although some IDPs and refugees returned because of perceived security improvements, others returned because they lacked any other options. Mass returns organized by Provincial Councils or government ministries have been deficient in long-term planning, sufficient reintegration assistance, and services needed to have a durable impact. Currently, returnee families who have registered with the government upon their return are offered a six-month stipend of \$150; however, the registration process is complicated and difficult to access.³¹⁶

In 2008, the GOI is supporting the return of more than 100,000 families in the year 2008 and is considering a \$195 million plan, drafted by the MoDM.³¹⁷ The GOI continues to look for solutions to avoid conflict when refugees and IDPs return to their former homes and neighborhoods and find them occupied by others, especially in Baghdad.³¹⁸

REFUGEES

In June 2008, the United States admitted 1,721 Iraqi refugees, setting a new monthly record. As of June 13, 2008, the total number of Iraqi refugees resettled in FY 2008 is 6,463.³¹⁹ The United States has committed to admitting 12,000 Iraqi refugees by the close of the fiscal year on September 30, 2008.³²⁰

The United States has increased its contributions to Iraqi refugee assistance from \$43 million in 2006 to nearly \$208 million as of July 2008.³²¹ In April 2008, in compliance with the 2008

Refugee Crisis Act, the Secretary of State appointed a Senior Coordinator for Iraqi Refugees and IDPs. The Senior Coordinator is responsible for “the oversight of processing for the resettlement in the United States of refugees of special humanitarian concern, special immigrant visa programs in Iraq, and the development and implementation of other appropriate policies and programs concerning Iraqi refugees and IDPs.”³²²

The first refugee case processed in the International Zone departed successfully from Baghdad International Airport to Atlanta, Georgia, on May 28, 2008. He is one of the 33 Locally Engaged Staff (LES) who began processing in Baghdad in March 2008.³²³ The processing operation in Iraq expanded to include Iraqi LES and their extended families, Iraqis employed directly or via contractors, employees of U.S.-based media organizations, or employees of non-governmental organizations. Interviews for this extended refugee program began in May 2008 and will be ongoing.³²⁴

MINISTRY OF HUMAN RIGHTS

The Iraqi Ministry of Human Rights (MoHR) is responsible for the development of a declaration of human rights for Iraqis, as well as encouraging

the growth of independent human rights organizations within Iraq.³²⁵

Since August 2007, USAID’s Tatweer program has worked with the MoHR to assist this relatively new and small ministry. The Tatweer advisor to the MoHR and Iraqis have supported many MoHR efforts including:³²⁶

- budget execution process improvements
- status of an information technology (IT) assessment
- application of an internal assessment methodology introduced to the GOI by Tatweer
- renovations to an MoHR training facility to be used for senior executive training and other executive functions
- MoHR human resources system upgrades
- MoHR website improvements
- staff training in the core areas of public administration

Other U.S.-funded technical assistance activities with the MoHR are in the final stages of development. They will address more sector-specific assistance needs and focus on items for the MoHR such as graves, forensic evidence, missing persons, and detention operations.³²⁷

SECURITY AND JUSTICE

As part of transferring additional responsibility to the Iraqis, the United States and Coalition partners work to strengthen Iraq's security mechanisms at the national and provincial levels. These efforts include programs targeted at improving the abilities of the Iraqi Security Forces (ISF) and the ministries that oversee them—the Ministry of Defense (MOD) and Ministry of Interior (MOI).

Success, however, has been uneven, and security services require continued assistance in many key areas. The United States endeavors to transfer responsibilities for the ISF and security of the general population to the MOD and MOI by shifting program funding to enhance sustainment and capacity development across Iraq's security apparatus.

This quarter, SIGIR published an audit evaluating a \$900 million contract³²⁸ issued in 2004 to Parsons for 56 task orders in the security and justice sector. Projects included construction of fire stations, border forts, the Iraqi Special Tribunal, police and protection academies, and correctional facilities.

SIGIR's report noted that "far less was accomplished under this contract than originally planned."³²⁹ Auditors found that only one-third of planned task orders were completed and that 43% of the funds went to projects that were canceled or terminated, although several projects were transferred to other contractors and completed. As a result of inaction or inefficiencies, the United States canceled nearly half of the orders because construction progress was limited or not yet started and transferred them to U.S. government entities for closeout.³³⁰

MINISTRY OF DEFENSE

The MOD oversees the development and execution of policies for Iraq's military services, including the Iraqi Army, Air Force, and Navy. In May 2008, the Iraqi Ground Forces Command assumed full control over Iraq's largest military branch, the 12-division Iraqi Army, which expects to have an additional division by December 2008.³³¹

This quarter, both the Iraqi Air Force and Navy have grown in personnel and operational capacity. The Air Force, which grew 21% since last quarter, is improving the numbers of flights, health programs, maintenance capacity, and fleet size.³³² The Navy, which includes 1,839 assigned personnel, is steadily improving capacity in contracting, management, and planning processes. DoD noted, however, that the Navy faces challenges with aligning future acquisition goals to immediate needs (including training, infrastructure, and command and control).

MOD TRAINING

MOD trainees total more than 235,963, which is more than 47% of all ISF trained personnel.³³³ Assigned levels for the military, which reflect personnel on the payroll, are 190,652.³³⁴ The overfill reflects the Prime Minister's initiative to increase personnel to 120% of the Modified Table of Organization and Equipment.³³⁵ The Prime Minister also authorized a force of 135% for three Iraqi Army divisions.³³⁶ The former Commander, Multi-National Security Transition Command-Iraq (MNSTC-I), noted that Iraq's ground forces are growing and training on a feasible schedule

MOD TRAINED AND AUTHORIZED MILITARY PERSONNEL

ISF SERVICE	MARCH 2008 TRAINED	MAY 2008 TRAINED	AUTHORIZED FORCE STRENGTH
Iraqi Army	180,263	211,826	156,848
Support Forces	19,750	21,048	15,583
Iraqi Air Force	1,370	1,595	2,900
Iraqi Navy	1,194	1,494	1,893
Total	202,577	235,963	177,224

Source: DoS, *Iraq Weekly Status Report*, April 9, 2008, and July 16, 2008.

Note: March data are of March 19, 2008. May data are of May 31, 2008. Authorized force strength numbers are of May 31, 2008. Trained figures include casualties, AWOL personnel, etc.

TABLE 2.32

and will be “mostly done” by mid-2009.³³⁷ For an overview of training and authorizations, see Table 2.32.

The military services have undergone training to re-establish Iraq’s ability to maintain territorial integrity. Iraqi military training centers are dedicated to training by region, by division, and by combat discipline in both classroom and operational environments. Last quarter, MNSTC-I reported that there were seven base training cycles each year, and this quarter, it announced an additional cycle for 2008.³³⁸ DoD reports that 26,860 personnel are trained in each cycle.³³⁹ Between December 7, 2007, and June 19, 2008, more than 56,000 recruits completed basic training.³⁴⁰

SIGIR and GAO have both noted the lack of officers and non-commissioned officers (NCO) as the Army approaches the 120% personnel goal. There are currently eight training locations intended to help grow the NCO ranks.³⁴¹ DoD reported that the MOD plans to hire 1,500 officers and 13,000 NCOs through the re-joiner effort, which is a means of re-hiring former members of the army who served under the Saddam Hussein regime.³⁴² According to the Former Commander, MNSTC-I, Iraqis have the training in place to expand the NCO corps.³⁴³ The MOD has nearly 70% of needed NCOs, but the majority are at the junior level.³⁴⁴

U.S. CONTRIBUTIONS TO THE MOD

The United States and other Coalition states provide a range of advisory services to the ISF. U.S. advisory efforts at the ministerial level strengthen capacity in personnel accounting, force management, logistics, training, procurement, anticorruption initiatives, and cross-function coordination. Coalition advisors provide guidance and mentor staff to improve relevant functions through the MOD Advisory Team and the Joint Headquarters-Advisory Team (JHQ-AT). In addition to ministerial capacity development, all three military branches are assigned designated embedded transition or training teams. The Coalition provides embedded support through Military Transition Teams and the Coalition Army Advisor Training Team.

However, a lack of coordination and delegation at the ministerial and military-service levels limits effectiveness. Coalition advisors still operate in a lead role for planning at the strategic and operational levels for the Iraqi Army.³⁴⁵

The MOD faces other challenging issues, including:³⁴⁶

- budget execution, decision-making, and business practices that continue to be influenced by the practices of the former regime
- rapid force growth
- “normal behavior in groups”
- trust

TRANSFERRING SECURITY ASSETS AND LOGISTICS CONTROL

Transferring assets has been an important issue, identified by SIGIR, for the GOI to assume greater control over reconstruction projects. Last quarter, MNSTC-I noted that the MOD was assuming control over \$25.6 million in life-support contracts, and \$82 million in additional contracts for transportation, maintenance, logistics, and an intelligence network.

This quarter, those contracts increased in value by nearly \$31.4 million.³⁴⁷ All eight life-support contracts have been transferred to the MOD, but the five remaining service contracts remain under U.S. oversight. This quarter, seven new contracts are scheduled for transfer to the MOD, which address logistics, maintenance, contractors, and a counter-terrorism network.³⁴⁸ They are valued at \$42.11 million, bringing the cumulative total for all contracts assumed by the MOD to \$181.11 million.³⁴⁹

According to DoD, the MOD requires significant assistance in logistics and sustainment but remains committed to making the ISF “mostly” self-sufficient by the end of 2008.³⁵⁰ Of the 13 planned logistics commands, 8 have been built.³⁵¹

The largest of these logistics efforts is the Taji National Depot, which will be the primary logistics unit for the ISF, supplying parts, repair services, and other equipment.³⁵² In June 2008, DoD reported that the timeline for transferring control of Taji to the Iraqis would begin in early 2009, emphasizing that U.S. advisors are still needed.³⁵³

FOREIGN MILITARY SALES

Although the \$17.94 billion Iraq Security Forces Fund (ISFF) continues to provide equipment, training, sustainment, and infrastructure, the U.S. military anticipates that the MOD will increasingly assume financial responsibility as capacity is strengthened and processes are streamlined. To assist with procurement, the MOD and MOI use Foreign Military Sales (FMS) as a means to purchase U.S. services, goods, and equipment through government-to-government channels.³⁵⁴ FMS charges a 3.8% administrative fee for the procurement and contracting process.³⁵⁵

Iraq has deposited \$2.9 billion in the Federal Reserve Bank of New York for FMS. As of July 7, 2008, \$2.5 billion of this total had been committed,³⁵⁶ and approximately \$1.4 billion³⁵⁷ has been delivered—up from \$1 billion last quarter.

In April 2008, MNSTC-I reported that Iraq’s Ministry of Finance (MOF) withheld FMS funds for the MOI. This quarter, the MOF approved \$400 million for the MOI, and as of June 21, 2008, the MOI had committed \$132 million of these FMS funds.³⁵⁸

Last quarter, MNSTC-I reported that processing the contracts took between 80 and 160 days in Iraq.³⁵⁹ The world average is 120 days. Currently, the processing time is less than 90 days. MNSTC-I now has 30 people working in FMS, which has been critical in overcoming the processing challenges that once caused delays.³⁶⁰ The Defense Security Cooperation Agency, which oversees security assistance for the United States, helps manage the FMS process.³⁶¹



Trainees at Baghdad Police Academy.

DoD also noted an improvement in the types of equipment purchased through FMS. Last quarter, MNSTC-I reported that FMS was used for small-scale equipment, including handheld radios and Humvees. Letters of Request are shifting to more substantial equipment, such as armored tanks, which reflects a change to the security ministries' modernization and utilization of the ISF.³⁶²

Notwithstanding the gains in FMS efficiency, the program is still hampered by the inability of GOI organizations to report and transfer materials quickly. A key impediment to the process is MOD's underdeveloped logistics ability—an area that the United States continues to strengthen by constructing warehouses and logistics facilities. MNF-I reported that the U.S. funds will continue to support the MOD should FMS delays affect Iraq's military. Further, it reports that the MOD is beginning to streamline the FMS process by buying directly from countries, when feasible.³⁶³ Direct procurement allows Iraq's police and border personnel to receive some goods and services even faster.

MINISTRY OF INTERIOR

The MOI oversees Iraq's police and border services, which include the Iraqi Police Service (IPS),³⁶⁴ the National Police (NP),³⁶⁵ and the Department of Border Enforcement (DBE).

Eliminating sectarianism and corruption have been the MOI's most significant challenges. The UN reported that a new MOI organizational structure and security strategy have been approved, which should improve the MOI's ability to develop the professionalism of the services and foster a security environment that respects the rule of law and human rights.³⁶⁶

TRAINING

By May 2008, there were 256,201 total trained MOI personnel.³⁶⁷ The MOI's total assigned force, which measures payroll data, is 371,292 personnel.³⁶⁸ Current assigned rates for the police and border enforcement exceed the number of personnel trained by 44% and 23%, respectively, which indicates a lag between hiring and training.

The end-strength goal is 359,876, which is

nearly 29% above current training figures.³⁶⁹ For an overview of training and authorizations, see Table 2.33.

The MOI manages 16 of 17 training centers, and there are plans to expand 8 of the centers and to construct an additional 12 training facilities³⁷⁰ to meet the expanding number of police recruits.³⁷¹ Last quarter, nearly 21,700 police and officers graduated from training.

U.S. ADVISORY EFFORTS

U.S. advisory efforts for the MOI include improving budgeting and procurement, resource management, training, logistics, and infrastructure processes. DoD reported that there is “steady, but uneven improvement” in ministerial capacity, but the fight against corruption continues, and the MOI services require more training to become a consistent professional service.³⁷² Moreover, it must address these challenges:³⁷³

- managing rapid force expansion
- modernizing hierarchy and processes
- improving the professionalism of the services

- integrating the Sons of Iraq
- enhancing and integrating the rule of law

The Coalition provides 319 transition teams to bolster MOI capacity:

- 1 Ministry of Interior Transition Team (MOI-TT)
- 27 teams for border issues
- 40 teams for the National Police
- 251 Police Transition Teams

In April 2008, there were 212 Coalition advisors to the MOI.³⁷⁴ However, DoD reported that advisory positions are still unfilled. For example, 28 of the 120 spots for the MOI-TT lack personnel.³⁷⁵

INL and DOJ provide civilian specialists for the International Police Advisors (IPAs), who work to strengthen the abilities of the MOI and its police service components. There are 678 IPAs and 77 Border Enforcement Advisors.³⁷⁶ These ongoing efforts to Multi-National Force-Iraq’s police development were consolidated under

MOI TRAINED AND AUTHORIZED SECURITY FORCE

ISF SERVICE	APRIL 2008 TRAINED	MAY 2008 TRAINED	AUTHORIZED FORCE STRENGTH
Iraqi Police Service	166,037	178,053	288,001
National Police	44,156	46,670	33,670
Department of Border Enforcement	28,023	31,478	38,205
Total	238,216	256,201	359,876

Source: DoS, *Iraq Weekly Status Report*, April 9, 2008, and July 16, 2008.

Note: March data is as of March 19, 2008; May data is as of May 31, 2008. Authorized force strength numbers are of May 31, 2008. Trained figures include casualties, AWOL personnel, etc.

TABLE 2.33

MINISTRY OF JUSTICE DETENTION FACILITIES

FACILITY	STANDARD CAPACITY	EMERGENCY CAPACITY	NUMBER OF DETAINEES	PROVINCE
Al Harithiya	100	120	179	Baghdad
Al Hillah	275	330	342	Babylon
Baladiyat	860	1,008	990	Baghdad
Rusafa	6,807	7,244	6,970	Baghdad
Diyala	202	242	478	Diyala
Al Minah	400	480	535	Basrah

Source: U.S. Embassy, response to SIGIR data call, June 29, 2008.

TABLE 2.34

INL's DynCorp contract in June 2008.³⁷⁷ Between April 1, 2008, and June 30, 2008, 95 IPAs ended their tours of duty, and 47 were beginning theirs.³⁷⁸ Despite the turnover, since April 2008, the United States has been able to increase total IPAs.

The United States operates one police-training center to conduct “re-bluing” of all eight National Police battalions. The program, in the third of four phases, has graduated three battalions. This quarter, 420 police were trained.³⁷⁹

Unlike the MOD, the MOI does not have a formal logistics system (including specialized units across all police services). There is a sustainment brigade for the National Police, which maintains a broader patrol area than the IPS. The Coalition is constructing additional warehouses to remedy³⁸⁰ backlogs of goods received through the ISFF.

TRANSFERRING RESPONSIBILITIES

Last quarter, MNSTC-I reported that the United States intended to transfer \$240 million in life-support (and other service) contracts to the MOI.³⁸¹ Since April 2008, the cumulative value

of the contracts rose by more than \$10 million to reach \$251.1 million. As of July 7, 2008, all four life-support contracts and one of the life support and training contracts have been transferred.³⁸²

This quarter, MNSTC-I reported on four additional contracts to be transferred for security, maintenance, and Internet services. The value of the contracts is \$14.89 million.³⁸³ Thus, the MOI is in the process of assuming responsibility for nearly \$266 million in support contracts.

MINISTRY OF JUSTICE

The Ministry of Justice oversees the physical facilities associated with Iraq's rule-of-law institutions, including prisons and some jails.³⁸⁴

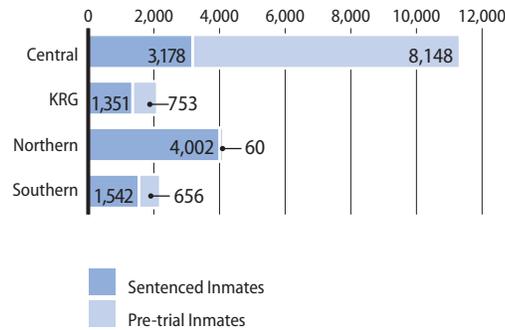
Between June 2003 and September 2007, six detention facilities were transferred back to the Ministry of Justice.³⁸⁵ Currently, four of the six facilities exceed both their standard and emergency operating capacities. For an overview of detention locations and current capacity data, see Table 2.34.

Nearly 49% of all inmates in Iraqi detention facilities are awaiting trial,³⁸⁶ which is one of the primary contributors to overcrowding. The

Figure 2.23

INMATE POPULATION, BY REGION

Source: U.S. Embassy, response to SIGIR Data Call (6/29/2008)



Note: Data includes confirmed and unconfirmed numbers.

central region has both the highest number of detainees and the highest number of inmates awaiting trial. Excluding the KRG, the northern provinces have the lowest percentage (1.5%) and number of pre-trial inmates.³⁸⁷ For a comparison of regional inmate populations, see Figure 2.23.

HIGHER JURIDICAL COUNCIL

The Higher Juridical Council (HJC) is now a separate entity from the Ministry of Justice and oversees the policies and institutions related to Iraq’s judiciary. Those who serve Iraq’s legal entities continue to face threats, public misperceptions and mistrust, sectarian influence, and inadequate security protection. The U.S. Embassy reports these additional challenges:³⁸⁸

- The judiciary is understaffed.
- Buildings are in disrepair.
- Vestiges from the legal system in the Saddam Hussein era pose even deeper challenges for the rule-of-law environment.

By June 2008, there were 655 courts operating

in Iraq.³⁸⁹ In addition to the two Central Criminal Courts of Iraq (CCC-Is) in Baghdad, there are now Major Crimes Courts (MCCs) open in all 18 provinces³⁹⁰—up from only 5 in March 2008.³⁹¹

As of June 2008, the judiciary reported these staffing numbers: 567 judges, 281 investigative judges, 312 assistant prosecutors, 645 judicial investigators, and 5,617 bodyguards.³⁹² Since April 1, 2008, six new judges have been appointed.³⁹³ Although staffing continues to improve, inadequate investigatory training and docket backlog hamper the effectiveness of the courts.

INL operates in conjunction with DoJ and Coalition countries to train judicial investigators to minimize the overburdened judicial system.

Between January 1, 2008, and March 31, 2008, federal appellate courts heard more than 200,000 cases.³⁹⁴ These courts completed an average of 72% of cases. Qadissiyā’s court and the CCC-I, located in Baghdad’s Rusafa neighborhood, completed the highest percentage of cases. However, the court in Rusafa also had the lowest docket load. The CCC-I at Baghdad’s Al-Karkh facility and Kerbala’s federal appellate court reported the lowest percentage of completed cases.³⁹⁵

The trial landscape changed after the Amnesty Law passed in February 2008. By June 2008, the HJC reported that of the nearly 123,000 amnesty cases, 96,727 release orders were granted (79%), and 25,948 petitions for release were denied.³⁹⁶ Appellate courts in Najaf and Kerbala reported the lowest percentages of denials, and the

Baghdad (Rusafa) and Diyala courts had the highest percentages of denials.³⁹⁷ Of the approved release orders:³⁹⁸

- 13,130 individuals are in pre-trial detention facilities.
- 6,907 individuals are in post-trial prisons.
- 44,882 individuals are out on bond or on the guarantor system.
- 31,808 are for cases where no one was arrested (that is, fugitives).

The lack of a formal Judicial Protection Service (JPS) continues to leave Iraq's judiciary at risk. Two judges were killed this quarter, bringing to 37 the total number of those who have lost their lives to violent attacks.³⁹⁹ Although the United States assists the HJC with developing a JPS modeled after the U.S. Marshals Service,⁴⁰⁰ the HJC remains unsuccessful in securing funds and personnel for the program from the GOI.⁴⁰¹ However, the MOI has issued 405 weapons permits: 234 to bodyguards and 171 to judges.⁴⁰² The MOI had not previously issued formal weapons authorizations for judicial protection, despite HJC requests since late 2007.

U.S. SUPPORT FOR RULE-OF-LAW ENTITIES

The United States offers protection and advisory services to Iraq's judiciary and other rule-of-law entities. The United States provides housing for 28 judges.⁴⁰³ Although there are 24% fewer judges and their families housed in protective facilities

since last quarter, the number of judges in U.S. housing fluctuates because of rotating service requirements.⁴⁰⁴

To bolster capacity for judicial security, INL has trained HJC security personnel, and plans for a security module at the **Judicial Education and Development Institute** to strengthen training.⁴⁰⁵

INL also provides 80 advisors to support the **Iraqi Corrections Services (ICS)** by assessing prison facilities, conducting training, providing advisors, and constructing and refurbishing prisons.⁴⁰⁶ This quarter, advisors at 12 facilities across Iraq began training ICS personnel for the opening of Nassriya I prison and completed evaluations of prisons and detention facilities in the KRG.⁴⁰⁷

To better track detainees, INL continues to develop a database that will allow the GOI to improve record-keeping and coordination throughout the criminal justice system. Although the **Iraq Justice Integration Project** was suspended in 2007, after the contractor departed prematurely, INL has developed a new plan and intends to devote IT integration policy experts to the project.⁴⁰⁸

Iraq's Major Crimes Task Force (MCTF) has progressed significantly over the past year. Iraqis work an average of 30 cases simultaneously, in conjunction with INL-sponsored counterparts at the DoJ, to combat violent groups and corruption.⁴⁰⁹ In May 2008, nearly half of the Iraqi investigators have been assigned to the corruption team. In addition to mentoring, coordinating,

PROGRESS ON THEATER INTERNMENT FACILITY REINTEGRATION CENTER PROJECTS

LOCATION	% COMPLETE	ESTIMATED COMPLETION DATE	CHANGE FROM APRIL 2008
Ramadi TIFRIC	44%	Project was suspended for 20 days on 6/12/2008	Up 20%
Ramadi TIFRIC Brick Factory	90%	7/5/2008	Up 87%
Taji TIFRIC	45%	9/3/2008	Up 28%
Taji TIFRIC Brick Factory	27%	7/30/2008	Up 24%

Source: GRD, response to SIGIR data call, July 2, 2008; GRD, *Bi-Weekly Directorate SITREP*, June 10–June 23, 2008, pp. 13, 15, 16.

TABLE 2.35

and advising, the United States conducts training modules. This quarter:⁴¹⁰

- ten investigators underwent tactical training.
- four investigators trained on biometric processes and kits.
- two investigators attended the six-week basic training course.
- two investigators took a two-week course on public corruption.

This quarter, the DoJ Office of Overseas Prosecutorial Development, Assistance and Training, sponsored by INL, accomplished these goals:⁴¹¹

- brought officials together in Kirkuk to address improving coordination between police and the judiciary
- secured ESF Quick Response Funds to ease overcrowding in Kerbala’s main courthouse

- gathered conference information from the HJC and provincial courts for use in the U.S. Embassy’s Rule of Law Assessment

U.S. Detainees

The United States detains individuals considered to be “an imperative security risk.”⁴¹² By early June 2008, the detainee population was less than 21,000, down from a high of 26,000 during the surge.⁴¹³

Other U.S. projects include Theater Internment Facility Reintegration Center (TIFRIC) programs, which are located in Ramadi and Taji. Since last quarter, all TIFRIC projects have demonstrated construction progress. However, the facility in Ramadi (which was to be completed in November 2008) was suspended in June 2008.⁴¹⁴ For an update on TIFRIC status, see Table 2.35.

RECONSTRUCTION ACROSS IRAQ

U.S.-FUNDED PRISON CONSTRUCTION

LOCATION	VALUE	ESTIMATED COMPLETION DATE	STATUS	CHANGE FROM APRIL 2008
Basrah Central	\$11.2 million	TBD	Soliciting bids	Value increased by \$1.34 million; no change in construction progress
Chamchamal	\$32.0 million	February 2009	40% complete	Completion date extended by 23 days due to weather; construction progressed by 33%
Fort Suse: Phase I	\$6.5 million	March 2009	25% complete	Completion date extended by 80 days; value increased by \$0.47 million; construction progressed by 18%
Fort Suse: Phase III	\$11.5 million	TBD	Contract awarded on June 8, 2008	Contract awarded
Nassriya: Phase II	\$7.3 million	December 2008	32% complete	Construction progressed by 12%
Ramadi	\$22.8 million	TBD	N/A	N/A

Source: INL, response to SIGIR data call, July 3, 2008.

TABLE 2.36

WITNESS PROTECTION FACILITIES

LOCATION	COST TO DATE	COST TO COMPLETE	ANTICIPATED END-DATE	COMPLETION PROGRESS	CHANGE FROM APRIL 2008
Basrah	\$1.9 million	\$0.1 million	7/30/2008 (date pushed back from 4/15/2008)	96%	No change
Rusafa	\$1.7 million	\$0.3 million	6/30/2008 (date pushed back from 5/31/2008)	87%	23%
Al-Karkh	\$2.0 million	\$0	Completed	100%	No change

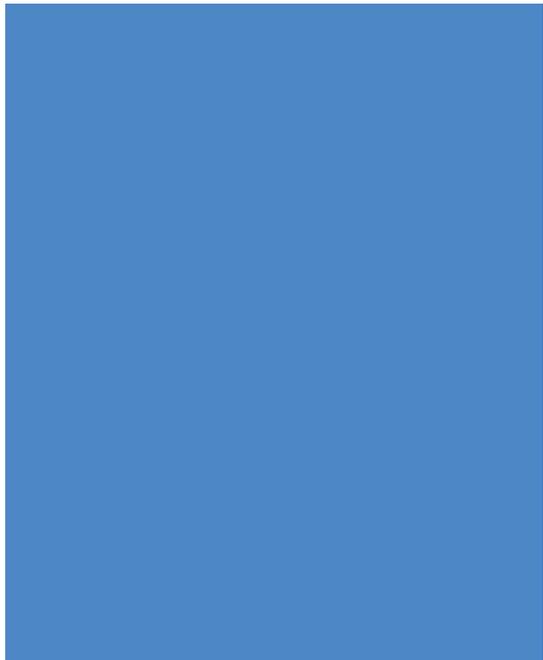
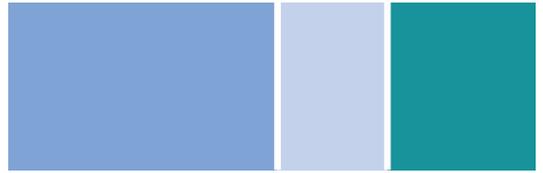
Source: INL, response to SIGIR data call, July 3, 2008.

TABLE 2.37

U.S.-funded Construction

In an effort to strengthen Iraq's physical infrastructure, the United States builds and renovates prisons, courthouses, and witness protection facilities. INL has an interagency agreement with the U.S. Army Corps of Engineers, Gulf Region Division, for prison construction. A new facility in Ramadi was added this quarter. For an overview of prison construction, see Table 2.36.

The United States provides protection for witnesses and their families. INL funds the construction of three facilities in Basrah, Rusafa, and Al-Karkh as part of this effort. A construction project in Mosul was terminated in January 2008 after a car bomb damaged the courthouse.⁴¹⁵ For an update on the construction of witness protection facilities, see Table 2.37.



section **2c**



RECONSTRUCTION IN THE PROVINCES

OVERVIEW

Aimed at reversing decades of centralized control, U.S. assistance in the provinces has focused on strengthening local and provincial capacity to deliver essential services and to realize progress through initiatives to improve security, the economy, and governance.

This section provides an update on U.S. capacity building in Iraq's provinces. The first

subsection discusses the process of transferring security authority back to the provinces; the second describes efforts to address shortfalls in provincial budget execution; and the third reviews the work of the Provincial Reconstruction Teams (PRTs). This is followed by snapshots of key issues within each of the 18 provinces.

PROVINCIAL IRAQI CONTROL

By supporting the training and independence of the Iraqi Security Forces (ISF), the United States and Coalition partners have been transitioning control of the provinces to the Iraqis. Transfer of security authority, known as Provincial Iraqi Control (PIC), returns to the Iraqis strategic, operational, and tactical control over local and provincial jurisdictions. Although Coalition forces remain available to provide overwatch and related support, once a province has achieved PIC status, the ISF is responsible for providing the day-to-day security protection.

On July 16, 2008, Qadisiya became the tenth province to achieve PIC.⁴¹⁶ Anbar did not achieve PIC on June 29, 2008, as expected. Sandstorms were cited as disruptions to the Anbar ceremony.⁴¹⁷ The Multi-National Force-Iraq (MNF-I) reported that Anbar is expected to achieve PIC status by July 31, 2008.⁴¹⁸

Transition of security for PIC requires approval from the Joint Committee to Transfer Security Responsibility (JCTSR), which is an Iraqi-chartered group with members from MNF-I and the GOI. The JCTSR assesses the province's

capacity to assume security responsibility⁴¹⁹ in four areas:

- governance
- external threats
- local ISF capabilities
- MNF-I's ability to respond to security issues should the ISF require assistance⁴²⁰

A province is transferred when external threats are minimal and Iraqi and Coalition groups deem the other three areas satisfactory. Thus, the conditions-based process reflects the changing security situation on the ground, and dates for achieving PIC remain in flux. Since 2005, timelines have shifted eight times. For the status of PIC timelines, see Figure 2.24.

COALITION SECURITY FOOTPRINT

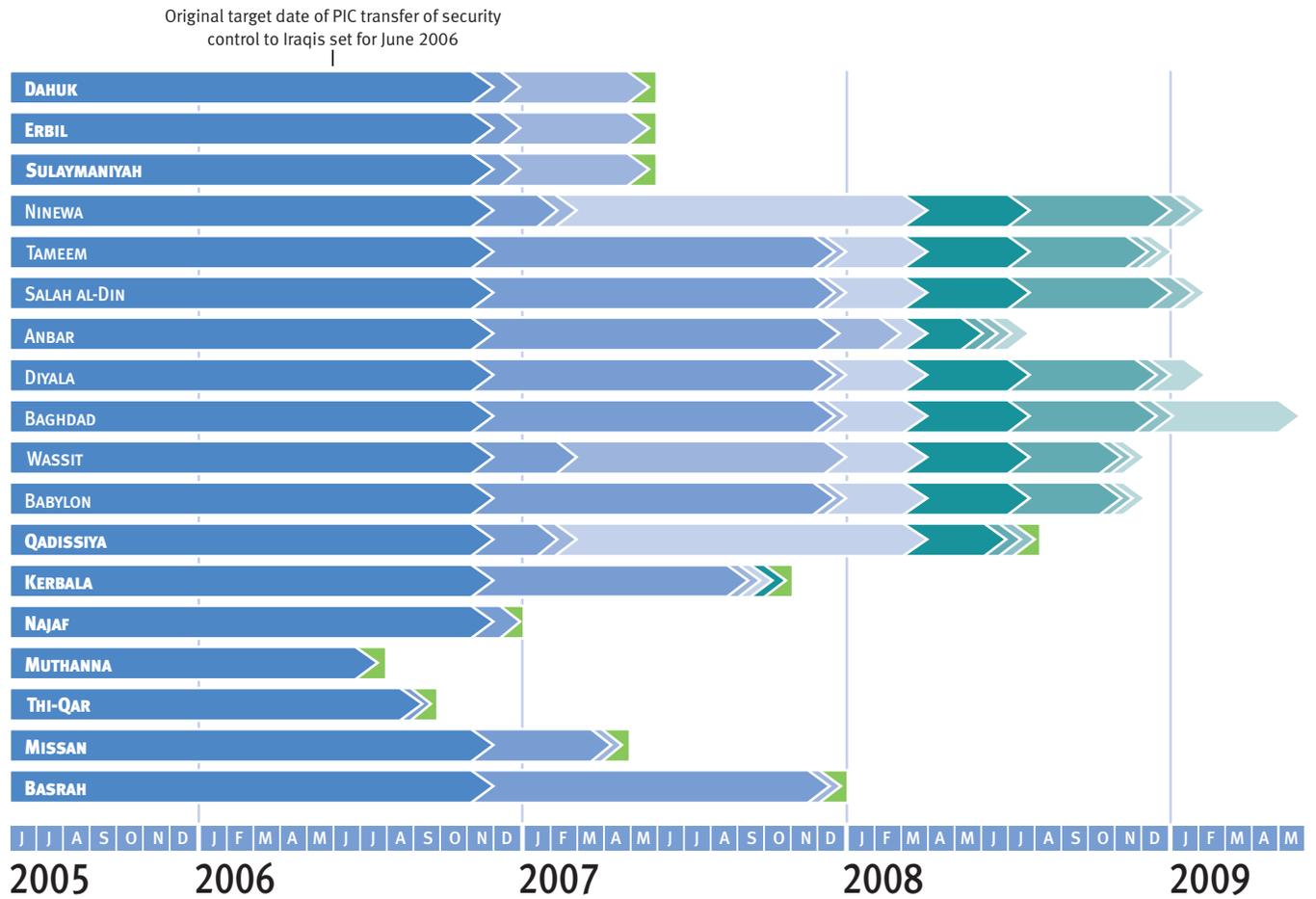
In mid-July 2008, the last of five surge Brigade Combat Teams returned to the United States, which necessitates altered military positioning.

Once a province achieves PIC, U.S. and Coalition troops modify their security footprint. Between May 2006 and March 2008, DoD regularly

Figure 2.24

EXTENSION OF TIMELINE FOR PROVINCIAL IRAQI CONTROL OF SECURITY

Sources: DoD, *Measuring Security and Stability in Iraq*, December 2006, March 2007, June 2007, September 2007, December 2007; Statement of General David H. Petraeus, Commander, MNF-I, "Report to Congress on the Situation in Iraq" (4/8/2008-4/9/2008); MNF-I, Response to SIGIR Data Call (7/12/2008)



ANTICIPATED PIC DATE

- Original target date of PIC transfer of security control to Iraqis set for June 2006
- Extended per December 2006 9010 Report
- Extended per March 2007 9010 Report
- Extended per June 2007 9010 Report
- Extended per September 2007 9010 Report
- Extended per December 2007 9010 Report
- Extended per General Petraeus April 8, 2008 Testimony before the Senate Armed Services Committee
- Extended per MNF-I, Response to SIGIR Data Call (7/12/2008)
- Achieved PIC Status

Note: Provinces that have achieved PIC status are shown in bold.

BI-MONTHLY CERP FUNDING TO SONS OF IRAQ (\$ MILLIONS)

DATE	TOTAL
June–July 2007	\$1.46
August–September 2007	\$25.30
October–November 2007	\$36.36
December 2007–January 2008	\$61.82
February–March 2008	\$63.55
April–May 2008	\$64.76
Total	\$253.25

Source: MNC-I, response to SIGIR data call, July 7, 2008.

Note: Numbers are affected by rounding.

TABLE 2.38

reported on the operational status of Forward Operating Bases (FOBs). Only two FOBs were transferred or closed between June 2007 and January 2008.⁴²¹

Increases in FOB transfers to the GOI have generally been attributable to improved ISF capacity in that area, with emphasis on FOBs “under Iraqi control.”⁴²² Ultimately, the process of transferring control back to the ISF is accomplished through operational and strategic oversight, which leverages Coalition support through the least number of strategically located FOBs and Convoy Support Centers.⁴²³

Drawing down Coalition forces also affects efforts designed to strengthen civilian institutions within provinces that have achieved PIC. U.S. military forces and the Embassy are coordinating the protection of the PRTs. A recent U.S. Embassy survey noted that PIC has affected PRTs differently. In some provinces, the ISF is competent or improving, and has provided PRT escorts after incidents.⁴²⁴ In other locations, PRTs have had a different experience. In Basrah, for example,

STATUS OF THE SOI, BY LOCATION

LOCATION	MEMBER TOTAL	AVERAGE MONTHLY PAY	GROWTH RATES (3/1/2008–7/1/2008)
MND-Baghdad	30,630	\$236	-161
MND-North	30,692	\$368	3121
MNF-West	4,867	\$181	190
MND-Central	35,345	\$299	-86
MND-Central South	2,002	\$171	0

Source: MNF-I, response to SIGIR data call, July 7, 2008.

Note: MND is Multi-National Division; MNF is Multi-National Force.

TABLE 2.39

the PRT faces a more dangerous security situation both on and off the base, and it now receives security protection from the Coalition.⁴²⁵

SONS OF IRAQ

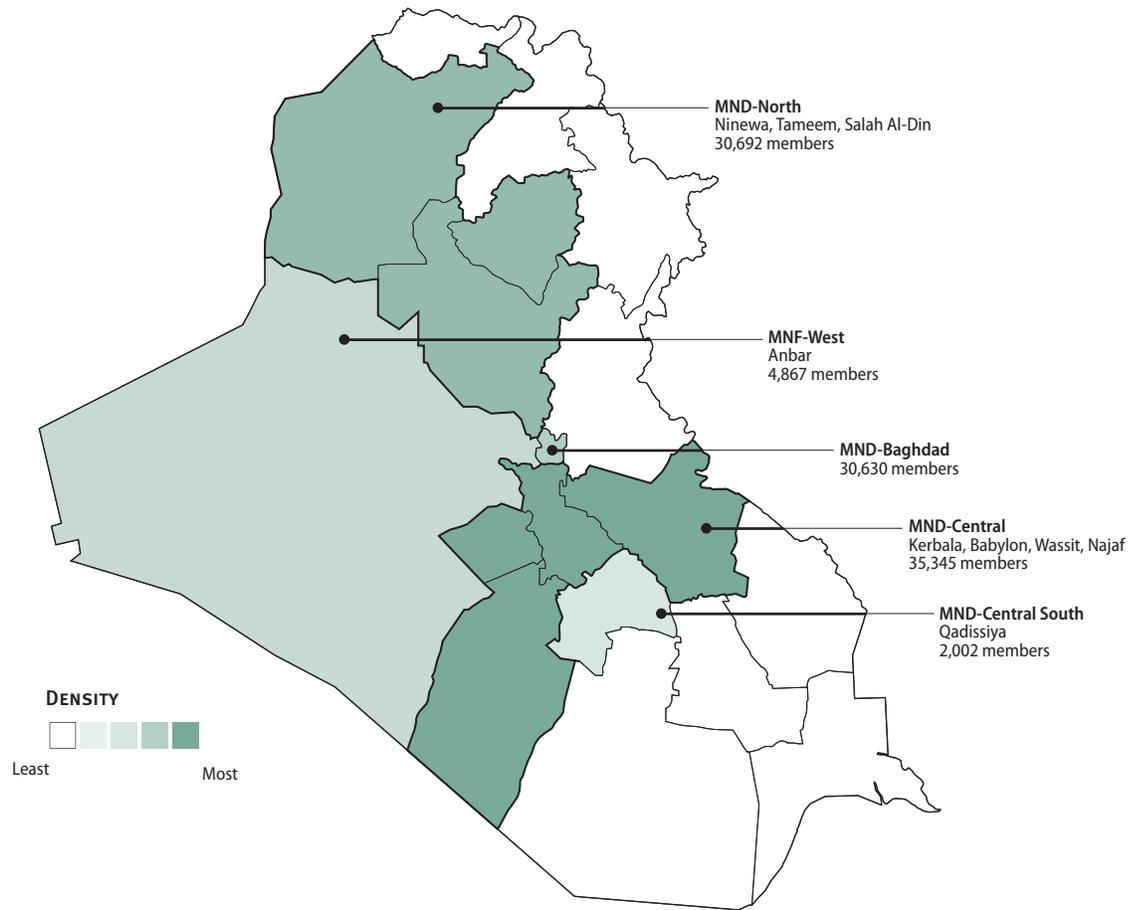
The Sons of Iraq (SOI) evolved in 2007 from the Anbar Awakening movement as a U.S.-sponsored effort that provides security at the neighborhood level. These groups operate as a counterinsurgency force, manning checkpoints, patrolling their communities, uncovering illegal transactions, protecting facilities, and providing information on insurgent activities to the ISF and Coalition forces.⁴²⁶

The Iraqi Army oversees the SOI in both urban and rural areas, but the Iraqi police command supervises members in urban locales only. The Coalition provides oversight when neither the police nor the Army is present. The groups are not allowed to conduct “independent offensive actions or missions” and “must remain in a defensive posture,”⁴²⁷ serving under this chain of command.⁴²⁸

Figure 2.25

DISTRIBUTION OF SONS OF IRAQ

Source: MNF-I, Response to SIGIR Data Call (7/7/2008)



Note: MND is Multi-National Division; MNF is Multi-National Force.

- Group Leader (often a sheik)
- Area Supervisors
- Checkpoint/Patrol leads
- Guards

Currently, there are 103,000 Sons of Iraq,⁴²⁹ with an average of 133 men per group.⁴³⁰ Although most SOI members are under temporary Coalition contracts,⁴³¹ 4,353 SOI volunteers are located across Baghdad, Salah Al-Din, Ninewa, and Tameem.⁴³² There are also approximately 7,000 volunteers for the Sons of Basrah, comprised of Shia who are not part of the SOI program which is mostly Sunni.⁴³³

Funded largely by the Commander's Emergency Response Program (CERP), the United

States provided \$253 million for the SOI program between June 2007 and May 2008.⁴³⁴ The GOI also provides funding through security contracts. Table 2.38 provides total CERP dollars allocated to the SOI program.

The daily pay scale ranges from \$5 to \$10 for low-level members and up to \$15 to \$26 at the higher levels.⁴³⁵ For an overview of the program see Table 2.39 and Figure 2.25.

Challenges facing the program include infiltration by militias or other groups, as well as continued al-Qaeda attacks on SOI members. To offset infiltration, the Coalition employs biometric screening and works with tribal leaders to vet personnel.⁴³⁶

TRANSITIONING THE SOI

The SOI are not part of Iraq's formal security apparatus, and the program is considered a "temporary security measure."⁴³⁷ Nearly 19,700 members, however, have transitioned to the ISF or into civilian employment.⁴³⁸ As of July 12, 2008, MNF-I reported that more than 14,000 have already become part of the ISF,⁴³⁹ but developing broad support of the program has been a challenge—particularly in the Ministry of Interior.⁴⁴⁰

Transitioning the SOI to the ISF or civilian employment is a key factor in turning the program's accomplishments into long-term security gains.⁴⁴¹ The U.S. and GOI are clearing a path for the SOI to fill new occupational roles in the community.

The current U.S.-proposed transition plan, which has been presented to Iraq's Prime Minister, calls for a reduction of 43,000 SOI members, of which 17,000 will transition to the ISF, and 26,000 will pursue civilian employment by the end of 2008.⁴⁴² The plan also calls for remaining contracts to be transferred to the GOI by June 2009. The Prime Minister, GOI leaders, and the Ministry of Interior have yet to approve the plan.⁴⁴³

In the meantime, the United States has been funding two programs aimed at transitioning

members into non-ISF employment: the **Civil Service Corps** and the **Joint Technical Education and Reintegration Program (JTERP)**.

Although the CERP funds the SOI program, the Iraq Security Forces Fund (ISFF) provides \$155.5 million to these reintegration programs:⁴⁴⁴

- \$120 million to the Civil Service Corps
- \$35.5 million to the JTERP

Previous ISFF use has been limited to providing the Iraqi Security Forces with equipment, services, and training, as well as repair, renovation, and construction of facilities.

The GOI is providing \$196 million for reintegration programs: \$126 million to the JTERP and an additional \$70 million to reintegrate former militia member and insurgents not part of the SOI.⁴⁴⁵

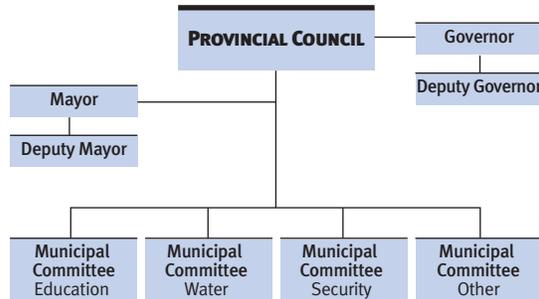
Daughters of Iraq

The **Daughters of Iraq** (Iraqi women) also contribute to security protection. With the rising number of female suicide bombers, three Multi-National Divisions employ the Daughters of Iraq to search women at checkpoints and other entries as a means of addressing these security concerns.⁴⁴⁶

Figure 2.26

PROVINCIAL GOVERNANCE IN IRAQ

Source: USAID, Response to SIGIR data call (7/10/2008)



Note: This figure is a general representation of the provincial governance organization. Each province may differ in its organization of these roles and responsibilities.

PROVINCIAL BUDGET EXECUTION

Funding directed to provincial capital budgets has increased from nearly \$2.1 billion in 2007 to nearly \$3.5 billion in 2008 (excluding the Kurdish region). However, the process for spending and tracking expenditures remains a concern. In June 2008, DoD reported that provincial budget execution must improve, citing the challenges of bureaucratic inefficiency, corruption, and sectarian differences.⁴⁴⁷

Last quarter, the U.S. Treasury reported that provincial governments had spent only 31% of their capital budgets for 2007.⁴⁴⁸ To address shortfalls in execution, U.S. programs are extending budgeting and procurement assistance at the national and provincial levels. This quarter, Iraq's Ministry of Finance (MOF) reported incomplete information on provincial capital budget execution through March 2008.⁴⁴⁹

Budget and expenditure processes are executed through several tiers of the Iraqi government: a federal structure, decentralized capital region (Baghdad), regional government (the Kurdish Regional Government is Iraq's only regional government), and the other 15 provinces.⁴⁵⁰ The structure of provincial governance is defined by Order 71 of the Iraqi Constitution, which

provides for the limited powers afforded the elected Provincial Councils (PCs).⁴⁵¹

As the highest elected bodies in the provinces, the PCs may set priorities for the province, amend specific ministry initiatives (as long as budgetary limits and national objectives are not violated), oversee the implementation of federal projects, make recommendations on the delivery of national services, organize the provincial administration, and implement provincial projects from available resources or with NGOs. Although authorized to raise revenues, PCs receive a national budget allocation, which serves as their primary source of funding. Governors, elected by the PCs, function as the chief executive officials in the provinces.⁴⁵² For an example of the PC structure, see Figure 2.26.

The limited constitutional authorities of the PCs supplement a robust national presence in the provinces. Each federal ministry has a presence in the provinces and operates with varying degrees of dependence/independence, although not with complete autonomy. These offices (General Directorates, or GDs) are located in the provinces, under the leadership of the Directors General (DGs). Allocation of resources to the provinces

2008 PROVINCIAL ALLOCATIONS (\$ MILLIONS)

	OPERATIONAL ALLOCATIONS	CAPITAL ALLOCATIONS	TOTAL
Provincial Council and Provinces	\$88.2	\$0	\$88.2
General Directorates in the Provinces	51.3	3,333.3	3,384.7
Subtotal of All Provincial Allocations, Excluding the KRG	139.5	3,333.3	3,472.9
KRG	2,955.8	2,528.2	5,484.0
Grand Total	\$3,095.3	\$5,861.5	\$8,956.9

Source: Ministry of Finance, "Iraqi Federal Budget 2008," provided by the U.S. Treasury, June 29, 2008.

TABLE 2.40

from ministries is based on factors that range from population (for services such as hospitals or educational institutions) to provincial administrative responsibilities (such as support-plant facilities that serve more than one province, such as water or power).

IRAQ'S 2008 PROVINCIAL BUDGET

The asymmetry between the central government and the provinces is demonstrated in the allocation of Iraq's 2008 budget. Of the national 2008 budget, which currently is \$49.89 billion, less than \$3.5 billion has been allocated to the provinces, excluding the KRG.⁴⁵³

Just 25.5% of the total national capital budget was directly appropriated to central ministry representatives in the GDs, excluding the KRG.⁴⁵⁴ Additional capital funding appropriated directly to the ministries may also work its way to the

GDs for the provinces.⁴⁵⁵ The PCs were appropriated just \$88.2 million, which supports only their basic operational requirements.⁴⁵⁶ For an overview of 2008 provincial allocations, see Table 2.40.

As of March 2008, the MOF reported that just \$93.2 million⁴⁵⁷ had been expended by the provinces, which is only 2.7% of the total capital budget directed to the provinces for FY 2008.⁴⁵⁸ Although the Iraqi fiscal year began in January 2008, the budget was not passed until mid-February; therefore there was not "adequate time to demonstrate progress."⁴⁵⁹

The following are some capital budget highlights for 2008:⁴⁶⁰

- largest amount expended: Najaf, \$18.7 million
- highest rate of expenditure: Missan, 17.4%
- DGs in Ninewa, Qadissiya, Basrah, Muthanna, Diyala, and Anbar have not yet expended any of their 2007 and 2008 capital budget allocations.

2007-2008 CAPITAL BUDGET EXECUTION IN THE PROVINCES (\$ MILLIONS)

PROVINCE	ALLOCATED 2007	EXPENDED 2007	% EXPENDED 2007	ALLOCATED 2008	EXPENDED 2008	% EXPENDED 2008
Kurdish Region: (Dahuk, Erbil, Sulaymaniyah)	\$1,560	\$1,487.0	95%	\$2,528	\$266.0	11%
Ninewa	\$226	58.5	26%	359	0	0%
Tameem	91	31.0	34%	146	13.7	9%
Salah Al-Din	93	31.5	34%	150	16.1	11%
Anbar	107	4.0	3.7%	192	N/A	N/A
Diyala	110	N/A	N/A	168	N/A	N/A
Baghdad	560	174.4	31%	885	14.5	2%
Wassit	83	33.7	41%	137	0.3	0.2%
Babylon	127	61.9	49%	206	5.1	3%
Qadisiya	64	24.7	39%	137	0	0%
Kerbala	71	29.4	41%	170	7.4	4%
Najaf	88	56.4	64%	150	18.7	13%
Muthanna	52	9.9	19%	87	N/A	N/A
Thi-Qar	138	54.8	40%	219	0.1	0.1%
Missan	76	39.0	51%	124	17.4	14%
Basrah	195	40.8	21%	322	0.0	0%

Source: Ministry of Finance (MOF), *Capital Report*, March 2008, provided by the U.S. Treasury, June 29, 2008. MOF, *Capital Report*, November 2007, provided by the U.S. Treasury, June 29, 2008.

Note: Numbers are affected by rounding. The MOF has updated budgets since last quarter, which would explain any discrepancies against last quarter's figures. Data for 2007 budget execution was provided by the MOF only through November 2007. The MOF did not report expended data for Diyala in the November 2007 *Capital Report*, and for Muthanna, Diyala, and Anbar in the March 2008 *Capital Report*. The remaining 2006 budget is not included in the allocations for 2007, and the remaining 2007 budget is not included in allocations for 2008.

TABLE 2.41

For a comparison of 2008 capital budget execution by province, as of March 2008, see Table 2.41.

KURDISTAN REGIONAL GOVERNMENT

In 2007, the Kurdistan Regional Government (KRG) was budgeted nearly \$4.8 billion, and in 2008, the KRG received nearly \$5.5 billion (\$2.5 billion for capital projects).⁴⁶¹ As of March 2008, the KRG had expended 21.6% of its operational

budget and only 10.5% of its capital budget.⁴⁶²

The U.S. Embassy notes that the Iraqi government does not have accurate information for the allocations to the KRG by province.⁴⁶³ The KRG determines the Kurdistan provincial allocation, and beginning in 2008, it was expected to start reporting its expenditures back to the central government.⁴⁶⁴ However, as of July 7, 2008, no reported expenditures have been received. Once the funds are released to the KRG, the MOF considers them expended.

PROVINCIAL RECONSTRUCTION TEAMS

The civil-military PRT program works with local government leaders to facilitate reconstruction, integrating U.S. efforts at the national level with projects conducted at the local level. As a bridge between the local and national governments, the PRTs have assisted the Iraqi provincial governments in developing their budgets, securing funding from the central government, and executing funds for projects throughout the province. Through the Local Governance Program (LGP), PRTs across the country worked with each of the provincial councils to create a Provincial Development Strategy (PDS).

The fundamental aim of the Iraq PRT program is to build the capacity of local governments to provide for the needs of the population. This quarter, two new PRTs were established in southern Iraq at Kerbala and Najaf.⁴⁶⁵ These PRTs have expanded from their previous status as Provincial Support Teams (PSTs).

As of June 2008, 27 PRTs are operating in Iraq: 14 permanent teams at the provincial level and another 13 embedded PRTs (ePRTs), which are based with U.S. Brigade Combat Teams (BCTs) across Iraq. To bolster the efforts of local governments and spur economic development, the U.S. reconstruction strategy relies on the ability of PRTs to provide a balance of diplomatic, military, and economic development capabilities.

MEASURING PROGRESS IN THE PROVINCES

Past SIGIR reports on the PRT program have recommended the development of clearly defined objectives and performance measures to guide the PRTs and determine their accomplishments.⁴⁶⁶ Although not intended to measure the effectiveness of the PRTs, the Office of Provincial Affairs (OPA) developed an assessment system—the Capability Maturity Model—that measures provincial capabilities in five areas. OPA has been using the standardized metrics of this model to assess and compare the status of different provinces in achieving these objectives:⁴⁶⁷

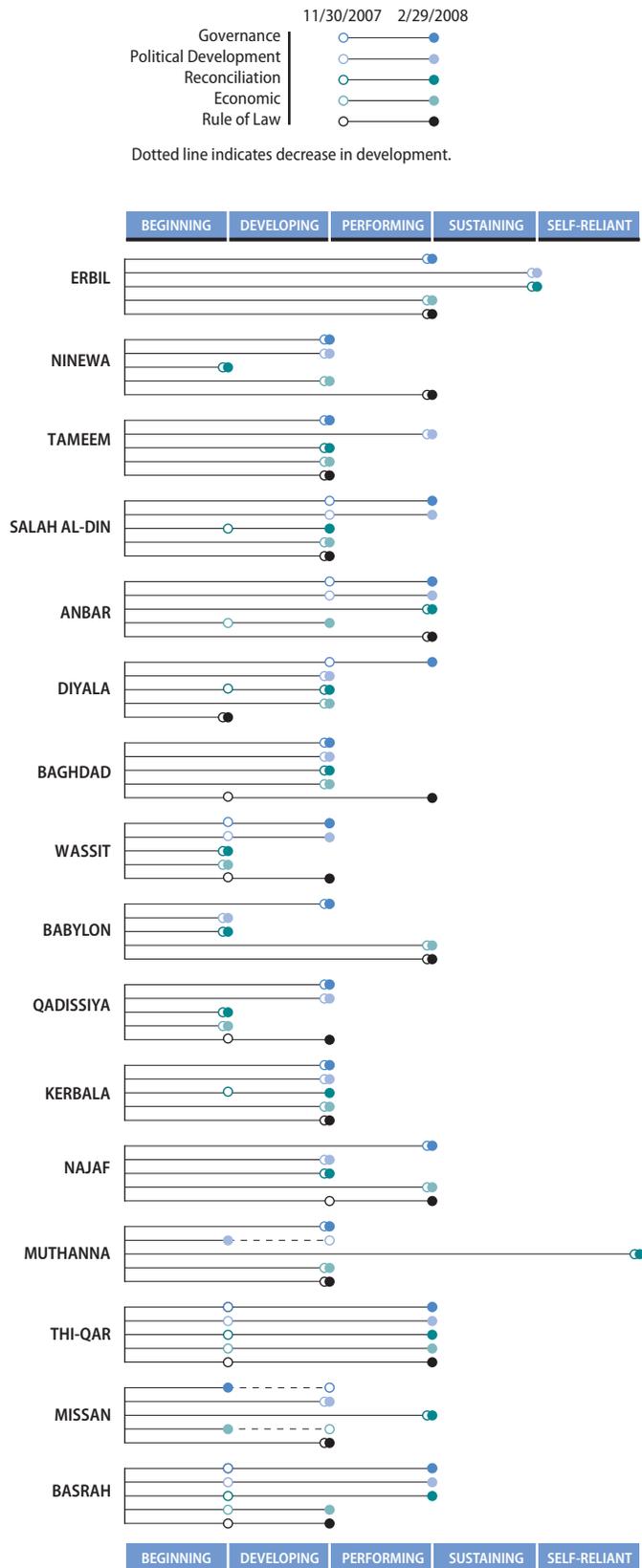
- **Governance:** “Assist in the development of sub-national governments that are self-sufficient, transparent, accountable, and capable of identifying, prioritizing, and servicing the needs of the citizens.”
- **Political Development:** “Promote the development of an engaged local population and effective political parties, institutions, representatives, and officials that respect rights of individuals and groups, promote pluralism, and peacefully transfer power.”
- **Economic Development:** “Help sub-national governments and the private sector to establish and implement broad-based and comprehensive economic development strategies that promote equitable and sustainable growth.”
- **Rule of Law:** “Enhance the quality of justice enjoyed by the populace by improving the accountability, effectiveness, and consistency of

RECONSTRUCTION IN THE PROVINCES

Figure 2.27

CAPABILITY MATURITY MODEL RANKINGS, BY PROVINCE

Source: OPA, Response to SIGIR Data Call, "PRT Maturity Model Chartering Tool" (7/29/2008)



services administered by policing, corrections, judicial, and other legal institutions.”

- **Reconciliation:** “Assist conflicting parties to resolve their differences by engaging in direct and peaceful dialogue to identify and pursue shared aims and interests.”

For a comparison of results in the provinces in November 2007 and in February 2008, see the Capability Maturity Model Score Sheet in Figure 2.27. SIGIR plans a future review of the PRT program to include an assessment of the model.

Although PRT members report that they spent significant time compiling reports on their activities and the conditions in their area of operations, there is no systematic method of measuring a PRT’s performance or effectiveness.⁴⁶⁸ However, the House Armed Services Committee has noted that the Capability Maturity Model is a step in the right direction.⁴⁶⁹ The existing appraisal mechanisms measure the effectiveness of the individuals on a team, but OPA does not have a mechanism for measuring the effectiveness of a PRT as a whole.⁴⁷⁰

PRT RESOURCES

As of June 2008, there are 441 PRT personnel staffed or managed by DoS in the 27 PRTs and 4 PSTs. Approximately 360 additional personnel provide support to the PRTs, including locally engaged staff, bilingual/bicultural advisors, and civil-affairs personnel.⁴⁷¹

Finding qualified individuals with applicable skills and experience to staff the PRTs has been a challenge. Although DoD provides the plurality of PRT personnel, including civilian and military

Note: OPA did not report on rankings for Sulaymaniyah and Dahuk.

PRT STAFFING BY AGENCY, AS OF 6/29/2008

AGENCY	PERSONNEL
DoS – 3161, Contractor, FSO, INL, Other	223
DoD	88
USAID - RTI	53
USAID	31
USDA	22
DoJ	9
Italy	9
DoC	3
United Kingdom	3
Other: locally engaged staff, bilingual/bicultural advisors, and civil-affairs personnel	359
Total	800

Source: OPA, response to SIGIR data call, June 29, 2008.

TABLE 2.42

members, the challenge continues to be finding people with the right skills.⁴⁷² Civilian contractors are often hired to fill gaps. For the staffing distribution by agency, as of June 29, 2008, see Table 2.42.

PRT FUNDING AND PROGRAMS

PRTs use several funding tools to execute their efforts within the provinces. More than 30% of the ESF has been allocated to PRT programs:

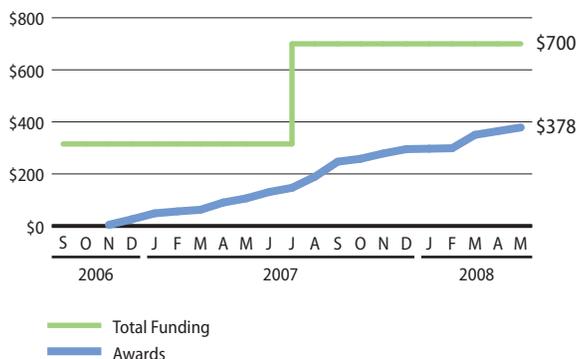
- **PRT/Provincial Reconstruction Development Council (PRDC) program:** \$700 million
- **Quick Response Fund (QRF):** \$132 million
- **Local Governance Program (LGP):** \$245 million

Figure 2.28

PRDC PROJECT AWARDS FY 2006 & FY 2007, AS OF 6/9/2008

\$ Millions

Source: OPA, Response to SIGIR Data Call (6/29/2008)



Note: Numbers are affected by rounding. The PRT/PRDC program was allocated \$315 million in FY 2006 ESF Supplemental funding and \$385 million in FY 2007 ESF Supplemental funding.

PRT/PRDC PROGRAM

The PRT/PRDC program was allocated \$315 million in FY 2006 ESF Supplemental funding and \$385 million from the FY 2007 ESF Supplemental. The main objectives of the program are to advance the capacity of provincial governments to deliver essential services and to strengthen links between local communities and the GOI.⁴⁷³

Through May 2008, 194 projects, valued at nearly \$277 million, had been awarded from FY 2006 ESF monies. This has consumed more than 88% of FY 2006 Supplemental ESF funding. Also, 84 projects, valued at more than \$101 million, were awarded with approximately 26% of the FY 2007 Supplemental.⁴⁷⁴ For the status of PRT/PRDC projects funded by these appropriations, see Figure 2.28.

PRT QUICK RESPONSE FUND

To accelerate economic, social, and civil society development in Iraqi provinces, the QRF was established in mid-2007 with \$125 million of the ESF. This quarter, \$7 million of uncommitted PRT funds were realigned from the PRDC program to the QRF, totaling \$132 million. PRT

SIGIR INSPECTIONS COMPLETED THIS QUARTER

INSPECTION	PROVINCE
PA-08-124 Al Shofa Water Facility (ESF)	Thi-Qar
PA-08-125 Al Kazim Water Facility (ESF)	Thi-Qar
PA-08-127 Nassriya 33-Kilovolt Power Line (ESF)	Thi-Qar
PA-08-129 Al Ager Water Compact Unit (ESF)	Thi-Qar
PA-08-137 Phase 6 & 7 of the Kirkuk-to-Baiji Pipeline Exclusion Zone (ESF)	Salah Al-Din
PA-08-138 Kahn Bani Sa'ad Correctional Facility	Diyala

TABLE 2.43

staff administers the QRF by identifying projects that build the capacity of neighborhoods or that of government entities at the provincial level.

The program is jointly executed by DoS and USAID, which manage funds through grants of up to \$500,000.⁴⁷⁵ As of June 29, 2008, DoS had allotted \$32 million of the 2008 QRF assistance.⁴⁷⁶ Of these funds, nearly \$20.8 million has been obligated,⁴⁷⁷ and nearly \$11.9 million has been expended.⁴⁷⁸

LOCAL GOVERNANCE PROGRAM

The Local Governance Program (LGP) complements PRT activities by promoting representative citizen participation in provincial, municipal, and local councils in Iraq's provinces. In 2007,

the LGP worked with provincial councils to create a provincial development strategy for each province.⁴⁷⁹

This quarter, USAID allocated \$6.5 million to the LGP to launch the Accountability Program to create greater accountability and transparency in local government processes. The program will run through October 31, 2008, and initially, it will be conducted in Baghdad province. Once implemented in the capital, similar annexes will be launched in Iraq's other provinces. The effort will include one-on-one mentoring of key provincial and district capabilities, a series of training workshops, and two educational handbooks detailing fraud indicators and other useful tools.⁴⁸⁰

PROVINCIAL SNAPSHOTS

This section provides a brief overview of key issues within each of Iraq's 18 provinces, including U.S. reconstruction efforts.

At the halfway point in this Year of Transfer, there are mixed gains regarding the economic, political, and security aspects across the provinces. These variations shape the types of projects and programs being executed in northern, central, and southern Iraq. In some areas, the Iraqis are taking over many of the security and reconstruction management responsibilities. In others, more U.S. technical support and capacity development assistance is required.

SIGIR produced a capping report of its first 100 inspections. Brief summaries of the new findings have been included in the Provincial Snapshots. Table 2.43 provides a list of the inspections conducted this quarter and the province in which they are discussed.

For a broad summary of metrics that focus on population, U.S. funding, Iraqi funding, economy, essential services, governance, and security of each province, see Table 2.44.⁴⁸¹ The provinces are grouped by geographic regions—northern, central, and southern.

RECONSTRUCTION IN THE PROVINCES

SELECTED COMPARISONS OF IRAQ'S 18 PROVINCES (\$ MILLIONS)

Province	POPULATION STATISTICS		U.S. FUNDING				IRAQI FUNDING			ECONOMY	
	Population ^a	Internally Displaced Persons (IDPs) ^b	IRRF 2 Project Costs ^c	ISFF Total Project Costs ^d	ESF Project Costs ^e	CERP Project Costs ^f	2008 Provincial Capital Budget Allocation ^g	Provincial Budget Capital % Expended vs. Allocations ^h	I-CERP Allocations ⁱ	Total Bank Branches/ EFT Capable ^j	Total Awards to Iraqi First Vendors ^k
Dahuk	616,600	104,948	\$188.03	\$7.34	\$57.19	\$111.16			N/A	13/6	\$42.85
Erbil	1,845,200	31,783	\$690.58	\$26.80	\$79.75	\$76.37	\$2,528.22	10.52%	N/A	29/8	\$125.86
Sulaymaniyah	2,159,800	79,672	\$188.03	\$25.34	\$71.85	\$11.96			N/A	20/5	\$26.58
Ninewa	2,473,700	106,750	\$740.43	\$807.70	\$83.28	\$174.11	\$359.16	0.00%	\$32.10	53/14	\$49.25
Tameem	839,100	36,202	\$769.95	\$242.45	\$229.66	\$123.21	\$146.01	9.36%	\$12.90	22/4	\$131.34
Salah Al-Din	1,077,800	45,762	\$630.58	\$203.16	\$308.23	\$185.18	\$150.36	10.71%	\$13.20	22/3	\$248.90
Anbar	1,280,000	64,536	\$1,001.03	\$1,458.14	\$132.77	\$425.44	\$191.92	N/A	\$16.50	32/6	\$157.44
Diyala	1,373,900	103,426	\$856.84	\$414.96	\$44.62	\$164.88	\$167.95	N/A	\$15.00	25/4	\$29.57
Baghdad	6,386,100	563,771	\$4,315.43	\$4,290.26	\$1,029.32	\$978.04	\$884.50	1.64%	\$79.50	311/86	\$5,389.70
Wassit	941,800	75,325	\$410.08	\$139.71	\$63.82	\$58.52	\$136.66	0.18%	\$12.00	21/1	\$18.29
Babylon	1,444,400	77,914	\$299.24	\$33.98	\$60.38	\$164.72	\$205.64	2.48%	\$18.00	28/4	\$158.65
Qadisiya	866,700	26,320	\$229.33	\$73.57	\$24.72	\$75.39	\$136.54	0.00%	\$12.00	15/2	\$49.36
Kerbala	756,000	55,962	\$129.70	\$0.98	\$43.34	\$51.80	\$169.49	4.34%	\$10.50	22/4	\$5.51
Najaf	946,300	58,032	\$238.09	\$59.39	\$28.01	\$38.85	\$149.69	12.50%	\$12.90	25/6	\$31.25
Muthanna	536,300	18,351	\$321.02	\$2.67	\$41.36	\$24.27	\$86.82	N/A	\$7.50	9/3	\$1.17
Thi-Qar	1,427,200	47,825	\$1,444.92	\$285.75	\$54.21	\$40.87	\$218.48	0.05%	\$19.50	15/1	\$55.72
Missan	743,400	46,948	\$280.77	\$75.93	\$60.60	\$21.32	\$123.68	14.06%	\$10.80	11/1	\$2.85
Basrah	1,761,000	35,718	\$2,623.48	\$172.93	\$234.88	\$241.35	\$321.68	0.00%	\$27.60	51/9	\$183.02
Other ^l	—	—	\$9,927.30	\$597.06	\$1,247.69	\$10.06	—	—	—	—	—

^a Total number of people residing in the province, as measured by the UN in November 2007. UNOCHA, "Iraq-Population by Governorate," November 19, 2007.

^b Number of Iraqis displaced from their homes who have resettled to that province. USAID, response to SIGIR data call, June 29, 2008.

^c Total budgeted costs of Iraq Relief and Reconstruction Fund projects. IRMS, *ITAO Rollup*, July 7, 2008; USAID, *Activities Report*, July 16, 2008.

^d Total budgeted costs of Iraq Security Forces Fund projects. IRMS, *ITAO Rollup*, July 7, 2008; USAID, *Activities Report*, July 16, 2008.

^e Total budgeted costs for Economic Support Fund projects. IRMS, *ITAO Rollup*, July 7, 2008; USAID, *Activities Report*, July 16, 2008.

^f Total budgeted costs for Commander's Emergency Response Program projects. IRMS, CERP Excel Workbook, June 30, 2008.

^g Funding allocated to each province (and KRG) from the Central government, as reported by the Ministry of Finance (MOF). MOF, *Capital Report*, March 2008.

^h The amounts spent as a percentage of the province's total allocation. N/A: The MOF did not provide data for the province. MOF, *Capital Report*, March 2008.

ⁱ Amounts of I-CERP funds allocated to each province. MNF-I, "Implementation of Iraqi Commander's Emergency Response Program," response to SIGIR data call, July 7, 2008.

^j Total number of bank branches in a particular province, which is listed alongside the number of branches capable of Electronic Funds Transfer. JCC-I/A, response to SIGIR data call, July 7, 2008.

^k Amounts of awards made through JCC-I/A's Iraqi First program. JCC-I/A, response to SIGIR data call, July 7, 2008.

^l Total number of vendors receiving Iraqi First program awards for that province. JCC-I/A, response to SIGIR data call, July 7, 2008.

^m Average daily megawatts (used to satisfy the load served) compared to demand, as estimated by the Ministry of Electricity and reported by ITAO. ITAO, *IRMO Electricity Daily Units Performance Report* (4/1/2008–6/9/2008).

RECONSTRUCTION IN THE PROVINCES

ESSENTIAL SERVICES				GOVERNANCE					SECURITY		
Total Iraqi First Vendors ^l	Avg. Daily Electricity Load Served for Quarter (MW)/Demand for Quarter ^m	Operating Hospitals ⁿ	Hospital Beds per 100,000 People ^o	PRT Staff Numbers ^p	FY 2006 & FY 2007 PRDC Budgeted ^q	% of PRDC Budgeted Awarded ^r	Committed QRF Funds ^s	Tatweer Trainees by Province—May 2008 ^t	Avg. Daily Attacks (12/1/2007–2/22/2008) ^u	Avg. Daily Attacks (2/23/2008–5/31/2008) ^v	PIC Timeline ^w
55	123/203	N/A	N/A	1	\$26.78	73.20%	\$0.00	178	0.00	0.00	May 2007
58	174/373	N/A	N/A	14	\$26.78	84.06%	\$0.49	443	0.02	0.01	May 2007
20	137/305	N/A	N/A	1	\$26.78	68.35%	\$0.00	90	0.02	0.02	May 2007
124	402/737	14	134	33	\$26.31	68.99%	\$0.48	284	16.30	13.55	Jan 2009
184	179/252	6	137	30	\$25.13	44.51%	\$0.27	50	2.63	1.80	Dec 2008
448	226/323	9	98	31	\$25.13	33.16%	\$0.32	1	8.73	6.28	Jan 2009
127	157/307	11	110	58	\$52.23	50.60%	\$3.12	48	2.37	1.95	Jul 2008
56	157/228	9	84	33	\$25.13	75.97%	\$0.57	40	5.26	3.58	Jan 2009
2147	943/2,028	37	142	117	\$176.10	48.76%	\$6.76	578	15.60	24.02	May 2009
89	87/182	9	145	21	\$25.13	102.59%	\$0.51	129	0.23	0.57	Nov 2008
111	131/250	8	89	25	\$25.13	118.84%	\$0.91	72	0.57	0.73	Nov 2008
106	116/228	5	111	8	\$25.13	44.16%	\$0.06	58	0.08	0.18	Jul 2008
20	97/213	3	93	10	\$25.13	45.94%	\$0.15	56	0.02	0.06	Oct 2007
62	130/234	5	93	13	\$25.13	37.31%	\$0.18	9	0.00	0.03	Dec 2006
16	83/169	5	165	11	\$25.13	45.20%	\$1.88	54	0.04	0.02	Jul 2006
92	211/294	7	73	18	\$25.13	36.61%	\$0.50	193	0.24	0.23	Sep 2006
9	97/178	7	133	5	\$25.13	39.97%	\$0.73	81	0.02	0.00	Apr 2007
273	612/760	12	201	10	\$63.80	50.95%	\$3.85	59	1.21	1.28	Dec 2007
19	—	—	—	2	—	—	—	—	—	—	—

ⁿ Number of operational hospitals in each province. ITAO, response to SIGIR data call, June 29, 2008.

^o Average number of hospital beds per 100,000 people in the province. ITAO, response to SIGIR data call, June 29, 2008.

^p Number of Provincial Reconstruction Team members located in each province. OPA, response to SIGIR data call, June 29, 2008.

^q Total amounts budgeted for each province in PRT/PRDC program funds, for both the FY 2006 and FY 2007 Supplemental appropriations. OPA, response to SIGIR data call, June 29, 2008.

^r PRDC award amounts as a percentage of PRDC budgeted amounts. OPA, response to SIGIR data call, June 29, 2008.

^s Amounts committed from the ESF Quick Response Fund in each province. OPA, response to SIGIR data call, June 29, 2008.

^t Number of Iraqi civil servants trained by the U.S.-funded National Capacity Development Program in May 2008. USAID, response to SIGIR data call, June 29, 2008.

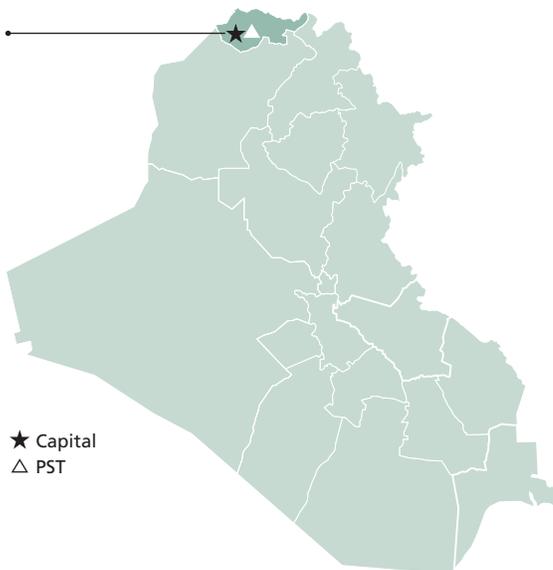
^u Number of attacks per day occurring between December 1, 2007, and February 22, 2008. MNF-I, SPA Assessments, "SIGACTS III Database (Coalition Reports only) as of June 1, 2008," provided by OSD-Policy, July 9, 2008. Data reflects executed enemy attacks targeted against Coalition, ISF, civilians, Iraqi infrastructure, and government organizations. Does not include IEDs and mines found and cleared.

^v Number of attacks per day occurring between February 23, 2008, and May 31, 2008. MNF-I, SPA Assessments, "SIGACTS III Database (Coalition Reports only) as of June 1, 2008," provided by OSD-Policy, July 9, 2008. Data reflects executed enemy attacks targeted against Coalition, ISF, civilians, Iraqi infrastructure, and government organizations. Does not include IEDs and mines found and cleared.

^w Date by which province was transferred to Provincial Iraqi Control.

^x Data at a national level or external to a single province.

Dahuk



★ Capital
△ PST

DAHUK

CAPITAL: Dahuk
POPULATION:^a 616,600
RELIGION:^b 39% Sunni, 3% Shia, 58% other
KRG CAPITAL BUDGET:^c \$2.53 billion, 11% expended
U.S. PROJECTS:^d 476
U.S. PROJECT COSTS:^d \$164 million

RECONSTRUCTION PROJECTS^e

MAJOR U.S.-FUNDED PROJECTS (\$ MILLIONS)

	DISTRICT	PROJECT NAME	TOTAL COST	FUND	FORECAST /ACTUAL COMPLETION
1	Dahuk	Construct New Duhok—Aqra 132kV Overhead Line	\$19.14	IRRF 2	11/7/2007
2	Dahuk	Construct New Aqra 132kV Substation	\$18.48	IRRF 2	7/31/2008
3	Dahuk	Zrka Correctional Facility—Dahuk Rehabilitation Center	\$7.06	IRRF 2	6/20/2007
4	Zakho	Renovation of Zahko Military Academy	\$6.60	IRRF 2	4/22/2006
5	Amedi	Atrush Substation	\$5.43	IRRF 2	2/22/2006

SECURITY^g

RIC DATE: May 2007

AVERAGE DAILY ATTACKS

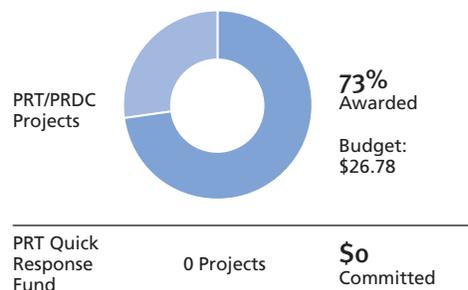
TIME PERIOD	AVERAGE NUMBER OF DAILY ATTACKS	TREND
December 1, 2007–February 22, 2008	0	—
February 23, 2008–May 31, 2008	0	—

Sources:

^a UNOCHA, "Iraq—Population by Governorate," November 19, 2007.
^b IOM, "IOM Displacement Data Used for Associated Press Interactive Website," May 2008, www.iom-iraq.net.
^c Ministry of Finance, *Capital Report*, March 2008, provided by the U.S. Treasury, June 29, 2008.
^d IRMS, *ITAO Rollup*, July 7, 2008; IRMS, CERP Excel Workbook, June 30, 2008; USAID, *Activities Report*, July 16, 2008.
^e IRMS, *ITAO Rollup*, July 7, 2008.
^f ITAO, response to SIGIR data call, June 29, 2008.
^g MNF-I, *SPA Assessments*, June 2008; MNF-I, response to SIGIR data call, July 12, 2008. SIGACTS III Database (Coalition Reports only) as of February 23, 2008, and June 1, 2008. Data reflects executed enemy attacks targeted against Coalition, ISF, civilians, Iraqi infrastructure, and government organizations. Does not include IEDs and mines found and cleared.
^h ITAO, *IRMO Electricity Daily Units Performance Reports*, April 1, 2007–June 29, 2008; ITAO, *Weekly Status Reports*, April 1, 2007–June 29, 2008.

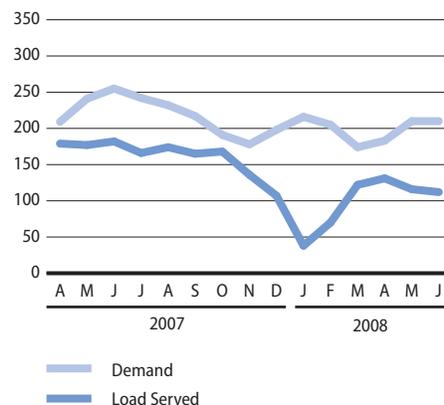
Notes: Locations on map are approximate. Numbers affected by rounding. Figures for source d include ongoing and completed projects, and account for the IRRF, ISFF, ESF, and CERP funds.

PRT PROJECTS^f \$ MILLIONS



ESSENTIAL SERVICES^h

DAHUK ELECTRICITY—AVERAGE DAILY LOAD SERVED AND DEMAND
 Megawatts (MW)





New track and athletic field and military academy dining facility in Dahuk.

ECONOMY

Three provinces—Dahuk, Erbil, and Sulaymaniyah—form the Kurdistan region, which is governed by an independent regional body. The Head of the Investment Board of the Kurdistan Regional Government (KRG) recently spoke of Kurdistan as the safest place in Iraq, highlighting the economic success that has been fostered by the region’s many advantages:⁴⁸²

- stable security environment
- political unification
- business-friendly government policies
- funding from oil income
- tax structure and legal system focused on making it easier for businesses to invest in the future of Kurdistan

This quarter, a U.S.-based educational tourism company led 17 American visitors to Dahuk city. This is the first group of American tourists in the Kurdish region since 2003.⁴⁸³

PROVINCE BACKGROUND

GOVERNOR:

Tamer Ramazan Fatah

KEY FEATURES:

- Part of the Kurdistan region

ECONOMIC ACTIVITY:

- A growing tourist industry, currently thriving under the post-Saddam government

ESSENTIAL SERVICES

About 40% of electricity demand remains unmet in Dahuk province.⁴⁸⁴ Work resumed on the **New Aqra 132-kV Substation** in Dahuk, a \$18.5 million project funded by the IRRF. GRD estimates completion by July 31, 2008,⁴⁸⁵ and the project is expected to provide more reliable electricity for about 150,000 residents.⁴⁸⁶

This quarter, the **Barash Water Well and Network** project began operations. Funded by \$203,000 of the CERP, the facilities provide 250 villagers with potable water. This project was officially transferred to the KRG in February 2008.⁴⁸⁷

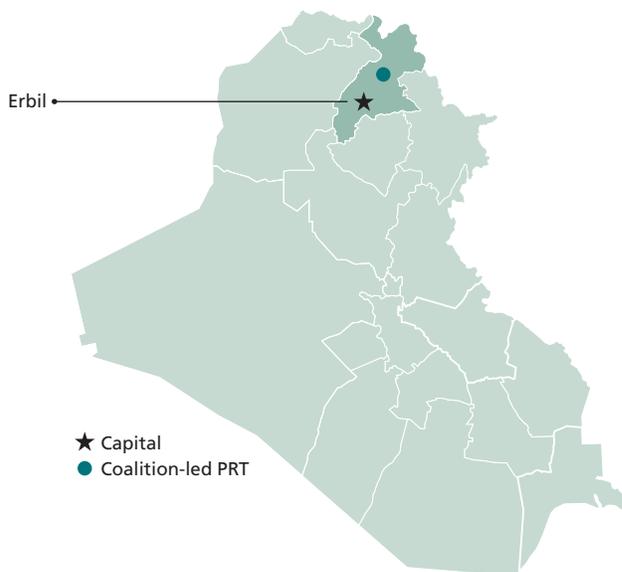
GOVERNANCE

With an investment law in place, the governor of Dahuk met recently with commercial investors to assess the region’s agriculture and to encourage the involvement of American companies in the sector. The governor also met with the Czech Ambassador this quarter to discuss potential reconstruction and investment projects.⁴⁸⁸

SECURITY

As one of the three provinces under the authority of the KRG, Dahuk remains one of the more stable areas in the country, with no reported attacks on ISF, Coalition personnel, or Iraqi civilians from February 23, 2008, to May 31, 2008.⁴⁸⁹ Even before 2003, the KRG was relatively autonomous, but Dahuk achieved official Regional Iraqi Control in May 2007.

There has been no significant militia or external terrorist infiltration of the province. This quarter, however, Turkey continued to strike camps and bases of the Kurdistan Workers’ Party (PKK). The PKK, which aims at establishing a Kurdish state, is known to attack locations in Turkey and Iran.



ERBIL

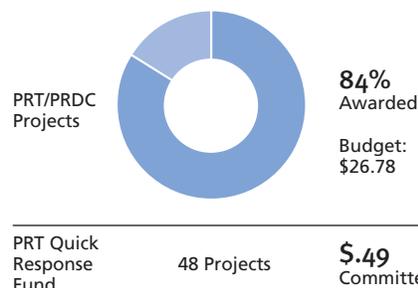
CAPITAL: Erbil
POPULATION:^a 1.85 million
RELIGION:^b 62% Sunni, 2% Shia, 36% other
KRG CAPITAL BUDGET:^c \$2.53 billion, 11% expended
U.S. PROJECTS:^d 839
U.S. PROJECT COSTS:^d \$481 million

RECONSTRUCTION PROJECTS^e

MAJOR U.S.-FUNDED PROJECTS (\$ MILLIONS)

DISTRICT	PROJECT NAME	TOTAL COST	FUND	FORECAST COMPLETION
1 Erbil	Design and Construct Erbil City-Iffraz Main Water Supply Project	\$201.49	IRRF 2	7/29/2006
2 Erbil	Dibis-Erbil 132kV Line	\$22.38	IRRF	7/31/2004
3 Erbil	New Erbil-Qaraqush 132kV Line	\$21.00	IRRF	5/25/2004
4 Erbil	Construct Erbil Police Academy	\$10.01	ISFF	8/29/2008
5 Erbil	Construct 1/2 HQ and 3/1/2 In Kahzarl	\$9.29	IRRF	11/30/2008

PRT PROJECTS^f \$ MILLIONS



SECURITY^g

RIC DATE: May 2007

AVERAGE DAILY ATTACKS

TIME PERIOD	AVERAGE NUMBER OF DAILY ATTACKS	TREND
December 1, 2007–February 22, 2008	.02	↓
February 23, 2008–May 31, 2008	.01	

Sources:

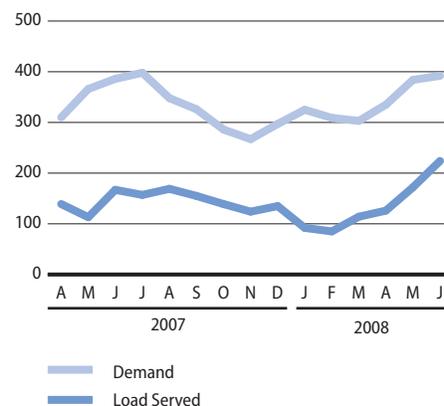
^a UNOCHA, "Iraq-Population by Governorate," November 19, 2007.
^b IOM, "IOM Displacement Data Used for Associated Press Interactive Website," May 2008, www.iom-iraq.net.
^c Ministry of Finance, *Capital Report*, March 2008, provided by the U.S. Treasury, June 29, 2008.
^d IRMS, *ITAO Rollup*, July 7, 2008; IRMS, CERP Excel Workbook, June 30, 2008; USAID, *Activities Report*, July 16, 2008.
^e IRMS, *ITAO Rollup*, July 7, 2008.
^f ITAO, response to SIGIR data call, June 29, 2008.
^g MNF-I, *SPA Assessments*, June 2008; MNF-I, response to SIGIR data call, July 12, 2008. SIGACTS III Database (Coalition Reports only) as of February 23, 2008, and June 1, 2008. Data reflects executed enemy attacks targeted against Coalition, ISF, civilians, Iraqi infrastructure and government organizations. Does not include IEDs and mines found and cleared.
^h ITAO, *IRMO Electricity Daily Units Performance Reports*, April 1, 2007–June 29, 2008; ITAO, *Weekly Status Reports*, April 1, 2007–June 29, 2008.

Notes: Locations on map are approximate. Numbers affected by rounding. Figures for source d include ongoing and completed projects, and account for the IRRF, ISFF, ESF, and CERP funds.

ESSENTIAL SERVICES^h

ERBIL ELECTRICITY—AVERAGE DAILY LOAD SERVED AND DEMAND

Megawatts (MW)





The Great Mosque in the city of Erbil.

ECONOMY

Although Erbil produces some oil, the provincial economy is based mostly in agriculture.⁴⁹⁰ According to the Provincial Development Strategy (PDS), the lack of available water is one of the primary obstacles to the province's main industry.⁴⁹¹

The Kurdistan Regional Government is funding a new \$300 million terminal in **Erbil's International Airport**, which will be able to handle 2.75 million passengers each year.⁴⁹² Kurdistan has another international airport in Sulaymaniyah.

ESSENTIAL SERVICES

The PDS established these goals for Erbil's essential-service sectors:⁴⁹³

- **Electricity.** Improve the distribution service of electricity throughout the province.
- **Water.** Improve the delivery of drinkable water, improve the availability of water resources, develop a sewage network, and enhance irrigation systems.
- **Education.** Reduce adult illiteracy, improve the quality of education delivered, introduce information technology into the curricula, and support low-income families with supplies of school materials.

This quarter, work continued on the planned **Mosul-Kirkuk-Erbil 400-kV Lines**, and the project is now 42% complete. A new **400-kV substation** is planned for Erbil, with an estimated cost of \$50 million to be funded by the KRG.⁴⁹⁴

The construction of the **Erbil 18-Classroom School** continued this quarter. Funded with \$1.9 million of the ESE, the project is now 66% com-

plete, and Erbil city residents may expect completion in September 2008.⁴⁹⁵

GOVERNANCE

A recent PRT assessment on February 29, 2008, rated Erbil's governance capabilities at 3.0 (Sustaining) of a possible 5.0 (Self-reliant)—unchanged from a November 2007 assessment. Nine provinces currently rank below Erbil.⁴⁹⁶

This quarter, the KRG signed production-sharing contracts with a Canadian firm and also with a South Korean firm.⁴⁹⁷ The GOI and the KRG have not yet reached consensus on the region's production-sharing contracts. KRG signing of the contracts presents another challenge to the ongoing efforts to reach agreement on the details of the hydrocarbon legislation.⁴⁹⁸

SECURITY

As part of the semi-autonomous KRG, Erbil has not experienced the violence that affected other regions in Iraq. From February 23, 2008, to May 31, 2008, only one attack was reported against ISF, Coalition forces, or civilians.⁴⁹⁹ In May 2007, all KRG provinces achieved Regional Iraqi Control, and violence remains low.⁵⁰⁰ Erbil has not experienced an increase in attacks or terrorism resulting from recent ISF and Coalition operations that have pushed al-Qaeda in Iraq northward.⁵⁰¹

PROVINCE BACKGROUND

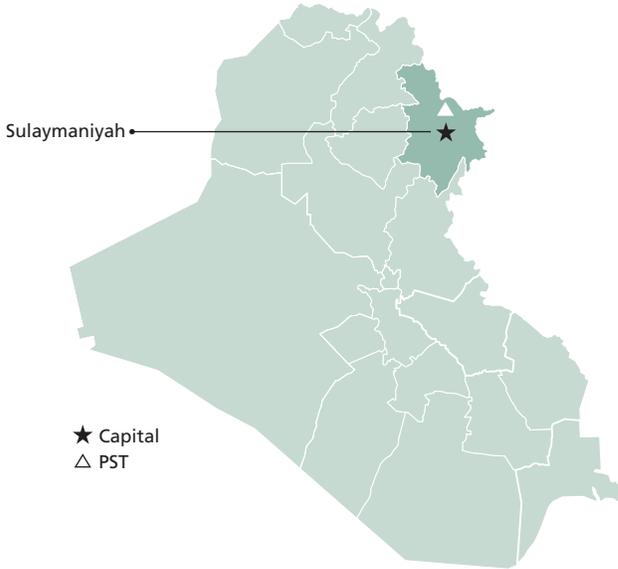
GOVERNOR:
Nawzad Hadi

KEY FEATURES:

- Part of the Kurdistan region
- Capital is the oldest continuously inhabited city in the world

ECONOMIC ACTIVITY:

- Largely agricultural, with some oil production



SULAYMANIYAH

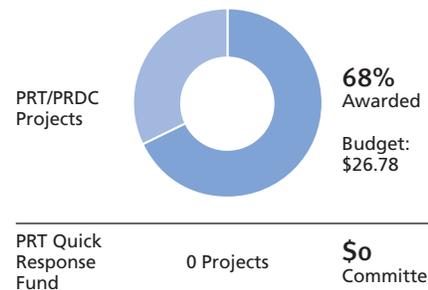
CAPITAL: Sulaymaniyah
POPULATION:^a 2.16 million
RELIGION:^b 88% Sunni, 12% Shia
KRG CAPITAL BUDGET:^c \$2.53 billion, 11% expended
U.S. PROJECTS:^d 646
U.S. PROJECT COSTS:^d \$212 million

RECONSTRUCTION PROJECTS^e

MAJOR U.S.-FUNDED PROJECTS (\$ MILLIONS)

DISTRICT	PROJECT NAME	TOTAL COST	FUND	FORECAST/ACTUAL COMPLETION
1 Sulaymaniyah	Construct New South Sulaymaniyah 132Kv Substation	\$29.66	IRRF 2	8/1/2008
2 Sulaymaniyah	Border Enforcement Academy	\$21.86	IRRF 2	9/10/2005
3 Sulaymaniyah	Public Safety Training Academy	\$10.58	IRRF 1	6/1/2005
4 Chamchamal	Construct Facilities For 2/3/4 At Chamchamal	\$6.80	ISFF	11/30/2007
5 Dokan	Industrial Region New Substation	\$5.42	IRRF 2	4/19/2006

PRT PROJECTS^f \$ MILLIONS



SECURITY^g

RIC DATE: May 2007

AVERAGE DAILY ATTACKS

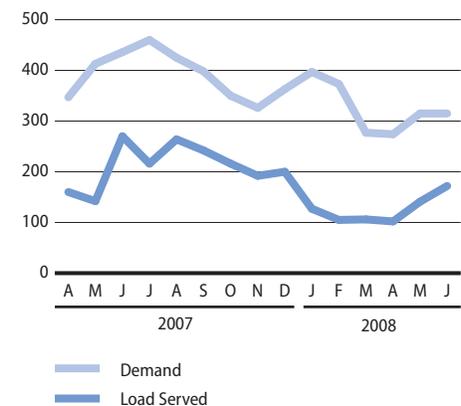
TIME PERIOD	AVERAGE NUMBER OF DAILY ATTACKS	TREND
December 1, 2007–February 22, 2008	.024	↓
February 23, 2008–May 31, 2008	.020	

Sources:
^a UNOCHA, "Iraq–Population by Governorate," November 19, 2007.
^b IOM, "IOM Displacement Data Used for Associated Press Interactive Website," May 2008, www.iom-iraq.net.
^c Ministry of Finance, *Capital Report*, March 2008, provided by the U.S. Treasury, June 29, 2008.
^d IRMS, *ITAO Rollup*, July 7, 2008; IRMS, CERP Excel Workbook, June 30, 2008; USAID, *Activities Report*, July 16, 2008.
^e IRMS, *ITAO Rollup*, July 7, 2008.
^f ITAO, response to SIGIR data call, June 29, 2008.
^g MNF-I, *SPA Assessments*, June 2008; MNF-I, response to SIGIR data call, July 12, 2008. SIGACTS III Database (Coalition Reports only) as of February 23, 2008, and June 1, 2008. Data reflects executed enemy attacks targeted against Coalition, ISF, civilians, Iraqi infrastructure, and government organizations. Does not include IEDs and mines found and cleared.
^h ITAO, *IRMO Electricity Daily Units Performance Reports*, April 1, 2007–June 29, 2008; ITAO, *Weekly Status Reports*, April 1, 2007–June 29, 2008.

Notes: Locations on map are approximate. Numbers affected by rounding. Figures for source d include ongoing and completed projects, and account for the IRRF, ISFF, ESF, and CERP funds.

ESSENTIAL SERVICES^h

SULAYMANIYAH ELECTRICITY—AVERAGE DAILY LOAD SERVED AND DEMAND
 Megawatts (MW)





View from Sulaymaniyah border fort construction project.

ECONOMY

Sulaymaniyah is regarded as one of the most agriculturally advanced provinces in Iraq,⁵⁰² but according to the Provincial Development Strategy (PDS), these problems constrain economic development:⁵⁰³

- underdevelopment of agricultural potential
- inability to use provincial financial resources
- lack of foreign expertise in the area of investment
- inflation and the fluctuation in currency exchange

This quarter, the U.S. Deputy Secretary of Commerce led the first major trade mission to

Iraq in more than 20 years. The two delegations from the U.S. Department of Commerce and the U.S. Chamber of Commerce, along with 28 representatives of American companies, discussed business opportunities in the Kurdistan region.⁵⁰⁴

ESSENTIAL SERVICES

The PDS noted the monopolization of investment projects by the public sector as a remaining challenge.⁵⁰⁵ Also, it emphasized that access to basic social services remains limited, citing these most critical projects:

- **Electricity:** installing required power stations and enhancing electricity transmission lines
- **Water:** renewing the Dokan-Sulaymaniyah

PROVINCE BACKGROUND

GOVERNOR:

Dana Ahmed Majid

KEY FEATURES:

- Part of the Kurdistan region

ECONOMIC ACTIVITY:

- Outputs include tobacco, fruit, cereals, and livestock
- Popular tourist destination among Iraqis

- pipeline, setting up water gauges to avoid wasting water, and modernizing water distribution
- **Health Care:** establishing quality control for importing medicine and medical equipment, conducting medical awareness campaigns, and setting up a contracting system

This quarter, work started on the **Rania Water Project**, a \$2.2 million effort funded by the ESF. The project includes construction of three elevated concrete tanks, eight deepwater wells, three pump houses, and a pipe network that will distribute potable water to more than 2,000 houses in the province.⁵⁰⁶

GOVERNANCE

Sulaymaniyah is working to improve transparency and accountability and to promote good governance across the province. As outlined in the PDS, the administrative directorate has set these objectives:⁵⁰⁷

- Support decentralization.
- Distribute authority among the different levels of local government.
- Modernize the administration system in the province.
- Develop transparency and accountability.
- Establish anticorruption measures.
- Strengthen the role of the Provincial Council (PC) and develop local councils.

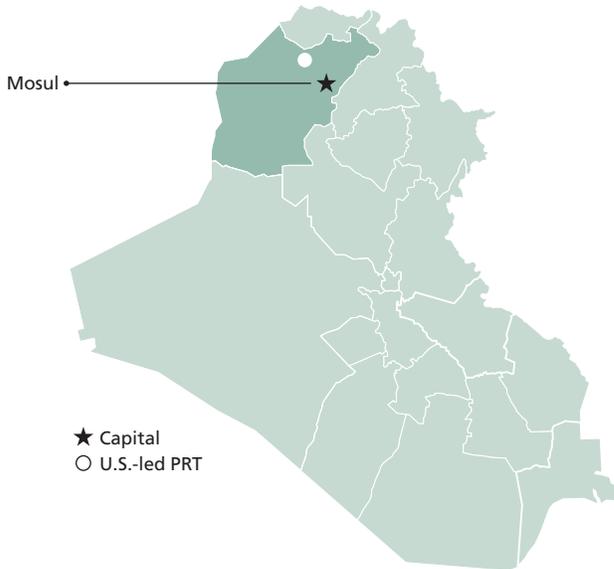
To implement the PDS goals successfully, the province plans to establish the needed units inside or outside the governor's office. This quarter, the Deputy Governor met with the U.S. military liaison officer to the Kurdistan Regional Government (KRG) in Sulaymaniyah⁵⁰⁸ to foster closer coordination of projects that Coalition forces deliver to the area, including the supply of refined fuels.

The U.S. liaison also met with the head of Sulaymaniyah PC. This quarter, the head of the province's PC clarified the procedures for spending the province's budget, asserting the need for issue of "a special law for the Provincial Councils" and urging the Kurdistan National Assembly and Council of Ministers to issue a law for the KRG PCs.⁵⁰⁹

SECURITY

Generally, this province experiences minimal violence and low incidence of attack.⁵¹⁰ DoD reported that there were only two attacks from the end of February 2008 to the end of May 2008.⁵¹¹ However, Iran continues to launch air strikes against Kurdistan Workers' Party strongholds located along the border. Like the other KRG provinces, Sulaymaniyah achieved Regional Iraqi Control in May 2007.





NINEWA

CAPITAL: Mosul
POPULATION:^a 2.47 million
RELIGION:^b 42% Sunni, 5% Shia, 53% Other
CAPITAL BUDGET:^c \$359 million, 0% expended
U.S. PROJECTS:^d 4,008
U.S. PROJECT COSTS:^d \$983 million

RECONSTRUCTION PROJECTS^e

MAJOR U.S.-FUNDED PROJECTS (\$ MILLIONS)

DISTRICT	PROJECT NAME	TOTAL COST	FUND	FORECAST/ ACTUAL COMPLETION
1	Telafar Renovate Al Kasik Military Base Phase I/II	\$46.75	IRRF 2	1/31/2006
2	Mosul 4th Div HQ 2&4	\$34.11	ISFF	12/31/2006
3	Mosul Reconstruct Mosul 400kV Substation	\$29.43	IRRF 2	2/21/2007
4	Telafar Al Kasik Phase 2	\$28.69	IRRF 2	1/31/2006
5	Mosul Construct Mosul Police Recruit Academy	\$27.69	ISFF	11/20/2008

SECURITY^g

PIC DATE: **January 2009**

AVERAGE DAILY ATTACKS

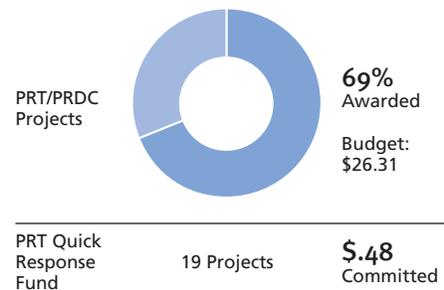
TIME PERIOD	AVERAGE NUMBER OF DAILY ATTACKS	TREND
December 1, 2007–February 22, 2008	16.30	↓
February 23, 2008–May 31, 2008	13.55	

Sources:

^a UNOCHA, "Iraq-Population by Governorate," November 19, 2007.
^b IOM, "IOM Displacement Data Used for Associated Press Interactive Website," May 2008, www.iom-iraq.net.
^c Ministry of Finance, *Capital Report*, March 2008, provided by the U.S. Treasury, June 29, 2008.
^d IRMS, *ITAO Rollup*, July 7, 2008; IRMS, CERP Excel Workbook, June 30, 2008; USAID, *Activities Report*, July 16, 2008.
^e IRMS, *ITAO Rollup*, July 7, 2008.
^f ITAO, response to SIGIR data call, June 29, 2008.
^g MNF-I, *SPA Assessments*, June 2008; MNF-I, response to SIGIR data call, July 12, 2008. SIGACTS III Database (Coalition Reports only) as of February 23, 2008 and June 1, 2008. Data reflects executed enemy attacks targeted against Coalition, ISF, civilians, Iraqi infrastructure, and government organizations. Does not include IEDs and mines found and cleared.
^h ITAO, *IRMO Electricity Daily Units Performance Reports*, April 1, 2007–June 29, 2008; ITAO, *Weekly Status Reports*, April 1, 2007–June 29, 2008.

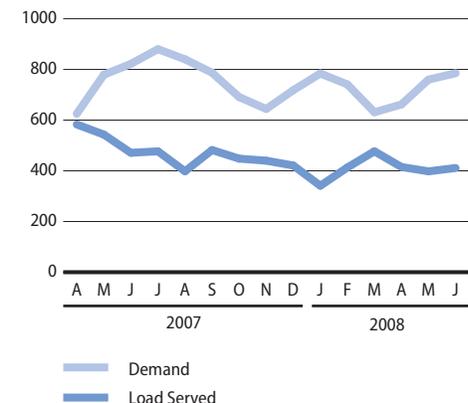
Notes: Locations on map are approximate. Numbers affected by rounding. Figures for source d include ongoing and completed projects, and account for the IRRF, ISFF, ESF, and CERP funds.

PRT PROJECTS^f \$ MILLIONS



ESSENTIAL SERVICES^h

NINEWA ELECTRICITY—AVERAGE DAILY LOAD SERVED AND DEMAND
 Megawatts (MW)



ECONOMY

Agriculture is the main economic activity in Ninewa province. In its Provincial Development Strategy (PDS), the Provincial Council noted that the presence of inactive industrial plants, the deactivation of investment laws, and the shortage of equipment needed to handle fuel by-products are challenges to economic development.⁵¹²

PRT Ninewa recently partnered with local farmers to form three multi-ethnic, multi-sectarian farmers associations. These groups recently delivered nine tractors (built by TFBSO-supported factories) to increase profitability.⁵¹³

ESSENTIAL SERVICES

The PDS noted these challenges in the essential-service sectors:⁵¹⁴

- **Electricity.** There has been a severe shortage of power supply infrastructure since the 1990s, a shortage of power generation, deterioration of networks, and lack of public awareness among citizens about usage restrictions.
- **Water.** Ninewa lacks modern equipment; its water network is old and suffers from excessive abuse; and its citizens lack awareness of rationing procedures.
- **Health Care.** The Ministry of Health has been excessive in centralizing services; there is a shortage of financial subsidies; and there are not sufficient hospitals and healthcare centers to serve the population.

This quarter, the **Sinjar Wells** project was transferred to the Ninewa provincial government. Funded by \$17 million of the IRRF, the project will provide clean drinking water to more than 200,000 residents in the Sinjar mountain region. Improve-

PROVINCE BACKGROUND

GOVERNOR:

Duraid Muhammed Kashmala

KEY FEATURES:

- Capital is Mosul, which lies across the Tigris River from the ruins of Ninewa

ECONOMIC ACTIVITY:

- Main product is cereal, which includes wheat and barley
- Industrial activities include cement production, textiles, and beverage factories

ments include the installation of 84 new pump stations and distribution lines, drilling of 48 new wells, and construction of 60 water storage tanks.⁵¹⁵

The United States continues to procure grout mixing plants and cement storage silos for work on the **Mosul Dam**. A U.S. gap analysis confirmed the need for additional storage capacity as well as a mixing plan. The Ministry of Water Resources (MOWR) is responsible for the actual grouting operations. This quarter, it conducted laboratory tests for new grout mixes, but no acceptable designs have been identified. The enhanced grouting program has made limited progress to date, and the ongoing U.S. work at the dam is expected to end by early to mid-2009. As required under a post-delivery support plan to the MOWR, the United States is developing a transition plan to transfer activities.⁵¹⁶

Ninewa produces electricity through the Mosul Dam and Mosul Gas Plant, and supply is augmented by power purchases from Iran and Turkey. The local PRT reports that delivery of electricity is constrained by a lack of fuel, security issues, and low operational efficiency of generators.⁵¹⁷

GOVERNANCE

A recent PRT assessment rated Ninewa's governance capabilities at 2.0 (Developing) of a possible 5.0 (Self-reliant)—unchanged from a November 2007 assessment. Seven provinces are ranked above Ninewa and one below.⁵¹⁸

The Ninewa PRT is working on issues related to Article 140 and minority populations.⁵¹⁹ Elections also appear to be a high priority for the PRT.



Mosul International Airport. (USACE photo)

Although results of PRT assessments vary, generally, residents indicate that they want elections to occur and

that they plan to participate in them.⁵²⁰

U.S. **Local Governance Program (LGP)** staff worked with their counterparts in Mosul and the provincial public works and planning organization to set up a regional workshop in Erbil on an “Integrated Solid Waste Management Program for Mosul City.” Iraqi participants included the Director of Municipalities, Director of General Health, Director General of Education, Mosul University faculty, and the Mayor of Mosul. The workshop will focus on technologies, education, equipment use, and community organization.⁵²¹

Four new projects in Mosul were approved for funding under the Marla Ruzicka Iraqi War Victims Assistance Fund, which is administered through the **Community Action Program (CAP)**. They aim to equip families of Iraqi civilians killed or injured as a result of Coalition engagements with the means to provide for themselves.⁵²²

SECURITY

DoD reports that Ninewa is only partially ready to transfer to Provincial Iraqi Control (PIC).⁵²³ It is expected to achieve PIC in early 2009.⁵²⁴ The PDS noted these challenges to Ninewa’s security environment:⁵²⁵

- lack of a central operation command post
- lack of an intelligence system to provide security information
- lack of the role of the media in uncovering criminals and terrorists

- lack of modern technology for security agencies in uncovering and foiling explosives

Ninewa had the second highest rate of insurgent attacks in all of Iraq, averaging nearly 13.6 each day from February 23, 2008, to May 31, 2008.⁵²⁶ In May 2008, following the deployment of aviation, engineering intelligence, and intelligence assets, Iraq’s Prime Minister launched a coordinated campaign targeting terrorists and militias. DoD reported that the operation interrupted terrorist and militia activities and stirred additional support from the local population.⁵²⁷ Operations in Mosul were largely conducted by Iraqi forces.⁵²⁸ Police training will be expanded, and a 440-man commando battalion will be based in Mosul.⁵²⁹

Despite the security gains, U.S., Iraqi, and Coalition troops continue to fight al-Qaeda and other groups in the province (including the Islamic State of Iraq, Jaish Mujahideen, Jaish al-Islami, and Ansar al-Sunna).⁵³⁰ Mosul is still the site of considerable violence, including religious retaliation, assassinations, and large car bombings.

This quarter, gunmen at a fake checkpoint in Mosul stopped a bus carrying Yezidi and Christian textile workers. The Christians were ordered to leave the bus, and gunmen drove the Yezidi hostages to eastern Mosul, where they were executed. In retaliation, hundreds of Yezidis attacked Kurdistan Democratic Party offices in Mosul and burned Kurdish flags. Kurdish Peshmerga troops responded, shooting and wounding three protesters. During the unrest, shops were shuttered, and many Muslims stayed in their homes, fearing reprisal attacks.⁵³¹



TAMEEM

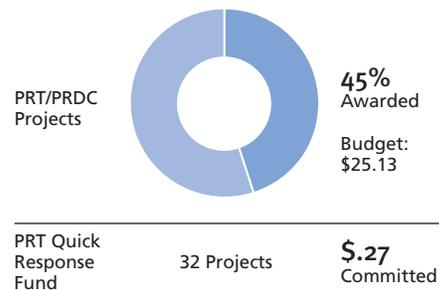
CAPITAL: Kirkuk
POPULATION:^a 839,100
RELIGION:^b 73% Sunni, 22% Shia, 5% Other
CAPITAL BUDGET:^c \$146 million, 9% expended
U.S. PROJECTS:^d 3,413
U.S. PROJECT COSTS:^d \$983 million

RECONSTRUCTION PROJECTS^e

MAJOR U.S.-FUNDED PROJECTS (\$ MILLIONS)

DISTRICT	PROJECT NAME	TOTAL COST	FUND	FORECAST COMPLETION
1 Kirkuk	Kirkuk Substation Combustion Turbines	\$205.16	IRRF 1	11/29/2005
2 Kirkuk	Construct Iraqi Military Base At Kirkuk	\$49.80	IRRF 2	7/31/2005
3 Kirkuk	Construct Brigade Facility At Kirkuk	\$38.24	IRRF 2	9/8/2005
4 Kirkuk	Al Fatha Pipe Crossing	\$30.19	IRRF 2	4/1/2006
5 Kirkuk	Old Mulla Gas Power Plant Maintenance Upgrade	\$27.18	IRRF 2	9/23/2004

PRT PROJECTS^f \$ MILLIONS



SECURITY^g

PIC DATE: December 2008

AVERAGE DAILY ATTACKS

TIME PERIOD	AVERAGE NUMBER OF DAILY ATTACKS	TREND
December 1, 2007–February 22, 2008	2.63	↓
February 23, 2008–May 31, 2008	1.80	

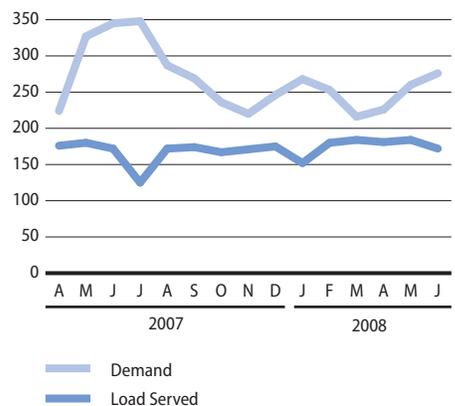
Sources:

^a UNOCHA, "Iraq-Population by Governorate," November 19, 2007.
^b IOM, "IOM Displacement Data Used for Associated Press Interactive Website," May 2008, www.iom-iraq.net.
^c Ministry of Finance, *Capital Report*, March 2008, provided by the U.S. Treasury, June 29, 2008.
^d IRMS, *ITAO Rollup*, July 7, 2008; IRMS, CERP Excel Workbook, June 30, 2008; USAID, *Activities Report*, July 16, 2008.
^e IRMS, *ITAO Rollup*, July 7, 2008; USAID, *Activities Report*, July 16, 2008.
^f ITAO, response to SIGIR data call, June 29, 2008.
^g MNF-I, *SPA Assessments*, June 2008; MNF-I, response to SIGIR data call, July 12, 2008. SIGACTS III Database (Coalition Reports only) as of February 23, 2008 and June 1, 2008. Data reflects executed enemy attacks targeted against Coalition, ISF, civilians, Iraqi infrastructure, and government organizations. Does not include IEDs and mines found and cleared.
^h ITAO, *IRMO Electricity Daily Units Performance Reports*, April 1, 2007–June 29, 2008; ITAO, *Weekly Status Reports*, April 1, 2007–June 29, 2008.

Notes: Locations on map are approximate. Numbers affected by rounding. Figures for source d include ongoing and completed projects, and account for the IRRF, ISFF, ESF, and CERP funds.

ESSENTIAL SERVICES^h

TAMEEM ELECTRICITY—AVERAGE DAILY LOAD SERVED AND DEMAND
 Megawatts (MW)



ECONOMY

Tameem's Provincial Development Strategy (PDS) noted these challenges to economic development in the province:⁵³²

- limited contacts and connection to foreign direct investment
- immigration of Iraqi intellectuals, local investors, and human capital
- underdevelopment of agricultural potential
- decline of public expenditure on agriculture
- difficulty in using the province's financial resources

The continuing drought in Iraq has significantly affected the Tameem province, particularly in the al-Zab area, south of Kirkuk. The wheat crop is a complete loss in this area. Moreover, while visiting sheep grazing areas in the province, the PRT Agriculture Team found abandoned villages of shepherders.⁵³³ This quarter, the KRG began releasing water from Lake Dokan to help meet the province's municipal, industrial, and irrigation requirements.⁵³⁴

This quarter, the Iraqi Al-Aman microfinance

institution opened two satellite offices in Kirkuk. The institution has assisted the Iraqi Company for Bank Guarantees (ICBG) in lending to small and micro-enterprises.⁵³⁵

ESSENTIAL SERVICES

The PDS noted these challenges in the essential services sectors:⁵³⁶

- **Water.** Projects do not have sufficient electricity, main water lines are tapped illegally, observation stations must be constructed to protect new projects, and citizens lack general awareness of water usage restrictions.
- **Health Care.** There is a shortage of medical supplies and sophisticated devices, as well as physician training opportunities and facilities.
- **Education.** Teachers do not have adequate access to basic services, the curricula is outdated, schools are crowded, and displaced children do not have adequate access to schooling—particularly the illiterate.

PRT Kirkuk is working to improve essential services in the province's largest city. The **Kirkuk Solid Waste Program** was initiated in 2005 at a

PROVINCE BACKGROUND

GOVERNOR:

Abdul Rahman Mustafa Fattah

KEY FEATURES:

- Large oil reserves located in Kirkuk, which is also the cultural center for the Iraqi Turkmen ethnic group

ECONOMIC ACTIVITY:

- Strong agricultural and industrial base
- Rich in oil and natural gas reserves



Iraqis gather at food distribution point in Tameem. (Defense Imagery photo)

cost of \$22 million for construction, equipment, trucks, and training costs. Nearly \$9 million of the project was funded by the CERP. GRD estimates that this project will serve approximately one million Iraqis and create sustainable employment for 700 workers.⁵³⁷

This quarter, the PRT in Tameem coordinated with the Kirkuk Directorates of Health and Education to complete a free prescription eyewear program for elementary school children. Of 6,300 students tested, free prescription glasses were delivered to 275 vision-impaired children.⁵³⁸ The project was completed on May 4, 2008.

GOVERNANCE

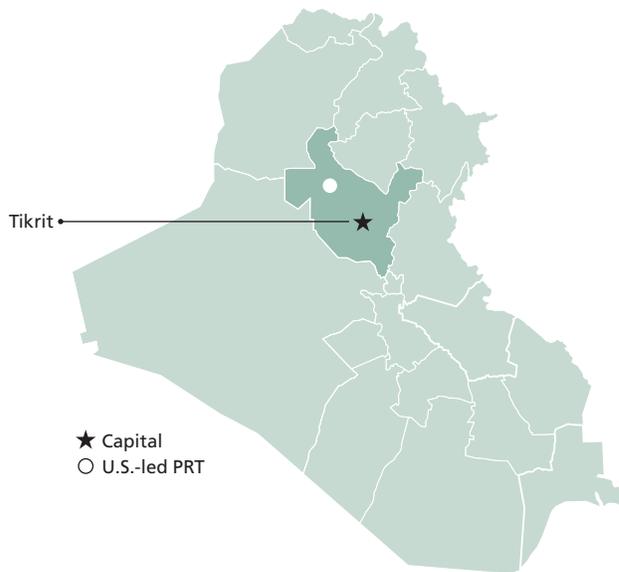
A recent PRT assessment rated Tameem's governance capabilities at 2.0 (Developing) of a possible 5.0 (Self-reliant)—unchanged from a November 2007 assessment. Seven provinces are ranked above Tameem and one below.⁵³⁹

This quarter, the Provincial Council made significant progress in the implementation of the 13-point agreement between the Kirkuk Brotherhood List (KBL) and the Arab Bloc by swear-

ing in the Kurdish and Arab members of the re-constituted Kirkuk City Council. As part of the agreement, the Council is required to ensure a diverse ethnic composition. However, progress on the formation of this Council is stalled until the Turkman and Christian nominees are identified and approved by their respective political entities.⁵⁴⁰ The re-constitution of the local Council represents advancement toward political reconciliation in the province.

SECURITY

DoD reported that there were just under two attacks daily in Tameem from February 23, 2008, to May 31, 2008, making the province the sixth most violent in Iraq.⁵⁴¹ Despite the relatively low level of attacks, the security situation is deteriorating,⁵⁴² and Coalition and Iraqi troops are still fighting insurgent groups. Car bombs and assassinations have been increasing as different ethnic groups vie for power ahead of provincial elections. Tameem is expected to achieve PIC by December 2008.⁵⁴³



SALAH AL-DIN

CAPITAL: Tikrit
POPULATION:^a 1.08 million
RELIGION:^b 96% Sunni, 4% Shia
CAPITAL BUDGET:^c \$150 million, 11% expended
U.S. PROJECTS:^d 3,249
U.S. PROJECT COSTS:^d \$814 million

RECONSTRUCTION PROJECTS^e

MAJOR U.S.-FUNDED PROJECTS (\$ MILLIONS)

	DISTRICT	PROJECT NAME	TOTAL COST	FUND	FORECAST/ACTUAL COMPLETION
1	Al-Daur	Upgrade/Maintenance Gas Power Plant at Baiji	\$62.34	IRRF 2	1/1/2005
2	Baiji	Construct Baiji-Haditha 400kV Overhead Line	\$28.20	IRRF 2	7/31/2008
3	Baiji	Rehabilitate Boilers and Turbines in Baiji Power Plant	\$21.12	IRRF 1	8/31/2004
4	Tooz	Baghdad-Kirkuk 2D Carriageway-Northern Segment	\$15.38	IRRF 2	12/31/2008
5	Tooz	Baghdad-Kirkuk 2D Carriageway - Southern Segment	\$13.84	IRRF 2	12/31/2008

SECURITY^g

PIC DATE: January 2009

AVERAGE DAILY ATTACKS

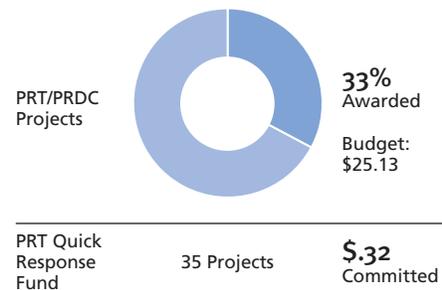
TIME PERIOD	AVERAGE NUMBER OF DAILY ATTACKS	TREND
December 1, 2007–February 22, 2008	8.73	↓
February 23, 2008–May 31, 2008	6.28	

Sources:

^a UNOCHA, "Iraq-Population by Governorate," November 19, 2007.
^b IOM, "IOM Displacement Data Used for Associated Press Interactive Website," May 2008, www.iom-iraq.net.
^c Ministry of Finance, *Capital Report*, March 2008, provided by the U.S. Treasury, June 29, 2008.
^d IRMS, *ITAO Rollup*, July 7, 2008; IRMS, CERP Excel Workbook, June 30, 2008; USAID, *Activities Report*, July 16, 2008.
^e IRMS, *ITAO Rollup*, July 7, 2008; USAID, *Activities Report*, July 16, 2008.
^f ITAO, response to SIGIR data call, June 29, 2008.
^g MNF-I, *SPA Assessments*, June 2008; MNF-I, response to SIGIR data call, July 12, 2008. SIGACTS III Database (Coalition Reports only) as of February 23, 2008, and June 1, 2008. Data reflects executed enemy attacks targeted against Coalition, ISF, civilians, Iraqi infrastructure, and government organizations. Does not include IEDs and mines found and cleared.
^h ITAO, *IRMO Electricity Daily Units Performance Reports*, April 1, 2007–June 29, 2008; ITAO, *Weekly Status Reports*, April 1, 2007–June 29, 2008.

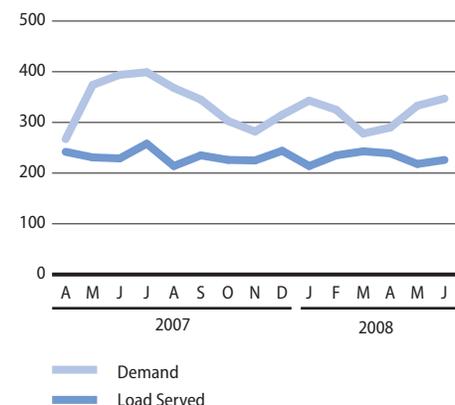
Notes: Locations on map are approximate. Numbers affected by rounding. Figures for source d include ongoing and completed projects, and account for the IRRF, ISFF, ESF, and CERP funds.

PRT PROJECTS^f \$ MILLIONS



ESSENTIAL SERVICES^h

SALAH AL-DIN ELECTRICITY—AVERAGE DAILY LOAD SERVED AND DEMAND
 Megawatts (MW)



ECONOMY

The Salah Al-Din Provincial Development Strategy (PDS) establishes these general economic development goals:⁵⁴⁴

- Expand the cultivated area in the province.
- Fully exploit modern irrigation systems.
- Allocate asphalt factories to the directorate of road maintenance.
- Intensify monitoring at border cross points to stop agricultural smuggling.
- Build tourist facilities within relic sites.

This quarter, the **Iraqi-Based Industrial Zone (I-BIZ) Service Center** opened at Joint Base Balad. The opening of the center is one of several initiatives of the new I-BIZ program, which aims to provide local Iraqi entrepreneurs opportunities to grow their businesses on or near military bases. The service center will provide maintenance for non-tactical vehicles owned by Coalition forces. Additional I-BIZ plans for Balad

include a remanufacturing facility for shipping containers, retail facilities, and a vocational training center.⁵⁴⁵

USAID's **Agribusiness Program**, which was allocated \$92.5 million of the ESF, supports agricultural manufacturing in the city of Balad. Using a \$5 million grant from the program, the Balad Canning Factory restarted operations. When the revitalization is complete, the factory will employ up to 1,100 people and engage 100 wholesale suppliers and 60 wholesale buyers from Salah Al-Din, Diyala, Baghdad, Tameem, Kut, Hilla, Anbar, and Basrah.⁵⁴⁶ The factory will have the capacity to process close to 20,000 tons of dates, tomatoes, sesame, wheat, and corn.⁵⁴⁷

ESSENTIAL SERVICES

The PDS established these goals in the essential-service sectors:⁵⁴⁸

- Expand the access of public services to include villages.

PROVINCE BACKGROUND

GOVERNOR:

Hamad Hamood Shukti

KEY FEATURES:

- Located in the middle of Iraq
- Climate ranges between dry and semi-dry

ECONOMIC ACTIVITY:

- Rich in agriculture and natural resources, such as oil, gas, sulphur, and salt



Baiji Power Plant in Salah Al-Din.

- Extend road networks to all rural settlements and villages.
- Raise the standard of health in the province.
- Construct new laboratories and upgrade existing ones.
- Upgrade projects to comply with international standard specifications.
- re-introducing previously distant local leaders to the Provincial Council
- planning with the United Nations to convene a “Development of Samarra” conference
- escorting more than 20 women to Erbil to attend a women’s conference to focus on enhancing the ability of women to participate in provincial governments

The \$1.1 million **Baiji Villages Electrical Network** was completed this quarter. This ESF project accomplished construction of 32 km of 11-kV overhead electrical distribution lines to benefit approximately 35,000 local residents in the province.⁵⁴⁹

This quarter, the ESF Quick Response Fund supported the distribution of more than \$147,000 in medical textbooks for physicians across the province. The local PRT also helped to establish a local medical NGO to coordinate activities to improve medical conditions in the province.⁵⁵⁰

GOVERNANCE

A recent PRT assessment rated Salah Al-Din’s governance capabilities at 3.0 (Sustaining) of a possible 5.0 (Self-reliant)—an improvement from the November 2007 assessment, which was reported as 2.0 (Developing). Nine provinces currently rank below Salah Al-Din.⁵⁵¹

This quarter, the PRT in Salah Al-Din moved forward on several governance initiatives:⁵⁵²

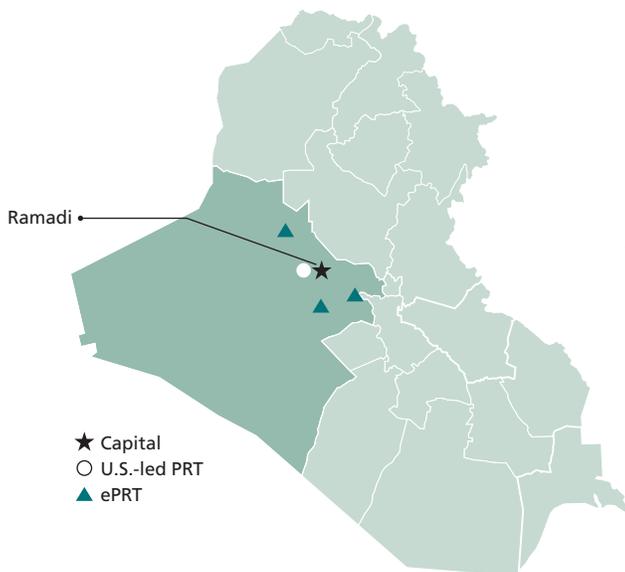
SECURITY

In June 2008, DoD reported that Salah Al-Din was the third most violent province in Iraq, averaging more than six daily attacks.⁵⁵³ However, attacks have fallen by 28% since last quarter.⁵⁵⁴ The situation remains challenging, and military operations in neighboring Ninewa have created an uneasy security situation in northwestern parts of the province.⁵⁵⁵

Iraq’s Prime Minister has ordered an additional National Police Brigade to be established in the province to help meet these security challenges.⁵⁵⁶ The Sons of Iraq also continue to provide protection at the neighborhood level.

In Tikrit, the United States funds an Iraqi-led reeducation and reintegration pilot program to help Sons of Iraq members transition from their current security teams to long-term employment when their service ends.

Salah Al-Din is expected to transition to Provincial Iraqi Control in early 2009.⁵⁵⁷



ANBAR

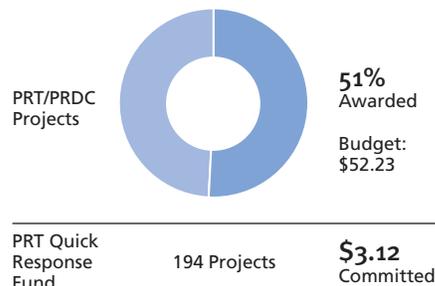
CAPITAL: Ramadi
POPULATION:^a 1.28 million
RELIGION:^b 99% Sunni, 1% Shia
CAPITAL BUDGET:^c \$192 million (expenditures not reported)
U.S. PROJECTS:^d 7,139
U.S. PROJECT COSTS:^d \$1.7 billion

RECONSTRUCTION PROJECTS^e

MAJOR U.S.-FUNDED PROJECTS (\$ MILLIONS)

DISTRICT	PROJECT NAME	TOTAL COST	FUND	FORECAST/ ACTUAL COMPLETION
1 Falluja	Construct 1st Div. IA Base at Camp India	\$53.64	IRRF 2	Ongoing
2 Al-Ka'im	Construct 3rd BDE HQ and 1st BN, 3rd BDE/7th Div. at Al Qaim	\$42.38	ISFF	Ongoing
3 Ramadi	7th Div. HQ MTR and DTB at Camp Mejed	\$35.33	ISFF	Ongoing
4 Ramadi	Construct New 132kV Substation at Ramadi	\$30.98	IRRF 2	9/15/2008
5 Ramadi	Construct 1st BDE, 7th Div. HQ and 3 BNs at Ramadi	\$27.80	ISFF	Ongoing

PRT PROJECTS^f \$ MILLIONS



SECURITY^g

PIC DATE: July 2008

AVERAGE DAILY ATTACKS

TIME PERIOD	AVERAGE NUMBER OF DAILY ATTACKS	TREND
December 1, 2007–February 22, 2008	2.37	↓
February 23, 2008–May 31, 2008	1.95	

Sources:

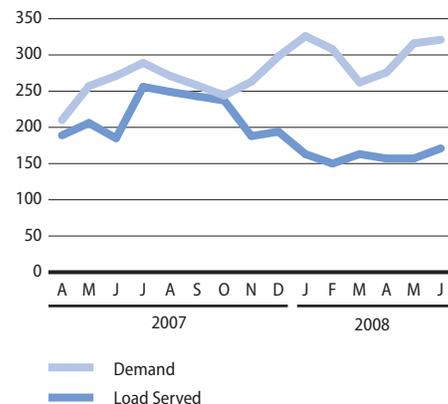
^a UNOCHA, "Iraq-Population by Governorate," November 19, 2007.
^b IOM, "IOM Displacement Data Used for Associated Press Interactive Website," May 2008, www.iom-iraq.net.
^c Ministry of Finance, *Capital Report*, March 2008, provided by the U.S. Treasury, June 29, 2008.
^d IRMS, *ITAO Rollup*, July 7, 2008; IRMS, CERP Excel Workbook, June 30, 2008; USAID, *Activities Report*, July 16, 2008.
^e IRMS, *ITAO Rollup*, July 7, 2008.
^f ITAO, response to SIGIR data call, June 29, 2008.
^g MNF-I, *SPA Assessments*, June 2008; MNF-I, response to SIGIR data call, July 12, 2008. SIGACTS III Database (Coalition Reports only) as of February 23, 2008 and June 1, 2008. Data reflects executed enemy attacks targeted against Coalition, ISF, civilians, Iraqi infrastructure, and government organizations. Does not include IEDs and mines found and cleared.
^h ITAO, *IRMO Electricity Daily Units Performance Reports*, April 1, 2007–June 29, 2008; ITAO, *Weekly Status Reports*, April 1, 2007–June 29, 2008.

Notes: Locations on map are approximate. Numbers affected by rounding. Figures for source d include ongoing and completed projects, and account for the IRRF, ISFF, ESF, and CERP funds.

ESSENTIAL SERVICES^h

ANBAR ELECTRICITY—AVERAGE DAILY LOAD SERVED AND DEMAND

Megawatts (MW)



ECONOMY

Anbar is an industrial and agricultural province with diverse resources; however, its agriculture sector remains dependent on supplies of irrigation water because the province has an arid climate, with minimal rainfall.⁵⁵⁸ These are some of the challenges to economic development noted in Anbar's Provincial Development Strategy (PDS):⁵⁵⁹

- obsolescence of technology
- limited number of banks and lack of sophisticated online banking
- lack of commercial centers
- weak private-sector participation

One of the goals of the Provincial Council is to increase the production of field crops. Supporting provincial farmers, USAID's **Inma Agribusiness Development Program** (ESF) provided improved, high-yield varieties of wheat and barley seed in 2007 and 2008 for planting on 1,500 acres. Harvest is completed, and Inma purchased 40% of the produce for further distribution to farmers in Anbar, Diyala, Babylon, and Baghdad

areas for the 2008-2009 planting season.⁵⁶⁰

The Iraq Transportation Network—an Iraqi-led contracted management company comprising tribally owned trucking companies—began operations in Anbar this quarter. The network will initially operate 80 trucks under a \$3.5 million contract, with expectations to increase the contract to \$7 million. The GOI hopes to use this network as a model for trucking services throughout Iraq.⁵⁶¹

This quarter, a women's association in the province helped develop 38 small businesses through a PRT-sponsored, self-help economic program. The PRT provides micro-loans to civil society organizations, which in turn provide support to local businesses throughout the province. The \$1,000 micro-loans are supporting businesses ranging from convenience markets to clothing boutiques.⁵⁶² Moreover, access to banking services is expanding in Falluja, the largest city in the province. Al Warka Bank recently opened four branches in the city, extending savings and checking accounts to local residents.⁵⁶³

PROVINCE BACKGROUND

GOVERNOR:
Not Yet Selected

KEY FEATURES:

- Largest province representing $\frac{1}{3}$ of the area of Iraq
- Ranks 9th in population size
- Hot and dry climate
- Borders Syria, Jordan, and Saudi Arabia

ECONOMIC ACTIVITY:

- Outputs include seeds, beans, and potatoes, palm groves, citrus and other fruits, animals and poultry, and glass and ceramics

ESSENTIAL SERVICES

Challenges in the essential services sectors in Anbar province include the lack of electricity, non-investment of efficient water resources, and weak powers granted to the central services in the province. The PDS established these infrastructure goals for the province:⁵⁶⁴

- Build an advanced information system to address all the details of infrastructure in the province.
- Improve human resources and management of all details of services and infrastructure.
- Provide 80% of basic services within the next five years.

A large ongoing effort in Anbar province is a multi-phase \$85 million central wastewater treatment plant, which will serve Falluja's estimated 200,000 residents. GRD projects that this facility—the first of its kind in the province—will be sufficient to meet wastewater treatment needs until the city integrates its own system.⁵⁶⁵ As of May 2008, the project was 45% complete.⁵⁶⁶

This quarter, the Iraq Republic Railway started moving crude oil from the Baiji Oil Refinery to the Haqlaniyah Train Station in Anbar. Crude oil will be pumped from the train station to the Haditha Oil Refinery, also in Anbar.⁵⁶⁷ According to the PRT leader, privatization of fuel deliveries has resulted in a 300% increase in local fuel supplies and a 50% decline in fuel prices.⁵⁶⁸

GOVERNANCE

A PRT assessment of February 29, 2008, rated Anbar's governance capabilities at 3.0 (Sustaining) of a possible 5.0 (Self-reliant). This is an improvement from the November 2007 assessment, when governance in the province was rated at 2.0 (Developing). Nine provinces currently rank below Anbar.⁵⁶⁹

With the assistance of PRT Anbar, the PC put together a strategic plan that includes a series of steps on how to improve local governance and address these problems:⁵⁷⁰

- Legislative and executive powers are unclear, and decisions of these governing bodies are not effectively detailed or applied.
- Several unofficial authorities operate in the province.
- Administrative and financial corruption must be curbed.
- The effects of media negligence must be counteracted.
- There is no central database of information necessary for efficient decision-making.

The PC is working on identifying the best mechanism to improve service delivery to the Anbar community, involving citizens in the decision making and conducting studies to set up future plans for the province.⁵⁷¹

This quarter, the PC approved eight Planning and Sustainment projects as part of the PRT's ESF Provincial Reconstruction Development Committee (PRDC) programs. Priorities for the



Solar-powered pump provides drinking water for Iraqis in Falluja. (U.S. Embassy photo)

\$4.5 million budget include a master plan for irrigation, a feasibility study for a civilian airport in Habbaniyah, and a survey of Anbar's electrical system, as well as master plans for sewage and solid waste for the cities of Ramadi and Falluja.⁵⁷²

The Anbar PRT introduced a public-finance and project-management initiative at the PC meeting. The program envisions training for the PRDC, which was recently voted as a permanent PC committee, and the establishment of two new bodies—a Contracting Office and Project Coordination Office, which will maintain a project database.

SECURITY

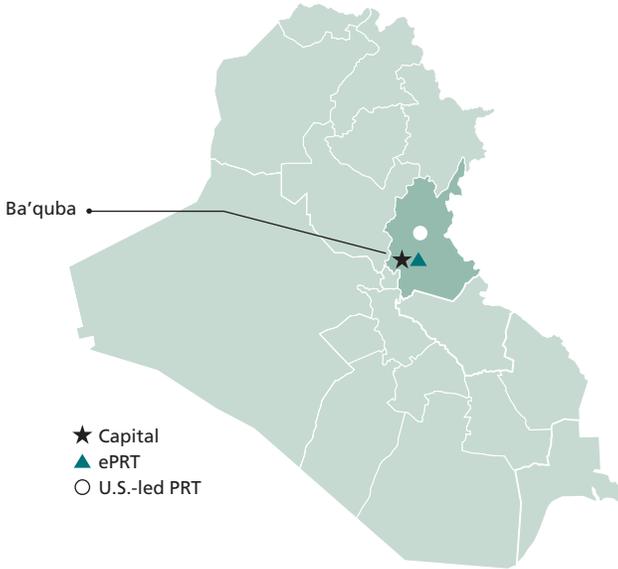
Once the most violent province in Iraq, Anbar has evolved since 2007 to become one of the more secure in the country. Daily attacks peaked in 2006, averaging more than 40 per day from August 12 to November 10. During the most recent reporting period—February 23–May 31, 2008—Anbar averaged slightly less than 2 attacks per day.⁵⁷³ Several factors contributed to improvement of the security environment:

- The military surge in mid-2007 provided an influx of U.S. and Iraqi troops to fight al-Qaeda

and other insurgent elements in Baghdad and Anbar.

- The Anbar Awakening, begun in 2007, saw tribal leaders banding together to counter al-Qaeda's influence across the province.
- The Sons of Iraq, a product of the Awakening movement, introduced local groups of men, operating under the supervision of local police commanders, to act as a counterinsurgency force by patrolling their neighborhoods.

Anbar was expected to transition to Provincial Iraqi Control in July 2008.⁵⁷⁴ Preparatory events for PIC included an MNF-West hosted the "Anbar Leadership Conference" at Camp Falluja, which was attended by senior provincial officials, mayors, Provincial Council members, and tribal sheiks. At the conference, Anbari leaders were briefed on the security situation and discussed a range of economic and reconstruction issues. Additionally, officials from the Ministries of Defense and Interior flew to Ramadi to discuss PIC issues.⁵⁷⁵ However, the planned transition did not occur. According to the U.S. military, a sandstorm delayed the ceremony.⁵⁷⁶



DIYALA

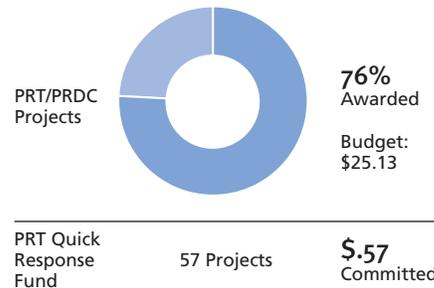
CAPITAL: Ba'quba
POPULATION:^a 1.37 million
RELIGION:^b 52% Sunni, 48% Shia
CAPITAL BUDGET:^c \$168 million (expenditures not reported)
U.S. PROJECTS:^d 3,074
U.S. PROJECT COSTS:^d \$912 million

RECONSTRUCTION PROJECTS^e

MAJOR U.S.-FUNDED PROJECTS (\$ MILLIONS)

DISTRICT	PROJECT NAME	TOTAL COST	FUND	FORECAST/ ACTUAL COMPLETION
1	Baladrooz Design Balad Rooz Water Supply Project Phase #1	\$44.52	IRRF 2	7/20/2006
2	Ba'quba Construct Kahn Bani Sa'ad Prison Facilities	\$40.50	IRRF 2	11/30/2007
3	Baladrooz Renovate Iraqi Military College At Ar Rustamiyah	\$38.62	IRRF 2	8/26/2006
4	Ba'quba Police Station—Diyala Operations Center	\$37.00	ISFF	8/16/2007
5	Khanaqin Construct Facilities At Fob Normandy	\$35.20	ISFF	9/15/2008

PRT PROJECTS^f \$ MILLIONS



SECURITY^g

PIC DATE: January 2009

AVERAGE DAILY ATTACKS

TIME PERIOD	AVERAGE NUMBER OF DAILY ATTACKS	TREND
December 1, 2007–February 22, 2008	5.26	↓
February 23, 2008–May 31, 2008	3.58	

Sources:

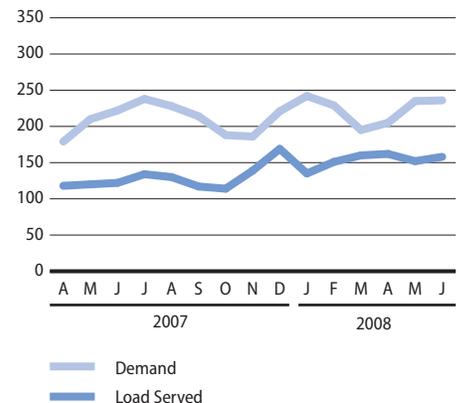
^a UNOCHA, "Iraq-Population by Governorate," November 19, 2007.
^b IOM, "IOM Displacement Data Used for Associated Press Interactive Website," May 2008, www.iom-iraq.net.
^c Ministry of Finance, *Capital Report*, March 2008, provided by the U.S. Treasury, June 29, 2008.
^d IRMS, *ITAO Rollup*, July 7, 2008; IRMS, CERP Excel Workbook, June 30, 2008; USAID, *Activities Report*, July 16, 2008.
^e IRMS, *ITAO Rollup*, July 7, 2008; SIGIR PA-08-138, "Kahn Bani Sa'ad Correctional Facility," July 2008.
^f ITAO, response to SIGIR data call, June 29, 2008.
^g MNF-I, *SPA Assessments*, June 2008; MNF-I, response to SIGIR data call, July 12, 2008. SIGACTS III Database (Coalition Reports only) as of February 23, 2008, and June 1, 2008. Data reflects executed enemy attacks targeted against Coalition, ISF, civilians, Iraqi infrastructure, and government organizations. Does not include IEDs and mines found and cleared.
^h ITAO, *IRMO Electricity Daily Units Performance Reports*, April 1, 2007–June 29, 2008; ITAO, *Weekly Status Reports*, April 1, 2007–June 29, 2008.

Notes: Locations on map are approximate. Numbers affected by rounding. Figures for source d include ongoing and completed projects, and account for the IRRF, ISFF, ESF, and CERP funds.

ESSENTIAL SERVICES^h

DIYALA ELECTRICITY—AVERAGE DAILY LOAD SERVED AND DEMAND

Megawatts (MW)



ECONOMY

These are some of the economic goals noted in Diyala's Provincial Development Strategy (PDS):⁵⁷⁷

- Reduce the number of people living below the poverty line by two-thirds.
- Abolish the state monopoly of the economy that hindered development in 2007.
- Provide Internet access and telephone services to citizens.
- Increase the number of families owning their homes to 90%.
- Improve the province's banking system through stronger support of the banks.

This quarter, Diyala's first automatic teller machine (ATM) opened in Ba'quba, the capital of the province. In recent quarters, the Al Warka Bank has increased its visibility and operations as a result of a restored cash flow into the province. The bank plans to install three more ATMs around the city and a new branch in Kahn Bani Sa'ad, a location that had long been considered too dangerous.⁵⁷⁸

PROVINCE BACKGROUND

GOVERNOR:

Ra'ad Hamid Haris

KEY FEATURES:

- Located along the fertile tributaries of the Tigris River

ECONOMIC ACTIVITY:

- Main industry is date palm groves
- Also produces pomegranates, vegetables, fruits, grains, honey, and livestock

Agriculture has been Diyala's main industry because of its proximity to two major water sources. However, the lack of precipitation has caused water shortages that are significantly affecting the agricultural sector and slowing recent economic gains from improved security.⁵⁷⁹

Growers in Diyala focus on date production, and large palm groves are being cultivated throughout the province.⁵⁸⁰ This quarter, a PRT agricultural expert advised the GOI on a date spraying campaign, which resulted in treatment of nearly 13,000 acres with a 75%-80% success rate against the date-palm leafhopper.⁵⁸¹

This quarter, the ESF Quick Response Fund allocated nearly \$98,000 to create a farm in Ba'quba that demonstrates new technologies for producing horticulture seedlings and using recycled plastic as mulch for fruit and vegetable production. These methods have the potential to increase production by 80%.⁵⁸²

ESSENTIAL SERVICES

The PDS established these objectives for the essential services sectors:⁵⁸³

- **Water.** Ensure the widest possible coverage for safe drinking water and improve the sewer system to reach 50% of the population.
- **Health Care.** Ensure the widest possible coverage of health services and engage in vaccination campaigns.
- **Education.** Ensure completion of primary and secondary education for all children, working on increasing the rate of enrollment in first intermediate classes to 95% male and 90% female.

In Ba'quba, Diyala's first ATM is now in operation. (U.S. Embassy photo)



This quarter, work continued on the **Baladrooz Water Treatment Plant Power Supply** project in the village of Qadas Baladrooz. Funded by \$3.5 million of the IRRF, the project was reported 83% complete at the end of May. Once finished, the project's 132/33-kV power substation and 33-kV transmission line will provide power to the Baladrooz Water Treatment Plant, which supplies drinking water to 72,000 local residents.⁵⁸⁴

Work continued this quarter on the **Diyala-Nofal 33/11-kV Substation**. The \$3.3 million IRRF project includes the installation of switchgear, two transformers, and the construction of a new control building. Once complete, in July 2008, the project will provide reliable power to about 10,000 people in the city of Al-Muqadiriya.⁵⁸⁵

GOVERNANCE

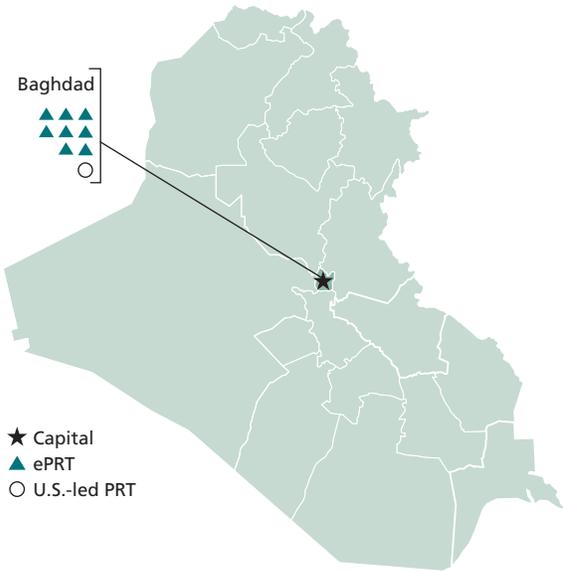
A PRT assessment of February 29, 2008, rated Diyala's governance capabilities at 3.0 (Sustaining) of a possible 5.0 (Self-reliant). This is an improvement from the November 2007 assessment. Nine provinces currently rank below Diyala.⁵⁸⁶

The Diyala PRT started a program to install computers and provide specialized software training to officials at the Diyala Government Center. This program aims to improve the province's government capacity and expedite budget execution.⁵⁸⁷ With only limited success in executing funds 2006 and 2007, the Diyala government must now execute three budgets (2006, 2007, and 2008) simultaneously. The PRT has been assisting with this significant task.⁵⁸⁸

SECURITY

In June 2008, Diyala was the fourth most violent province in Iraq, averaging more than 3.5 attacks each day.⁵⁸⁹ Since 2007, violence has been declining, but there were a series of attacks this quarter by female suicide bombers. Diyala is now expected to achieve PIC status by January 2009.

On June 14, 2008, SIGIR inspected the **Kahn Bani Sa'ad Correctional Facility**. The contract was to construct a new secure prison facility to house 3,600 inmates. At the time of SIGIR's visit, the facility was neither secured nor occupied by the GOI. SIGIR noted numerous construction deficiencies and observed that the facility was in the same unfinished state when ownership was transferred to the GOI in August 2007. Moreover, the majority of \$1.2 million in materials—which were abandoned at the time of contract termination—was missing from the site. SIGIR recommended that the Commanding General of Multi-National Force-Iraq and the Director of the Iraq Transition Assistance Office work with the GOI to identify an Iraqi ministry or element of the Diyala Provincial Government that can make use of the facility.⁵⁹⁰



BAGHDAD

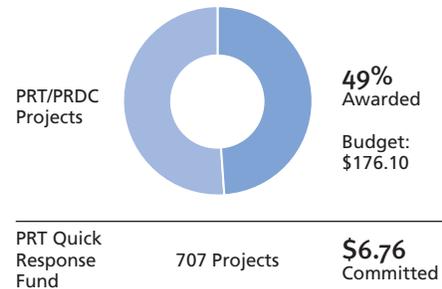
POPULATION:^a **6.39 million**
 RELIGION:^b **20% Sunni, 80% Shia**
 CAPITAL BUDGET:^c **\$885 million, 2% expended**
 U.S. PROJECTS:^d **17,153**
 U.S. PROJECT COSTS:^d **\$7.0 billion**

RECONSTRUCTION PROJECTS^e

MAJOR U.S.-FUNDED PROJECTS (\$ MILLIONS)

	DISTRICT	PROJECT NAME	TOTAL COST	FUND	FORECAST/ACTUAL COMPLETION
1	N/A	Construct Qudas Power Plant Expansion	\$182.45	IRRF 2	12/31/2008
2	Karkh	Doura Power Plant Rehab Units 5&6	\$88.59	IRRF 1	6/15/2005
3	Karkh	Al Ameen 400kV Substation Rehab	\$61.57	IRRF 2	3/8/2005
4	Karkh	Construct Brigade IIF Compound at Rasheed	\$58.32	IRRF 2	11/21/2005
5	Baghdad International Airport	Construct 6th Div. Units at Old Muthanna Airfield	\$57.66	ISFF	3/2/2007

PRT PROJECTS^f \$ MILLIONS



SECURITY^g

PIC DATE: **May 2009**

AVERAGE DAILY ATTACKS

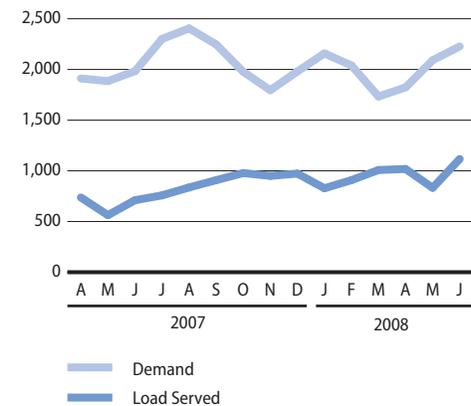
TIME PERIOD	AVERAGE NUMBER OF DAILY ATTACKS	TREND
December 1, 2007–February 22, 2008	15.60	↑
February 23, 2008–May 31, 2008	24.02	

Sources:
^a UNOCHA, "Iraq–Population by Governorate," November 19, 2007.
^b IOM, "IOM Displacement Data Used for Associated Press Interactive Website," May 2008, www.iom-iraq.net.
^c Ministry of Finance, *Capital Report*, March 2008, provided by the U.S. Treasury, June 29, 2008.
^d IRMS, *ITAO Rollup*, July 7, 2008; IRMS, CERP Excel Workbook, June 30, 2008; USAID, *Activities Report*, July 16, 2008.
^e IRMS, *ITAO Rollup*, July 7, 2008; USAID, *Activities Report*, July 16, 2008.
^f ITAO, response to SIGIR data call, June 29, 2008.
^g MNF-I, *SPA Assessments*, June 2008; MNF-I, response to SIGIR data call, July 12, 2008. SIGACTS III Database (Coalition Reports only) as of February 23, 2008 and June 1, 2008. Data reflects executed enemy attacks targeted against Coalition, ISF, civilians, Iraqi infrastructure, and government organizations. Does not include IEDs and mines found and cleared.
^h ITAO, *IRMO Electricity Daily Units Performance Reports*, April 1, 2007–June 29, 2008; ITAO, *Weekly Status Reports*, April 1, 2007–June 29, 2008.

Notes: Locations on map are approximate. Numbers affected by rounding. Figures for source d include ongoing and completed projects, and account for the IRRF, ISFF, ESF, and CERP funds.

ESSENTIAL SERVICES^h

BAGHDAD ELECTRICITY—AVERAGE DAILY LOAD SERVED AND DEMAND
 Megawatts (MW)



ECONOMY

Nearly 23% of Iraq’s population resides in Baghdad province. Security improvements have resulted in economic gains that have allowed some agricultural products to thrive.⁵⁹¹ In its 2008-2012 Provincial Development Strategy (PDS), the Baghdad Provincial Council reports that the region has fertile soil, fit for cultivation; however, urbanization of the province and neglect has severely damaged potential agricultural activity.⁵⁹² The plan also highlights one of the most significant problems—failure to use modern methods in land reclamation and irrigation. The PDS established these goals for economic development in the province:⁵⁹³

- Establish a plan for land reclamation.
- Assist farmers to provide materials at subsidized prices.
- Rehabilitate and modernize industrial installations and plants.
- Promote Iraqi and foreign investment in the province.

PROVINCE BACKGROUND

GOVERNOR:

Husayn Muhammad Ali al-Tahan

KEY FEATURES:

- Host to Iraq’s capital city, it is the smallest of the 18 provinces, but largest in population

ECONOMIC ACTIVITY:

- Produces dates, oranges, and olives

- Establish tourism facilities and distinguished tourist attractions.

Agricultural advisors in a Baghdad ePRT are providing technical and financial assistance to increase the production and efficiency of local fish hatcheries and fish-feed mills. Annual fingerling production in the area increased from less than 100,000 to greater than 500,000. With PRT assistance of \$85,000, fish farmers have re-established markets in Baghdad.⁵⁹⁴

Improved security and increased access to financing have allowed some businesses in southern Baghdad to reemerge. With the assistance of a series of \$2,500 small-business grants and improved security conditions, local businesses have begun reinvesting in the community.⁵⁹⁵ The ePRTs in Baghdad are focusing on providing micro-grants for business development. Of the micro-grant proposals submitted, 60% were recommended for fulfillment, based on budget availability, and 15% were recommended for short-term fulfillment. Moreover, two micro-lending sources opened in the Rashid district this quarter.⁵⁹⁶

ESSENTIAL SERVICES

The PDS established these priorities for the essential services sectors:⁵⁹⁷

- **Electricity.** Establish new power generation stations, provide spare parts for existing power stations, develop programs for alternatives to power generation, ensure equitable distribution of power sharing for Baghdad, provide fuel needed to operate stations, and provide security protection for electricity infrastructure.

- **Water.** Build new water filtration systems, extend potable water networks to new neighborhoods, install new pumping stations, and construct water compact units for areas on the edges of Baghdad.
- **Health Care.** Build and modernize hospitals, build medicine factories, provide medicines imported from international companies, and develop test centers for serious diseases.
- **Education.** Increase the number of schools, reintroduce a food program for primary and middle schools, modernize school equipment and curricula, and improve the standard of living for teachers.

About 75% of the homes and businesses in Baghdad are connected to electrical distribution lines.⁵⁹⁸ This quarter, the **Al-Rasheed 400-kV substation** was energized on May 28, 2008, and the Ministry of Electricity completed a new 400-kV transmission line to the station. This line, which connects local residents directly to the national grid, translates into a 30-40% increase in the hours of power provided per day.⁵⁹⁹

Following its completion, by the end of 2008, the **Qudas Gas Turbine Expansion** project will provide power to an additional 180,000 homes on the Baghdad/Anbar grid.⁶⁰⁰ Just more than \$161 million has been obligated on this project, and nearly 82% has been expended. The project will provide two new gas turbines capable of producing 90 MW each.⁶⁰¹ For more information on distributing power to Baghdad, see discussion of the *Ministry of Electricity* in Section 2b.

Only about 30% of Baghdad homes and businesses are connected to water distribution lines.⁶⁰² This quarter, the Community Action Program (CAP) staff reported that a severe water shortage in Sadr City affected thousands of families. To provide relief, the CAP distributed more than 16,000 cases of water to 10 sectors of Sadr City.⁶⁰³

Ten new CERP water projects were started this quarter under a combined budget of \$2.6 million. The largest project is a water pipe in the Mada'in district, valued at \$1.9 million.⁶⁰⁴

This quarter, several large water projects funded by the IRRF neared completion:

- The \$1.2 million **Al Doura M826 Water Network** was expected to be completed by the end of June 2008.⁶⁰⁵ This IRRF project provides a pipe system and valves connecting 1,150 businesses and homes, and the network supports the distribution of water to approximately 15,000 Baghdad residences.
- Another large IRRF project, the rehabilitation of the **Kamaliya Water and Sewer system** was also completed this quarter. Begun in February 2005, the \$30.5 million IRRF water-systems network serves an estimated 100,000 residents in the Nissan neighborhood.⁶⁰⁶
- A \$6.9 million project to augment the water system nears completion. In addition to constructing and overhauling **Sadr City R3 Water Treatment Plant**, this project will provide maintenance for the water treatment facility, which was begun in December 2006. More than 18,000 residents of Sadr City and Abu Nuwass will benefit.



Shark Dijla Water Treatment Plant along Tigris River in northern Baghdad.

In Baghdad, work continued on the construction of a new elementary school in the Al-Resafa district in Baghdad. Funded by nearly \$940,000 of the ESF, the project is to design and construct a new **18-classroom elementary school**, including a security wall around the property. The estimated completion date is July 31, 2008.⁶⁰⁷

GOVERNANCE

A recent PRT assessment of February, 29, 2008, rated Baghdad's governance capabilities at 2.0 (Developing) of a possible 5.0 (Self-reliant)—unchanged from a November 2007 assessment. Seven provinces are ranked above Baghdad and one below.⁶⁰⁸

PRTs reported that many of displaced families have returned to their homes because of improved security and reduced violence in Sadr City. The Saydeia support council reported the return of 25–30 displaced families per day throughout May 2008. Recent reports note that about 1,200 families have returned to Saydeia since February 2008.⁶⁰⁹

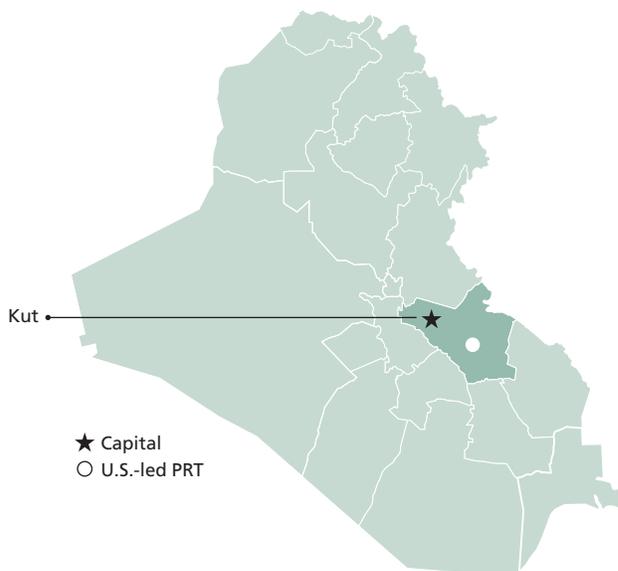
The Baghdad PRT used the ESF Quick Response Fund (\$200,000) for the dissemination of TV programs that support Coalition objectives

and for the support of the Dijla Satellite TV programming as an independent, non-partisan, and non-sectarian medial outlet. This project aims to encourage the return of internally displaced persons (IDPs) and to educate Iraqis about their country and political institutions.

SECURITY

Baghdad is expected to achieve Provincial Iraqi Control in May 2009, but it continues to sustain more attacks than any other province in Iraq, averaging 24 each day.⁶¹⁰ In early May 2008, the Iraqi Security Forces and U.S. troops battled militants in Sadr City until the Sadrists called a ceasefire on May 11, 2008.⁶¹¹ ISF and Coalition efforts served to diminish the capabilities of the indirect fire and rocket-propelled grenade launchers from Sadr City that were hitting the International Zone and other parts of Baghdad.⁶¹²

Despite the ceasefire, violence continues. In late June 2008, a Baghdad ePRT staff member, two DoD civilian employees, and two military soldiers were killed in an explosion in Sadr City.⁶¹³



WASSIT

CAPITAL: Kut
POPULATION:^a 941,800
RELIGION:^b 100% Shia
CAPITAL BUDGET:^c \$137 million, 0.2% expended
U.S. PROJECTS:^d 1,404
U.S. PROJECT COSTS:^d \$452 million

RECONSTRUCTION PROJECTS^e

MAJOR U.S.-FUNDED PROJECTS (\$ MILLIONS)

DISTRICT	PROJECT NAME	TOTAL COST	FUND	FORECAST/ACTUAL COMPLETION
1	Al-Na'maniya An Numinayah Military Base (Anmb) Phase I Part A	\$64.24	IRRF 2	10/31/2004
2	Al-Na'maniya An Numinayah Military Base (Anmb) Phase I Part B	\$34.39	IRRF 2	4/23/2005
3	Al-Na'maniya An Numinayah Military Base (Anmb) Phase I Part B	\$19.52	IRRF 2	4/13/2005
4	Kut Al Kut Academy Expansion	\$17.56	IRRF 2	12/5/2006
5	Al-Suwaira Construct Facilities For 1/1/8 At Diwaniyah	\$14.32	ISFF	9/27/2007

SECURITY^g

PIC DATE: **November 2008**

AVERAGE DAILY ATTACKS

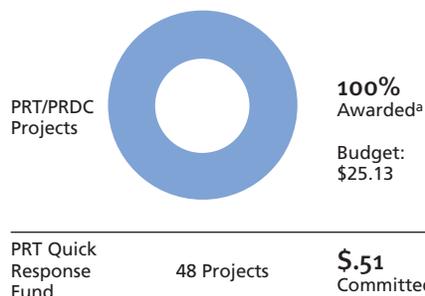
TIME PERIOD	AVERAGE NUMBER OF DAILY ATTACKS	TREND
December 1, 2007–February 22, 2008	.23	↑
February 23, 2008–May 31, 2008	.57	

Sources:

^a UNOCHA, "Iraq-Population by Governorate," November 19, 2007.
^b IOM, "IOM Displacement Data Used for Associated Press Interactive Website," May 2008, www.iom-iraq.net.
^c Ministry of Finance, *Capital Report*, March 2008, provided by the U.S. Treasury, June 29, 2008.
^d IRMS, *ITAO Rollup*, July 7, 2008; IRMS, CERP Excel Workbook, June 30, 2008; USAID, *Activities Report*, July 16, 2008.
^e IRMS, *ITAO Rollup*, July 7, 2008.
^f ITAO, response to SIGIR data call, June 29, 2008. PRT awards exceeded budget by 3%.
^g MNF-I, *SPA Assessments*, June 2008; MNF-I, response to SIGIR data call, July 12, 2008. SIGACTS III Database (Coalition Reports only) as of February 23, 2008 and June 1, 2008. Data reflects executed enemy attacks targeted against Coalition, ISF, civilians, Iraqi infrastructure, and government organizations. Does not include IEDs and mines found and cleared.
^h ITAO, *IRMO Electricity Daily Units Performance Reports*, April 1, 2007–June 29, 2008; ITAO, *Weekly Status Reports*, April 1, 2007–June 29, 2008.

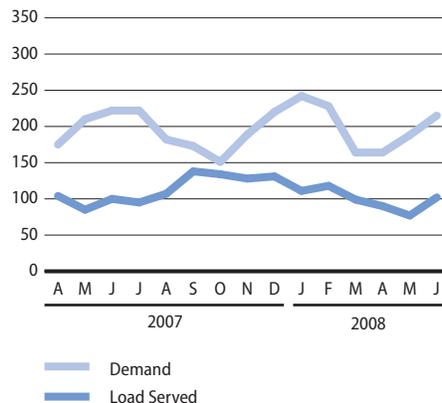
Notes: Locations on map are approximate. Numbers affected by rounding. Figures for source d include ongoing and completed projects, and account for the IRRF, ISFF, ESF, and CERP funds.

PRT PROJECTS^f \$ MILLIONS



ESSENTIAL SERVICES^h

WASSIT ELECTRICITY—AVERAGE DAILY LOAD SERVED AND DEMAND
 Megawatts (MW)



ECONOMY

Wassit's Provincial Development Strategy (PDS) noted that the province "has natural resources such as reserves of natural gas and oil, which are not being exploited due to the central government, the province's lack of authority to exploit these resources, a slow reconstruction process, and the lack of participation by international investment companies."⁶¹⁴ However, it is the sole source of gravel for the south-central region of Iraq.

This quarter, the cost of **Capital Partial Reduction Pilot Program** was approved. Through this program, PRT Wassit will be able to provide small grants to lower the effective rate of interest on loans made by the Iraqi Company for Bank Guarantees (ICBG) in the province. The PRT used the ESF Quick Response Fund to award small grants to medium-sized businesses borrowing money from the ICBG. The \$100,000 grant will facilitate the purchase of approximately 75 new, locally assembled tractors for Wassit farmers.⁶¹⁵ One of the goals noted in the provincial development strategy was to expand the farmers loan program.⁶¹⁶

ESSENTIAL SERVICES

The Wassit PDS establishes these objectives for developing essential services:

- **Water.** Improve the quality of drinking water, reduce water losses, establish sewage treatment plants, and construct a sewer stormwater system.
- **Education.** Allocate land for building schools, increase the number of students attending high schools, ensure the attendance of all boys (age 6-12 years) in elementary schools, and establish education departments.
- **Health Care.** Build hospitals and health centers, including residences for medical staff, and open and operate a training facility for physicians.

This quarter, work on the **Stream Sewage Net Kut City** project continued. This \$1 million, ESF project provides for the design and installation of 3,920 linear meters of sewage lines in Kut. The project is 87% complete.⁶¹⁷ Also in Kut, the Al Hawra/Kut City Sewer Project, funded by \$0.9 million of the ESF, installed approximately 2,955 linear meters of pipe. Other completed projects include the design and construction of two

PROVINCE BACKGROUND

GOVERNOR:

Latif Hamad Turfa

KEY FEATURES:

- Centrally located in the country
- Easily accessible for trade around Iraq and with Iran

ECONOMIC ACTIVITY:

- Sole source of gravel in south-central region of Iraq
- Large grain producer with oil reserves



Newly completed
Sheikh Sa'ad
Bridge in Wassit.
(USACE photo)

compact-unit water treatment plants (50 cubic meters/hour). The unit at Al Jazaer Village was funded with \$0.4 million of the ESF, and another, at Abed Al-Rehdad Al-Bender, was budgeted \$0.7 million.⁶¹⁸

GOVERNANCE

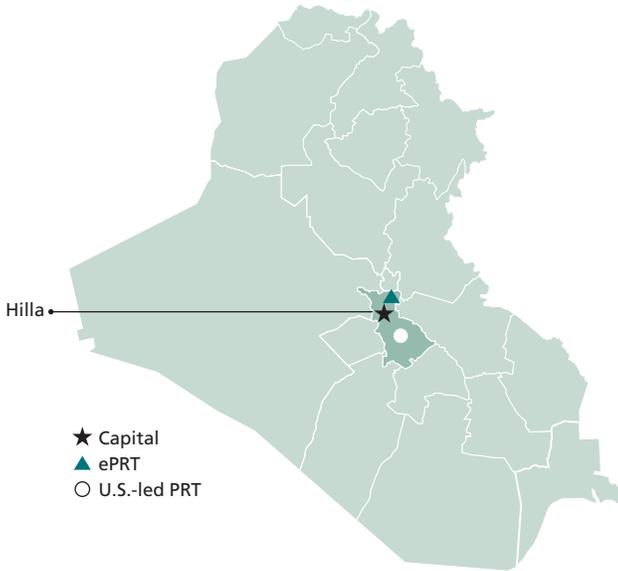
A recent PRT assessment of February 29, 2008, rated Wassit's governance capabilities at 2.0 (Developing) of a possible 5.0 (Self-reliant)—an improvement from the November 2007 assessment. Seven provinces are ranked above Wassit and one below.⁶¹⁹

As of the end of April 2008, Iraqi officials in Wassit province learned that PRTs have spent more than \$38 million on capacity-building projects in the province since January 2007. This quarter, a briefing between the Coalition forces and Wassit officials included an overview of

the money spent from 2003 through 2006 and a detailed look at the more recently completed projects.⁶²⁰

SECURITY

Wassit is Iraq's ninth most violent province, averaging between two or three attacks each week.⁶²¹ It is expected to achieve Provincial Iraqi Control in November 2008.⁶²² However, militant elements remained entrenched in the province,⁶²³ and improvised explosives have been used in some recent attacks, and a curfew remains in effect in the province's center to safeguard the local population.⁶²⁴



BABYLON

CAPITAL: Hilla

POPULATION:^a 1.44 million

RELIGION:^b 5% Sunni, 95% Shia

CAPITAL BUDGET:^c \$206 million, 3% expended

U.S. PROJECTS:^d 2,178

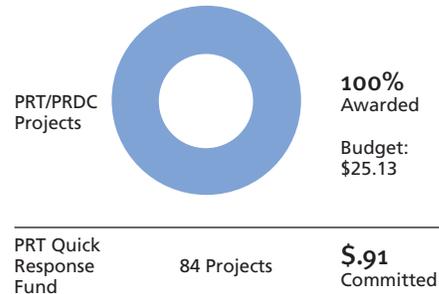
U.S. PROJECT COSTS:^d \$433 million

RECONSTRUCTION PROJECTS^e

MAJOR U.S.-FUNDED PROJECTS (\$ MILLIONS)

DISTRICT	PROJECT NAME	TOTAL COST	FUND	FORECAST/ ACTUAL COMPLETION
1 Hashimiya	Hilla South—Hashemiya 132kV Overhead Line Rehab	\$29.45	IRRF 2	2/15/2008
2 Al-Mahawil	Construct Courthouse at Al Hillah	\$7.65	IRRF 2	11/17/2008
3 Al-Musayab	Babil 33kV Feeders	\$6.96	IRRF 2	10/15/2007
4 Al-Mahawil	Al Thawra Substation	\$6.85	IRRF 2	10/10/2005
5 Al-Mahawil	Al Talayee Substation	\$6.40	IRRF 2	10/26/2005

PRT PROJECTS^f \$ MILLIONS



SECURITY^g

PIC DATE: November 2008

AVERAGE DAILY ATTACKS

TIME PERIOD	AVERAGE NUMBER OF DAILY ATTACKS	TREND
December 1, 2007–February 22, 2008	.57	↑
February 23, 2008–May 31, 2008	.73	

Sources:

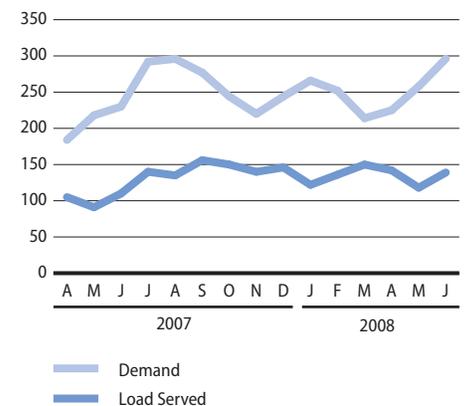
^a UNOCHA, "Iraq-Population by Governorate," November 19, 2007.
^b IOM, "IOM Displacement Data Used for Associated Press Interactive Website," May 2008, www.iom-iraq.net.
^c Ministry of Finance, *Capital Report*, March 2008, provided by the U.S. Treasury, June 29, 2008.
^d IRMS, *ITAO Rollup*, July 7, 2008; IRMS, CERP Excel Workbook, June 30, 2008; USAID, *Activities Report*, July 16, 2008.
^e IRMS, *ITAO Rollup*, July 7, 2008.
^f ITAO, response to SIGIR data call, June 29, 2008. PRT awards exceeded budget by 19%.
^g MNF-I, *SPA Assessments*, June 2008; MNF-I, response to SIGIR data call, July 12, 2008. SIGACTS III Database (Coalition Reports only) as of February 23, 2008 and June 1, 2008. Data reflects executed enemy attacks targeted against Coalition, ISF, civilians, Iraqi infrastructure, and government organizations. Does not include IEDs and mines found and cleared.
^h ITAO, *IRMO Electricity Daily Units Performance Reports*, April 1, 2007–June 29, 2008; ITAO, *Weekly Status Reports*, April 1, 2007–June 29, 2008.

Notes: Locations on map are approximate. Numbers affected by rounding. Figures for source d include ongoing and completed projects, and account for the IRRF, ISFF, ESF, and CERP funds.

ESSENTIAL SERVICES^h

BABYLON ELECTRICITY—AVERAGE DAILY LOAD SERVED AND DEMAND

Megawatts (MW)



ECONOMY

The gross domestic product for Babylon province is about \$40 million, and 42% is generated from agricultural production.⁶²⁵ The Provincial Development Strategy (PDS) establishes these economic development goals:⁶²⁶

- Increase province food stuff industries.
- Use industry best practices to combat crop pests.
- Encourage the private sector's role in tourism to create new jobs.
- Provide the province with industrial products instead of exporting them.
- Develop industries that use raw materials available in the province.

According to its Provincial Council, Babylon is one of the most agriculturally advanced provinces in Iraq because of its arable land and access to irrigation water. Supporting the resurrection of one of the province's most prominent crops, the PRT in Babylon donated 1,000 date palms this quarter.⁶²⁷

Agricultural advisors with the PRT are working with Iraqi farming associations, the GOI, and USAID's Inma program to upgrade production and advance the value chain for fish farmers and hatcheries in the province. The Euphrates Fish Company has benefited from this support, producing 12 million carp fingerlings this year. Inma purchased 6 million fingerlings and distributed them to the 98 fish farms in the Babylon and North Babylon areas in June and July 2008.⁶²⁸ Several additional activities are supporting the province's aquacultural sector:⁶²⁹

- The PRT used an ESF Quick Response Fund (QRF) grant of \$11,000 to further develop the Iraqi Society for Fish Production.
- Another \$7,500 of the QRF paid for the services of a fish-farming expert and for the rental of fish ponds to facilitate the distribution of 6 million carp fingerlings to local farmers. The fingerlings will produce 12,000 pounds of fish, worth nearly \$80 million.
- The local Brigade Combat Team is also supporting the development of fish farming

PROVINCE BACKGROUND

GOVERNOR:
Salim Salih Mahdi

KEY FEATURES:

- Center for religious tourism
- Possesses antiquities dating back to prehistoric times
- City of Hilla is one of the ancient Iraqi cities, established in 1100 AD

ECONOMIC ACTIVITY:

- Produces dates as well as yellow maize, legumes, vegetables, and fruits

through CERP micro-grants. New fish farms in the province will potentially add at least 5,000 local employment opportunities. As of April 23, 2008, 65 fish farmers in the province had received \$59,000 in micro-grants.⁶³⁰

ESSENTIAL SERVICES

The quantity of potable water supplied in Babylon province does not meet the needs of the residents, with a shortfall of nearly 255,000 cubic meters per day.⁶³¹ More than 17% of the province's schools are without water, and 7% are without electricity.⁶³² These are some of the challenges in the delivery of essential services noted in Babylon's provincial development strategy:

- **Electricity.** The electricity network has aged considerably, poor distribution of power among the provinces continues, and demand continues to outstrip supply.
- **Water.** Drainage at water treatment stations continues to be inadequate, ground water continues to rise, water networks are aging, there are not enough new water networks to address shortages, and the growth of parasites in water networks and tanks continues.
- **Health Care.** There are not sufficient numbers of specialized hospitals equipped with modern equipment, medical labs are not properly coordinating with the Ministry of Health,

medications imported by the private sector do not comply with regulations, and central planning is weak.

The \$400,000 **Al Kifil Primary Healthcare Center**, funded by the IRRF, was anticipated to be completed; turnover to the Iraqi Ministry of Health is forthcoming.⁶³³ As of May 30, 2008, the facility was 98% complete.

Work also continued on the **Mussayib Power Plant** this quarter. The U.S. project will provide about 20,000 barrels of diesel per day to fuel the operations of electricity generating units at the plant. The completed plant is expected to provide 400 MW of electricity, which is sufficient to serve about 360,000 households. This project should also increase the reliability of sustained power on the Baghdad Ring.⁶³⁴

Ongoing projects in the province include the following:

- a four-lane road, funded by \$4.2 million of the IRRF
- Hilla Medical and Children's Hospital Re-Award, funded by \$2.8 million of the IRRF
- Al-Musayab Maternity (OB/PED) Hospital, funded by \$5 million of the ESF

All of these projects are estimated to be completed in the third quarter of CY 2008.⁶³⁵

GOVERNANCE

A PRT assessment of February 29, 2008, rated Babylon's governance capabilities at 2.0 (Developing) of a possible 5.0 (Self-reliant)—unchanged from a November 2007 assessment. Seven provinces are ranked above Babylon and one below.⁶³⁶

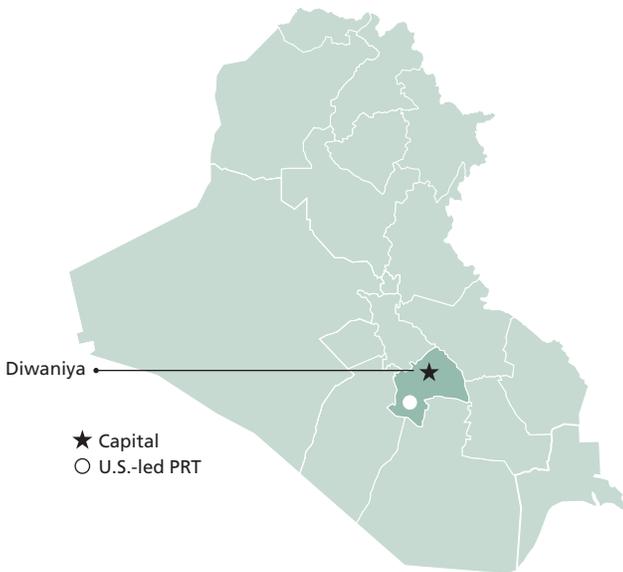
In April 2008, the Babylon PRT began a tree-planting campaign with a ceremony that took place in the garden of the Regional Embassy Office.⁶³⁷ This event also commemorated Iraq's National Tree Planting Day, which is March 21st. Attendees included the Provincial Council chairman, deputy governor, and several directors general. Provincial Council members and many civic leaders from local agriculture and women's organizations also attended the ceremony.⁶³⁸

SECURITY

Babylon ranks eighth highest among the provinces for frequency of attacks, averaging nearly one attack every day during this quarter.⁶³⁹ The province is expected to be transferred to Provincial Iraqi Control by November 2008. This quarter, joint patrols by Iraqi Security Forces and Coalition troops have provided sufficient protection to allow delivery of aid and crop fumigation by the GOI.⁶⁴⁰



View of Hilla's ruins.



QADISSIYA

CAPITAL: **Diwaniya**

POPULATION:^a **866,700**

RELIGION:^b **100% Shia**

CAPITAL BUDGET:^c **\$137 million, 0% expended**

U.S. PROJECTS:^d **1,450**

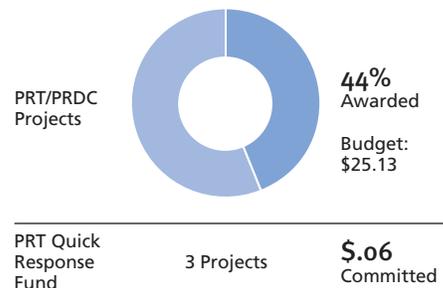
U.S. PROJECT COSTS:^d **\$312 million**

RECONSTRUCTION PROJECTS^e

MAJOR U.S.-FUNDED PROJECTS (\$ MILLIONS)

DISTRICT	PROJECT NAME	TOTAL COST	FUND	FORECAST/ ACTUAL COMPLETION
1 Diwaniya	Construct New Diwaniyah 132kV Substation	\$26.18	IRRF 2	8/25/2008
2 Diwaniya	Al Diwaniyah—Al Samawah 2D Carriageway	\$16.61	IRRF 2	8/30/2008
3 Al-Shamiya	Rehab Hashemiya—Shamiyah 132kV Overhead Line	\$14.73	IRRF 2	2/15/2008
4 Diwaniya	Construct 33kV Feeders at Kut	\$6.14	IRRF 2	11/9/2007
5 Diwaniya	Al Diwaniyah Maternity & Childrens Hospital	\$4.39	IRRF 2	4/22/2006

PRT PROJECTS^f \$ MILLIONS



SECURITY^g

PIC DATE: **July 2008**

AVERAGE DAILY ATTACKS

TIME PERIOD	AVERAGE NUMBER OF DAILY ATTACKS	TREND
December 1, 2007–February 22, 2008	.08	↑
February 23, 2008–May 31, 2008	.18	

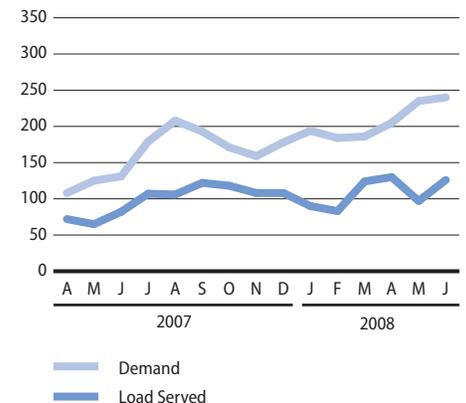
Sources:

^a UNOCHA, "Iraq-Population by Governorate," November 19, 2007.
^b IOM, "IOM Displacement Data Used for Associated Press Interactive Website," May 2008, www.iom-iraq.net.
^c Ministry of Finance, *Capital Report*, March 2008, provided by the U.S. Treasury, June 29, 2008.
^d IRMS, *ITAO Rollup*, July 7, 2008; IRMS, CERP Excel Workbook, June 30, 2008; USAID, *Activities Report*, July 16, 2008.
^e IRMS, *ITAO Rollup*, July 7, 2008.
^f ITAO, response to SIGIR data call, June 29, 2008.
^g MNF-I, *SPA Assessments*, June 2008; MNF-I, response to SIGIR data call, July 12, 2008. SIGACTS III Database (Coalition Reports only) as of February 23, 2008 and June 1, 2008. Data reflects executed enemy attacks targeted against Coalition, ISF, civilians, Iraqi infrastructure, and government organizations. Does not include IEDs and mines found and cleared.
^h ITAO, *IRMO Electricity Daily Units Performance Reports*, April 1, 2007–June 29, 2008; ITAO, *Weekly Status Reports*, April 1, 2007–June 29, 2008.

Notes: Locations on map are approximate. Numbers affected by rounding. Figures for source d include ongoing and completed projects, and account for the IRRF, ISFF, ESF, and CERP funds.

ESSENTIAL SERVICES^h

QADISSIYA ELECTRICITY—AVERAGE DAILY LOAD SERVED AND DEMAND
Megawatts (MW)



ECONOMY

Agriculture contributes 47% of the gross domestic product in the Qadissiya province. According to the province's development strategy, the agricultural sector faces many problems, including a lack of chemical fertilizers and machines. Also, the agricultural products of neighboring countries compete with local markets.⁶⁴¹

In its Provincial Development Strategy (PDS), the provincial council noted these challenges to economic development in the province:⁶⁴²

- The province is not self-sufficient; it relies on imports.
- Industrial plants are old and in need of refurbishment.
- Unemployment is high.
- Prices are rising out of pace with salaries.
- Corruption is still an influential force.

This quarter, construction continued on the resurfacing of 84 kilometers of road in the province. GRD is providing quality-assurance support

on this GOI project, which is supported by a U.S.-Iraq grant program. The project was funded by \$6.2 million of the IRRF as well. Although the estimated completion date is August 30, 2008, the project has stopped for no apparent reason, and there is no equipment on site. The project is currently 42% complete.⁶⁴³

ESSENTIAL SERVICES

The first new healthcare clinic in 25 years opened in Qadissiya province this quarter. The \$1.5 million project employs about 50 Iraqis and will serve the 20,000 residents in the province's capital, Diwaniya. This completed IRRF project is one of seven clinics being constructed in the province.⁶⁴⁴

Notwithstanding this progress, the PDS noted that existing essential-services projects are not sufficient to meet these challenges:⁶⁴⁵

- There is no specific mechanism for trash removal.
- The province lacks specialized hospitals.

PROVINCE BACKGROUND

GOVERNOR:
Hamid Musaa

KEY FEATURES:

- Host to more than 300 ruin sites and 600 antiquities as well as religious shrines

ECONOMIC ACTIVITY:

- Agriculture is the dominant sector
- Famous for cultivating rice, barley, and melons



Produce stand in Qadissiya's Diwaniya Market. (USACE photo)

- Neighboring countries may reduce the province's share of water.
- Power and oil have yet to be sufficiently shared.

GOVERNANCE

A recent PRT assessment of February 29, 2008, rated Qadissiya governance capabilities at 2.0 (Developing) of a possible 5.0 (Self-reliant)—unchanged from a November 2007 assessment. Seven provinces are ranked above Qadissiya and one below.⁶⁴⁶

This quarter, Qadissiya's Provincial Council spokesman protested the current budget allotment provided to Qadissiya from the central government. The spokesman stated that the allocation did not take into account the province's economic contribution or recent population growth in the area.⁶⁴⁷

In its PDS, the Provincial Council in the province outlined several key initiatives for improving the quality of life for its residents.⁶⁴⁸

- Prepare a long-term vision.
- Strengthen local leadership.

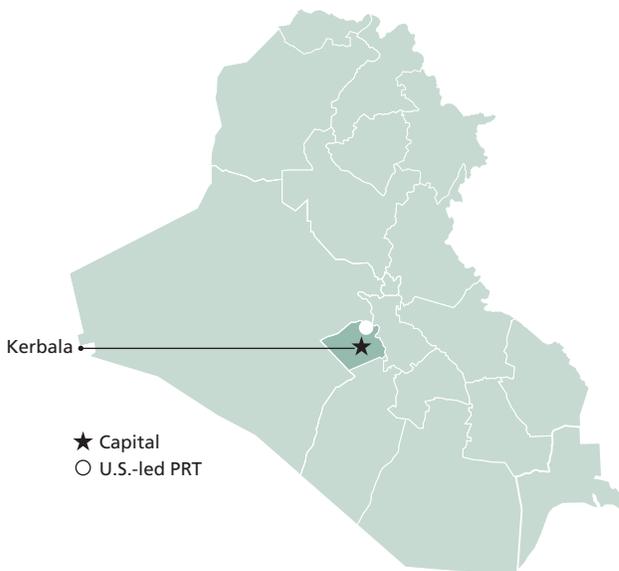
- Prepare the mechanism for local shareholders to assess the links between their priorities in the areas of health, security, employment, housing, education, transport and environment.

The sustainability and effectiveness of the PDS depends largely on the active participation of the senior officials of the local government and representatives of the local council. The PC noted that unless its strategy is adopted within the municipal budget and the annual funding strategy, it will remain only a document.

SECURITY

The PDS noted that one of the threats to growth is the impact of Iraq's overall security situation on Qadissiya.¹⁴⁰ MNF-I reported that there were nearly 18 attacks between February 23, 2008, and May 31, 2008.¹⁴¹ In mid-July 2008, Qadissiya became the tenth province to be handed over to Provincial Iraqi Control.

KERBALA



CAPITAL: Kerbala
POPULATION:^a 756,000
RELIGION:^b 100% Shia
CAPITAL BUDGET:^c \$170 million, 4% expended
U.S. PROJECTS:^d 710
U.S. PROJECT COSTS:^d \$192 million

RECONSTRUCTION PROJECTS^e

MAJOR U.S.-FUNDED PROJECTS (\$ MILLIONS)

DISTRICT	PROJECT NAME	TOTAL COST	FUND	FORECAST/ACTUAL COMPLETION
1 Kerbala	Rehab Babylon-Kerbala 132kV Overhead Line	\$10.47	IRRF 2	4/30/2008
2 Kerbala	Kerbala Wastewater Treatment Plant Refurbishment	\$7.52	IRRF 2	9/24/2006
3 Al-Hindiya	Construct L.V. Network-Bab Al-Khan	\$5.96	IRRF 2	12/30/2007
4 Kerbala	Construct 33kv Feeders in Kerbala	\$4.96	IRRF 2	11/30/2006
5 Kerbala	Power Plant Maintenance Program	\$4.72	IRRF 2	3/31/2007

SECURITY^g

PIC DATE: **October 2007**

AVERAGE DAILY ATTACKS

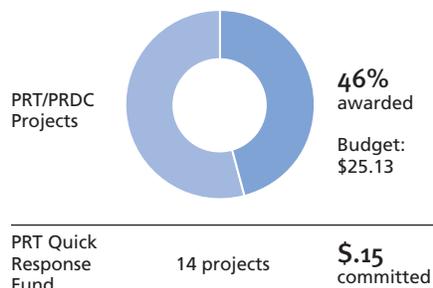
TIME PERIOD	AVERAGE NUMBER OF DAILY ATTACKS	TREND
December 1, 2007–February 22, 2008	.02	↑
February 23, 2008–May 31, 2008	.06	

Sources:

^aUNOCHA, "Iraq-Population by Governorate," November 19, 2007.
^bIOM, "IOM Displacement Data Used for Associated Press Interactive Website," May 2008, www.iom-iraq.net.
^cMinistry of Finance, *Capital Report*, March 2008, provided by the U.S. Treasury, June 29, 2008.
^dIRMS, *ITAO Rollup*, July 7, 2008; IRMS, CERP Excel Workbook, June 30, 2008; USAID, *Activities Report*, July 16, 2008.
^eIRMS, *ITAO Rollup*, July 7, 2008; USAID, *Activities Report*, July 16, 2008.
^fITAO, response to SIGIR Data Call, June 29, 2008.
^gMNF-I, *SPA Assessments*, June 2008; MNF-I, response to SIGIR data call, July 12, 2008. SIGACTS III Database (Coalition Reports only) as of February 23, 2008 and June 1, 2008. Data reflects executed enemy attacks targeted against coalition, ISF, civilians, Iraqi infrastructure and government organizations. Does not include IEDs and mines found and cleared.
^hITAO, *IRMO Electricity Daily Units Performance Reports*, April 1, 2007–June 29, 2008; ITAO, *Weekly Status Reports*, April 1, 2007–June 29, 2008.

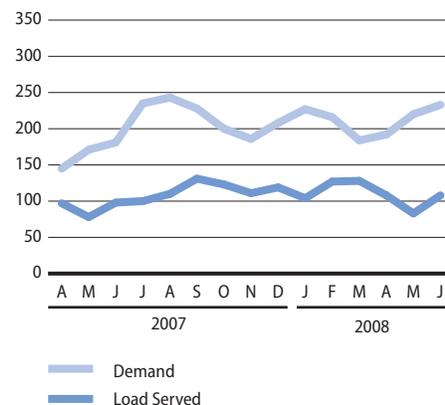
Notes: Locations on map are approximate. Numbers affected by rounding. Figures for source d include ongoing and completed projects, and account for the IRRF, ISFF, ESF, and CERP funds.

PRT PROJECTS^f \$ MILLIONS



ESSENTIAL SERVICES^h

KERBALA ELECTRICITY—AVERAGE DAILY LOAD SERVED AND DEMAND
 Megawatts (MW)



ECONOMY

Tourism accounts for 37% of Kerbala's gross domestic product. Trade accounts for 25%, and agriculture for 15%.⁶⁴⁹ Kerbala's Provincial Development Strategy (PDS) outlines several goals for economic development, including:⁶⁵⁰

- Develop the local economy to increase employment opportunities.
- Broaden the range of services.
- Continue to sustain alleviation of poverty levels.

The PRT in Kerbala has been engaging leaders in the province's tourism industry. The PRT continues to study the influence of religious tourism, visiting the ruins of Al-Aqiser Church (500 AD) and the fortress of Al Khaydhar this quarter with the local mayor and Provincial Council.⁶⁵¹

ESSENTIAL SERVICES

The PDS noted these challenges in the essential services sectors:⁶⁵²

- **Electricity.** Frequent power loss is caused by the encroachment on emergency lines and the electric grid, as well as encroachment on several regular power lines.
- **Municipalities.** High sewage levels impede paving projects, and because communications cables are buried too close to road pavements, digging interrupts service.
- **Water.** Water shortages continue to plague the province.

Work on the **Al Hussain Water Network** continued this quarter. As of the end of May 2008, the project was 75% complete. Once finished, this \$2.7 million ESF project to design and install a new water main and network will serve 6,000 residents in the Al Hussain neighborhood of Kerbala.⁶⁵³

PROVINCE BACKGROUND

GOVERNOR:

Dr. Aqeel Mahud Kareem al-Khaza'li

KEY FEATURES:

- Capital is one of the most prominent Islamic cultural cities in Iraq, drawing Shiite Muslim pilgrims from Iran, Afghanistan, and Pakistan to the shrine of Imam Al-Hussein—a heavily revered figure in Shiite Islam—and his brother, Al-Abbas

ECONOMIC ACTIVITY:

- Famous for date palm orchards



Kerbala celebration. (USACE photo)

Electricity availability remains a challenge in the province. This quarter, the average percentage of unmet demand was nearly 54%—the second highest quarterly average among the provinces (Sulaymaniyah experienced the highest).⁶⁵⁴ Access to electricity was expected to be improved this quarter with the scheduled completion of the **Al-Muthana Al-Joan electricity distribution network**. This \$700,000 CERP project was to engineer, design, test, and place in service the equipment and material required to complete a new power distribution system.⁶⁵⁵ The project was 98% complete as of the end of April 2008.⁶⁵⁶

GOVERNANCE

A PRT assessment of February 29, 2008, rated Kerbala's governance capabilities at 2.0 (Developing) of a possible 5.0 (Self-reliant)—unchanged from a November 2007 assessment. Seven provinces are ranked above Kerbala and one below.⁶⁵⁷

This quarter, a new PRT was established in Kerbala province.⁶⁵⁸ The U.S. Ambassador traveled to Kerbala to attend opening ceremonies for the new PRT.

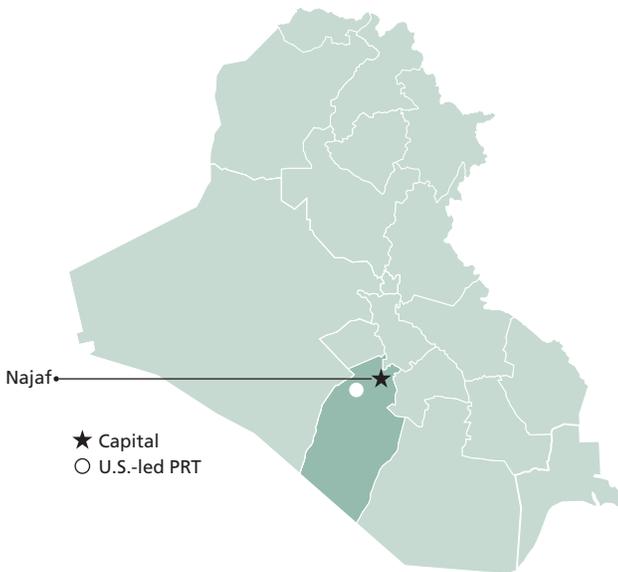
The **Kerbala Women's Coalition Center** received \$14,362 from the ESF's Quick Response Fund to consolidate the efforts of several independent NGO women's initiatives. The first of

its kind, the Center is meant to draw organizations together to work for women's rights and family issues not only in Kerbala, but across Iraq. The key objective of the coalition is to raise public awareness for human rights and different levels of democracy, with a focus on the rights of women and children.⁶⁵⁹

SECURITY

Kerbala achieved Provincial Iraqi Control (PIC) in October 2007. The province has consistently registered one of the lowest rates of violence among the provinces, averaging less than one reported attack every two weeks.⁶⁶⁰ However, surveys of local attitudes about personal safety appear to contrast with the relative state of security. A recent DoD nationwide poll indicated that less than 50% of those surveyed in Kerbala felt safe in their neighborhoods, and less than 30% felt safe traveling outside of their neighborhoods.⁶⁶¹

According to PRT representatives, security has improved, and the Iraqi Security Forces (ISF) have been waging a "steady campaign against armed militias."⁶⁶² U.S. military advisory teams and ministerial assistance have also contributed to improved ISF coordination.⁶⁶³ The PRT has been able to travel safely, and members feel welcome at the locations they visit.⁶⁶⁴



NAJAF

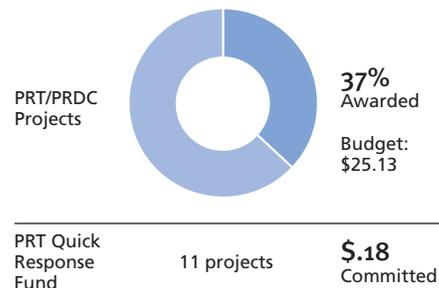
CAPITAL: Najaf
POPULATION:^a 946,300
RELIGION:^b 100% Shia
CAPITAL BUDGET:^c \$150 million, 13% expended
U.S. PROJECTS:^d 1,153
U.S. PROJECT COSTS:^d \$272 million

RECONSTRUCTION PROJECTS^e

MAJOR U.S.-FUNDED PROJECTS (\$ MILLIONS)

DISTRICT	PROJECT NAME	TOTAL COST	FUND	FORECAST/ ACTUAL COMPLETION
1 Najaf	Construct Meshkab Water Supply Project	\$23.53	IRRF 2	4/7/2009
2 Najaf	Construct New Ghammas 132kV Substation	\$14.70	IRRF 2	3/31/2009
3 Najaf	Construct 1/8 HQ And 2/1/8 At Najaf	\$12.13	ISFF	11/10/2007
4 Najaf	Najaf Teaching Hospital—Phase 3	\$10.82	IRRF 2	7/25/2007
5 Kufa	Kufa 3D Bridge (350 M) Construction	\$6.58	IRRF 2	8/30/2008

PRT PROJECTS^f \$ MILLIONS



SECURITY^g

PIC DATE: December 2006

AVERAGE DAILY ATTACKS

TIME PERIOD	AVERAGE NUMBER OF DAILY ATTACKS	TREND
December 1, 2007–February 22, 2008	0	↑
February 23, 2008–May 31, 2008	.03	

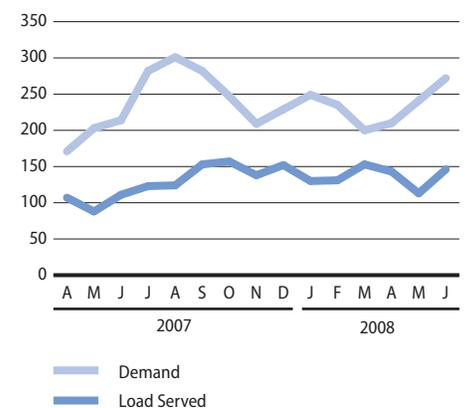
Sources:

^a UNOCHA, "Iraq-Population by Governorate," November 19, 2007.
^b IOM, "IOM Displacement Data Used for Associated Press Interactive Website," May 2008, www.iom-iraq.net.
^c Ministry of Finance, *Capital Report*, March 2008, provided by the U.S. Treasury, June 29, 2008.
^d IRMS, *ITAO Rollup*, July 7, 2008; IRMS, CERP Excel Workbook, June 30, 2008; USAID, *Activities Report*, July 16, 2008.
^e IRMS, *ITAO Rollup*, July 7, 2008.
^f ITAO, response to SIGIR data call, June 29, 2008.
^g MNF-I, *SPA Assessments*, June 2008; MNF-I, response to SIGIR data call, July 12, 2008. SIGACTS III Database (Coalition Reports only) as of February 23, 2008 and June 1, 2008. Data reflects executed enemy attacks targeted against coalition, ISF, civilians, Iraqi infrastructure and government organizations. Does not include IEDs and mines found and cleared.
^h ITAO, *IRMO Electricity Daily Units Performance Reports*, April 1, 2007–June 29, 2008; ITAO, *Weekly Status Reports*, April 1, 2007–June 29, 2008.

Notes: Locations on map are approximate. Numbers affected by rounding. Figures for source d include ongoing and completed projects, and account for the IRRF, ISFF, ESF, and CERP funds.

ESSENTIAL SERVICES^h

NAJAF ELECTRICITY—AVERAGE DAILY LOAD SERVED AND DEMAND
 Megawatts (MW)



ECONOMY

Najaf is a religious center, and economic activity in the province is largely related to religious tourism—accounting for 30% of the province’s GDP. Trade accounts for 20% of the GDP, and agriculture 15%.⁶⁶⁵ These are some of the economic challenges noted in Najaf’s Provincial Development Strategy (PDS).⁶⁶⁶

- weak infrastructure and a clear aversion to improve it, particularly for electricity, road construction, and bridges
- official laws that restrict contribution by the private sector
- improper exploitation of farmlands, despite the existence of suitable arable land
- need for an airport

This quarter, \$100,000 of the ESF Quick Response Fund was used to support the Najaf Tourism Conference, which brought together more than 150 participants to discuss the province’s tourism issues and to showcase tourism potential to a domestic and international audience.⁶⁶⁷

In the industrial sector, the Kufa cement factory and plants producing apparel, tires, and leather products lead manufacturing in the province. However, the cement factory is only producing at 25% capacity.⁶⁶⁸ The U.S. Task Force to Improve Business and Stability Operations has targeted this and other state-owned enterprises in the province for revitalization.⁶⁶⁹

ESSENTIAL SERVICES

The PDS established these goals in the essential services sectors:⁶⁷⁰

- **Oil.** Increase the production capacity of the Najaf refinery, increase storage capacity of stations, supply tankers to transport oil, and open comprehensive filling stations in jurisdictions and districts to expand distribution outlets.
- **Electricity.** Improve and develop old electricity networks, establish new electric networks, and train engineering and technical professionals.
- **Water.** Reduce water shortages by 20% annually, improve the quality of water by using sterilization substances, increase the patch of ser-

PROVINCE BACKGROUND

GOVERNOR:

Asad Sultan Hajim Abu Kilal al-Ta’i

KEY FEATURES:

- Center of religious tourism
- Center of Religious Authority of Shiites for more than 1,000 years
- Cities are holy to Shia Muslims, who form the majority of the province’s population

ECONOMIC ACTIVITY:

- Known for the rich production of wheat, rice, dates, and vegetables



Imam Ali Mosque, the third holiest site for Shia Muslims.

vices through extending new water networks to new districts, and erect water collectors for villages deprived of clean water services.

About 62% of demand for potable water is being met in the province.⁶⁷¹ This quarter, work on the **Meshkab Water Supply project** continued. The \$35 million effort was funded by the IRRF to construct a new water supply system for the province. GRD is providing contract administration for the project, which is 15% complete.⁶⁷²

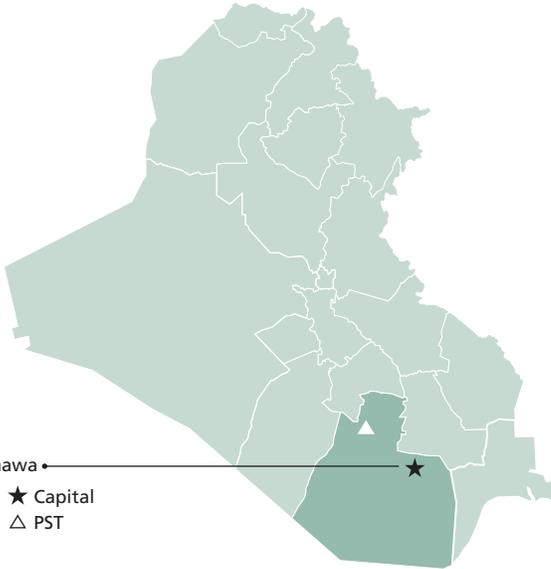
GOVERNANCE

A PRT assessment of February 29, 2008, rated Najaf's governance capabilities at 3.0 (Sustaining) of a possible 5.0 (Self-reliant)—unchanged from a November 2007 assessment. Nine provinces are ranked below Najaf.⁶⁷³

This quarter, a new PRT was established in the Najaf province.⁶⁷⁴ The U.S. Ambassador traveled to the province to attend opening ceremonies for the new PRT. He noted that Iraq no longer looks to the United States for major reconstruction projects. Rather, he noted that the U.S. reconstruction program is headed toward a new phase of providing “expertise, capital, and ideas.”⁶⁷⁵

SECURITY

Najaf was the third province to attain PIC status (December 2006).⁶⁷⁶ Najaf has consistently recorded one of the lowest levels of reported daily attacks among the provinces, averaging one per month this quarter.⁶⁷⁷ However, the United States is re-opening a Forward Operating Base to provide protection for a PRT because of limited ISF liaison capacity.⁶⁷⁸



MUTHANNA

CAPITAL: Al-Samawa
POPULATION:^a 536,300
RELIGION:^b 100% Shia
CAPITAL BUDGET:^c \$87 million, 0% expended
U.S. PROJECTS:^d 741
U.S. PROJECT COSTS:^d \$316 million

Al-Samawa
 ★ Capital
 △ PST

RECONSTRUCTION PROJECTS^e

MAJOR U.S.-FUNDED PROJECTS (\$ MILLIONS)

DISTRICT	PROJECT NAME	TOTAL COST	FUND	FORECAST/ ACTUAL COMPLETION
1 Al-Salman	Construct Eastern Euphrates Drain (Zones 3B And 4)	\$38.50	IRRF 2	3/1/2009
2 Al-Samawa	Military Base—Icdc - 603 Ing Base	\$10.81	IRRF 2	11/6/2005
3 Al-Samawa	Outlying Railroad Shop Reconstruction (As Samawah)	\$10.74	IRRF 2	12/2/2006
4 Al-Samawa	Military Base—Icdc - 608 Ing Base	\$10.60	IRRF 2	2/7/2006
5 Al-Khidhir	Low Mechanical Content Water Treatment	\$3.59	CERP	2/13/2008

SECURITY^g

PIC DATE: July 2006

AVERAGE DAILY ATTACKS

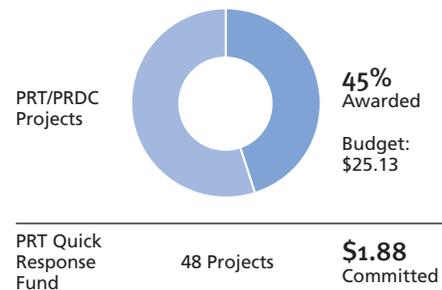
TIME PERIOD	AVERAGE NUMBER OF DAILY ATTACKS	TREND
December 1, 2007–February 22, 2008	.04	↓
February 23, 2008–May 31, 2008	.02	

Sources:

^a UNOCHA, "Iraq—Population by Governorate," November 19, 2007.
^b IOM, "IOM Displacement Data Used for Associated Press Interactive Website," May 2008, www.iom-iraq.net.
^c Ministry of Finance, *Capital Report*, March 2008, provided by the U.S. Treasury, June 29, 2008.
^d IRMS, *ITAO Rollup*, July 7, 2008; IRMS, CERP Excel Workbook, June 30, 2008; USAID, *Activities Report*, July 16, 2008.
^e IRMS, *ITAO Rollup*, July 7, 2008; IRMS, CERP Excel Workbook, June 30, 2008.
^f ITAO, response to SIGIR data call, June 29, 2008.
^g MNF-I, *SPA Assessments*, June 2008; MNF-I, response to SIGIR data call, July 12, 2008. SIGACTS III Database (Coalition Reports only) as of February 23, 2008 and June 1, 2008. Data reflects executed enemy attacks targeted against coalition, ISF, civilians, Iraqi infrastructure and government organizations. Does not include IEDs and mines found and cleared.
^h ITAO, *IRMO Electricity Daily Units Performance Reports*, April 1, 2007–June 29, 2008; ITAO, *Weekly Status Reports*, April 1, 2007–June 29, 2008.

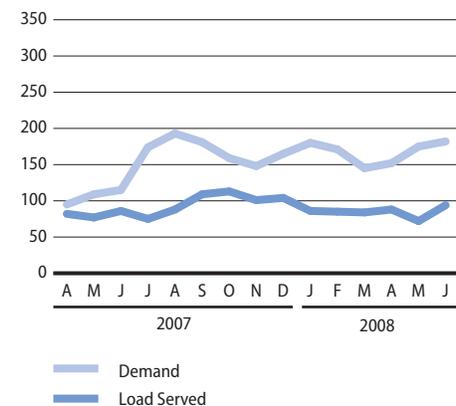
Notes: Locations on map are approximate. Numbers affected by rounding. Figures for source d include ongoing and completed projects, and account for the IRRF, ISFF, ESF, and CERP funds.

PRT PROJECTS^f \$ MILLIONS



ESSENTIAL SERVICES^h

MUTHANNA ELECTRICITY—AVERAGE DAILY LOAD SERVED AND DEMAND
 Megawatts (MW)



ECONOMY

Muthanna is one of Iraq's poorest provinces. A large portion of Muthanna is desert, but some land has been developed for agriculture.⁶⁷⁹ Unemployment runs about 60% in the province, and subsistence farming is prevalent.⁶⁸⁰ The Muthanna Provincial Development Strategy (PDS) established these general economic development goals:⁶⁸¹

- Achieve economic development and invest available resources to achieve an advanced standard of living for the residents.
- Establish a network of highways and bridges that connects the province to other provinces and facilitates services within it.

This quarter, 40 local farmers and sheiks met with the Muthanna PRT to discuss the agricul-

tural needs of the province. During the April 14, 2008, meeting, Muthanna residents identified irrigation as their most pressing need. As a result of the discussions, the PRT identified eight new projects for the province, which include the rehabilitation of pumping station to increase water access. The Iraqi farmers agreed to contribute funds for 25% of project costs.⁶⁸²

ESSENTIAL SERVICES

According to the PDS, residents in Muthanna receive low-level basic services. Treated water, electricity, and proper housing are not available.⁶⁸³ During the summer, there is a 50% shortage of potable water in the cities.⁶⁸⁴ Further, the PDS established these goals in the essential services sectors:⁶⁸⁵

- **Water.** Implement water purification stations in the rural areas and villages to address the extreme shortages, implement and build water desalination station and set up a mechanism for distribution, and improve the quality of water by establishing modern laboratories and database to follow the work of the stations and identify disruptions and validity of the networks.
- **Electricity.** Create new networks, remove congestion and delivery stations to cover shortages, institute aerial and land pipelines, and establish high-capacity power generation to satisfy current and future demand.
- **Oil.** Support the development and rehabilitation of the Al-Samawa refinery, raise its productivity levels, and remove oil transport pipelines from inside the city.

The largest ongoing project in the province is

PROVINCE BACKGROUND

GOVERNOR:

Muhammad Ali Hassan Abbas al-Hassani

KEY FEATURES:

- One of the oldest inhabited areas in the world, dating to the early Stone Age
- Suffers from high poverty rates
- Although mainly an arid desert, Muthanna has some agricultural land and orchards

ECONOMIC ACTIVITY:

- Produces dates and raises livestock



The Muthanna PRT meets with local farmers. (PRT photo)

an IRRF grant of \$38 million to excavate approximately 40 km of the **Eastern Euphrates drainage canal**, resulting in 412,000 reclaimed hectares. A Gulf Region South (GRS) Regional Liaison Team (RLT) is reviewing ongoing activities under the grant and providing progress reports. The estimated completion date for the project is April 1, 2009.⁶⁸⁶

The **Al-Khidhir 33-kV Underground Cable project** was completed this quarter. The \$900,000 ESF project provided for the design and installation of a 3.5 km feeder line to Al-Khidhir. Changes to the scope of work, including a bridge crossing, reportedly resulted in a “no cost time extension.”⁶⁸⁷

GOVERNANCE

A PRT assessment of February 29, 2008, rated Muthanna’s governance capabilities at 2.0 (Developing) of a possible 5.0 (Self-reliant)—unchanged from a November 2007 assessment. Seven provinces are ranked above Muthanna and one below.⁶⁸⁸

For the first time since 2003, the Muthanna PRT and U.S. Army troops visited Al-Samawa, the capital city, in June 2008.⁶⁸⁹ Because Muthanna is already under Provincial Iraqi Control, U.S. troops must first receive permission from local authorities before being allowed to enter Al-Samawa via military convoy. The governor

quickly approved this trip, which accomplished delivery of donated toys and books to the Al-Amal Al-Khayria (“Virtuous Hope”) orphanage. Iraqi police escorted the convoy as it traveled through the streets of the capital.⁶⁹⁰

SECURITY

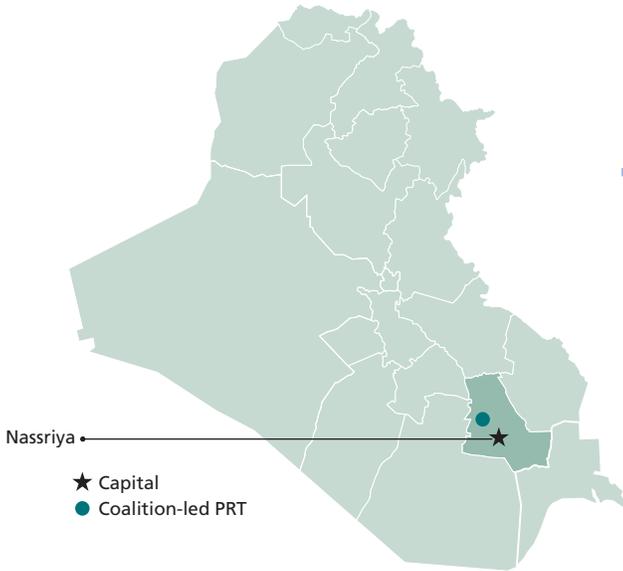
The PDS established these goals in security:⁶⁹¹

- Provide essential equipment to control incidents and provide quick services.
- Redevelop the construction of precincts.
- Build a modern communication system that guarantees quick communication and response.

Muthanna was the first province to be transferred to Iraqi control (July 2006).⁶⁹² Several factors contribute to the province’s reputation as one of the least violent areas in Iraq.⁶⁹³

- religious and ethnic homogeneity
- improved cooperation with the ISF
- capable and well-commanded Iraqi Security Forces⁶⁹⁴

A recent Embassy survey found that the Iraqi Army and police are well commanded and that provincial leadership is strong.⁶⁹⁵ As a result, attacks are low—two were reported from February 23, 2008, to May 31, 2008.⁶⁹⁶ Muthanna is the fourth least violent province in Iraq.



THI-QAR

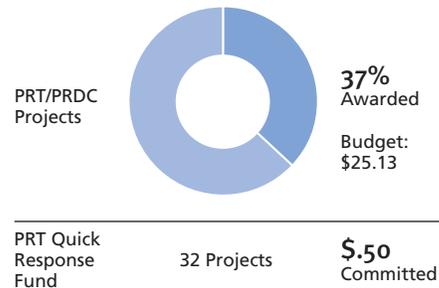
CAPITAL: Nassriya
POPULATION:^a 1.43 million
RELIGION:^b 100% Shia
CAPITAL BUDGET:^c \$219 million, 0.1% expended
U.S. PROJECTS:^d 1,217
U.S. PROJECT COSTS:^d \$919 million

RECONSTRUCTION PROJECTS^e

MAJOR U.S.-FUNDED PROJECTS (\$ MILLIONS)

DISTRICT	PROJECT NAME	TOTAL COST	FUND	FORECAST/ ACTUAL COMPLETION
1	Nassriya Design and Construct Nassriya Water Supply Project	\$276.73	IRRF 2	9/11/2007
2	Nassriya Design And Construct Nassriya Drainage Pump Station	\$81.93	IRRF 2	2/28/2007
3	Nassriya Nassriya Prison Facility	\$52.95	IRRF 2	7/12/2006
4	Nassriya Construct Tallil Military Base	\$49.81	IRRF 2	4/1/2005
5	Al-Shatra Shaiba Location Command	\$37.28	ISFF	9/27/2009

PRT PROJECTS^f \$ MILLIONS



SECURITY^g

PIC DATE: September 2006

AVERAGE DAILY ATTACKS

TIME PERIOD	AVERAGE NUMBER OF DAILY ATTACKS	TREND
December 1, 2007–February 22, 2008	.24	↓
February 23, 2008–May 31, 2008	.23	

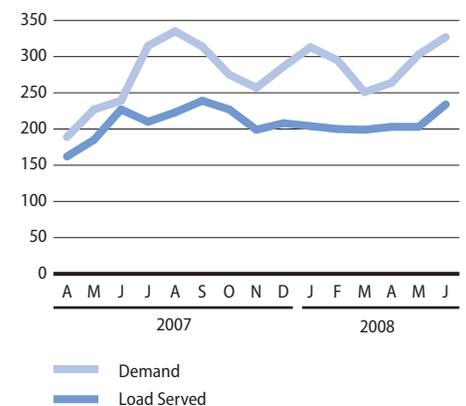
Sources:

^a UNOCHA, "Iraq-Population by Governorate," November 19, 2007.
^b IOM, "IOM Displacement Data Used for Associated Press Interactive Website," May 2008, www.iom-iraq.net.
^c Ministry of Finance, *Capital Report*, March 2008, provided by the U.S. Treasury, June 29, 2008.
^d IRMS, *ITAO Rollup*, July 7, 2008; IRMS, CERP Excel Workbook, June 30, 2008; USAID, *Activities Report*, July 16, 2008.
^e IRMS, *ITAO Rollup*, July 7, 2008.
^f ITAO, response to SIGIR data call, June 29, 2008.
^g MNF-I, *SPA Assessments*, June 2008; MNF-I, response to SIGIR data call, July 12, 2008. SIGACTS III Database (Coalition Reports only) as of February 23, 2008 and June 1, 2008. Data reflects executed enemy attacks targeted against coalition, ISF, civilians, Iraqi infrastructure and government organizations. Does not include IEDs and mines found and cleared.
^h ITAO, *IRMO Electricity Daily Units Performance Reports*, April 1, 2007–June 29, 2008; ITAO, *Weekly Status Reports*, April 1, 2007–June 29, 2008.

Notes: Locations on map are approximate. Numbers affected by rounding. Figures for source d include ongoing and completed projects, and account for the IRRF, ISFF, ESF, and CERP funds.

ESSENTIAL SERVICES^h

THI-QAR ELECTRICITY—AVERAGE DAILY LOAD SERVED AND DEMAND
 Megawatts (MW)



ECONOMY

Thi-Qar has substantial agricultural resources. In its Provincial Development Strategy (PDS), the provincial council noted that if these resources are promoted, modernized, and scientifically researched, they will provide the local agricultural products needed to meet local demand and possibly be exported to other provinces.⁶⁹⁷

This quarter, an ESF project, funded by \$200,000 of the Quick Response Fund, re-equipped the **Thi-Qar Iraqi Businessmen's Union** office in Nassriya. The union will assist the provincial and local government on public sector projects and facilitate trade, investment, and employment opportunities within the private sector.⁶⁹⁸

ESSENTIAL SERVICES

Thi-Qar's PDS draws attention to the severe water shortages in the province: 40% at full power supply and as much as 60% with a power

outage.⁶⁹⁹ Further, the PDS established these goals in the essential services sectors:⁷⁰⁰

- **Water.** Use more effectively the province's share of water to preserve the Euphrates and Guraf Rivers, rationalize water consumption and reduce water squandering in irrigation projects, and resolve the problem of water scarcity in some irrigation projects, especially in Sayyid-Dakhil and Al-Islah regions.
- **Electricity.** Build highly effective stations and new sophisticated networks, supply electricity to the remote communities in the province, solve the jamming of power networks, and use alternative energy resources to generate electricity.
- **Health Care.** Build modern health facilities that provide services to all residents, meet the scientific and technological advances, develop a global immunization program, provide blood transfusion services, and raise health awareness among residents.

PROVINCE BACKGROUND

GOVERNOR:

Aziz Kadhum Alwan al-Ogheli

KEY FEATURES:

- Home to major archeological finds, including the ancient Sumerian ruins of Ur and Eridu

ECONOMIC ACTIVITY:

- Economic resources include arable lands, livestock, cane, and oil reserves



Electricians energize power to Electrical Overhead Feeder of Nassriya Prison. (USACE photo)

Last quarter, SIGIR inspected the **Nassriya Water Treatment Plant**, which is part of the largest U.S. water supply project in Iraq. This quarter, the United States assisted the Ministry of Municipalities and Public Works to retain four expert Iraqi engineers and procure essential spare parts to return critical plant equipment to full capacity. The United States advised the ministry to retain an operations and maintenance service contractor, to upgrade two electrical substations, and to repair several distribution networks. These activities are estimated to cost \$16 million.⁷⁰¹

This quarter, SIGIR inspected several projects in Nassriya. For a summary of the inspections' findings, see Table 2.45, and for detailed information, see Section 3.

GOVERNANCE

A PRT assessment of February 29, 2008, rated Thi-Qar's governance capabilities at 3.0 (Sustaining) of a possible 5.0 (Self-reliant). This is a significant improvement from the November 2007 assessment, when governance in the province was rated a 1.0 (Beginning). Nine provinces currently rank below Thi-Qar.⁷⁰²

According to the U.S. Embassy, Thi-Qar's PRTs are being used as a successful development model by non-governmental organizations like the UN/World Bank International

Reconstruction Fund Facility for Iraq (IRFFI).⁷⁰³ IRFFI was interested to learn how PRT experts are embedded at the local levels and how its volunteers interact with leaders and activists. They chose to visit Thi-Qar because it sets a successful example as a province under Provincial Iraqi Control (PIC), and the local government is making great strides in development.

SECURITY

The PDS established these goals for security:⁷⁰⁴

- Develop and strengthen the relationship among the local government, the police department, and the courts.
- Educate security forces about constitutional provisions and increase their understanding of human rights.
- Provide suitable buildings for security forces.

Thi-Qar was the second province to achieve PIC (September 2006),⁷⁰⁵ and the province has averaged one to two attacks per week from February 23, 2008, to May 31, 2008.⁷⁰⁶ PRTs operate in the province without the assistance of Coalition forces, and activities are assisted by Iraqi Security Forces escorts. More than 60 PRT missions have been completed in the past nine months without a single security incident.⁷⁰⁷

SIGIR INSPECTIONS IN NASSRIYA (THI-QAR PROVINCE)

INSPECTION	OBSERVATIONS AND RECOMMENDATIONS
<p>SIGIR PA-08-127 33 Kilovolt Power Line</p> <p>Project Objective: Design and construct equipment required for a 33-kilovolt overhead line.</p> <p>Project Cost: Fixed price contract of \$1,537,560</p>	<p>The SIGIR assessment determined that:</p> <ul style="list-style-type: none"> • Adequate design documentation for project components was not available for the project; contractor’s design package was incomplete. • At the time of SIGIR’s visit, the project was 65% complete, and construction appeared to meet the standards of the statement of work. • The contractor’s quality control plan was inadequate to guide a quality management program. • Sustainability was addressed in the contract requirements. • To date, the project results are consistent with the original contract objectives. <p>No recommendations for corrective action.</p>
<p>SIGIR PA-08-124 Al Shofa Water Facility</p> <p>Project Objective: Design and construction of a compact-unit water treatment plant with the capacity to treat 50 cubic meters of water per hour, an above ground storage reservoir, a pipe network connecting to the existing water network, and a perimeter fence.</p> <p>Project Cost: Fixed price contract of \$348,850</p>	<p>The SIGIR assessment determined that:</p> <ul style="list-style-type: none"> • Adequate design documentation for project components was not available for the project; contractor’s design package was incomplete. • At the time of SIGIR’s visit, the project was 59% complete, and construction appeared to meet the standards of the statement of work. • The contractor’s quality control plan was inadequate to guide a quality management program. • Sustainability was addressed in the contract requirements. • The project results, to date, are consistent with the original contract objectives. <p>No recommendations for corrective action.</p>
<p>SIGIR PA-08-129 Al Ager Water Compact</p> <p>Project Objective: Design and construction of a compact-unit water treatment plant with the capacity to treat 50 cubic meters of water per hour, an above ground storage reservoir, a pipe network connecting to the existing water network, and a perimeter fence.</p> <p>Project Cost: Fixed price contract of \$650,000</p>	<p>The SIGIR assessment determined that:</p> <ul style="list-style-type: none"> • Adequate design documentation for the project components was not available. • At the time of SIGIR’s visit, the project was 17% complete, and construction appeared to meet the standards of the statement of work. • The contractor’s quality control plan was inadequate to guide the contractor’s quality management program. • Sustainability was addressed in the contract requirements. • The project results, to date, are consistent with the original contract objectives. <p>No recommendations for corrective action.</p>
<p>SIGIR PA-08-125 Al Kazim Water Supply</p> <p>Project Objective: Design and construction of a compact-unit water treatment plant with the capacity to treat 50 cubic meters of water per hour, an above ground storage reservoir, a pipe network connecting to the existing water network, and a perimeter fence.</p> <p>Project Cost: Fixed price contract of \$492,800</p>	<p>The SIGIR assessment determined that:</p> <ul style="list-style-type: none"> • Adequate design documentation for the project components was not available. • At the time of SIGIR’s visit, the project was 55% complete, and construction appeared to meet the standards of the statement of work. • The contractor’s quality control plan was inadequate to guide the contractor’s quality management program. • Sustainability was addressed in the contract requirements. • The project results, to date, are consistent with the original contract objectives. <p>No recommendations for corrective action.</p>

TABLE 2.45



MISSAN

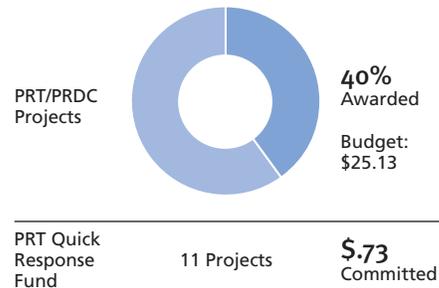
CAPITAL: Amara
POPULATION:^a 743,400
RELIGION:^b 100% Shia
CAPITAL BUDGET:^c \$124 million, 14% expended
U.S. PROJECTS:^d 727
U.S. PROJECT COSTS:^d \$299 million

RECONSTRUCTION PROJECTS^e

MAJOR U.S.-FUNDED PROJECTS (\$ MILLIONS)

DISTRICT	PROJECT NAME	TOTAL COST	FUND	FORECAST/ ACTUAL COMPLETION
1	Amara Burzurgan—Old Amara 132kV Line	\$26.25	IRRF 2	10/11/2004
2	Amara Construct 33kV Feeders—Amara	\$17.38	IRRF 2	2/13/2008
3	Al-Kahla Missan Surgical Hospital, Phase 2	\$14.08	ESF	5/19/2009
4	Amara Old Amara 132kV Substation Extension	\$14.04	IRRF 2	8/3/2004
5	Amara ICDC Military Base	\$10.25	IRRF 2	3/25/2006

PRT PROJECTS^f \$ MILLIONS



SECURITY^g

PIC DATE: April 2007

AVERAGE DAILY ATTACKS

TIME PERIOD	AVERAGE NUMBER OF DAILY ATTACKS	TREND
December 1, 2007–February 22, /2008	.02	↓
February 23, 2008–May 31, 2008	0	

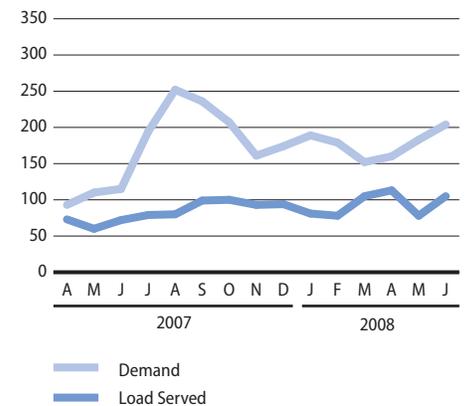
Sources:

^a UNOCHA, "Iraq-Population by Governorate," November 19, 2007.
^b IOM, "IOM Displacement Data Used for Associated Press Interactive Website," May 2008, www.iom-iraq.net.
^c Ministry of Finance, *Capital Report*, March 2008, provided by the U.S. Treasury, June 29, 2008.
^d IRMS, *ITAO Rollup*, July 7, 2008; IRMS, CERP Excel Workbook, June 30, 2008; USAID, *Activities Report*, July 16, 2008.
^e IRMS, *ITAO Rollup*, July 7, 2008.
^f ITAO, response to SIGIR data call, June 29, 2008.
^g MNF-I, *SPA Assessments*, June 2008; MNF-I, response to SIGIR data call, July 12, 2008. SIGACTS III Database (Coalition Reports only) as of February 23, 2008 and June 1, 2008. Data reflects executed enemy attacks targeted against coalition, ISF, civilians, Iraqi infrastructure and government organizations. Does not include IEDs and mines found and cleared.
^h ITAO, *IRMO Electricity Daily Units Performance Reports*, April 1, 2007–June 29, 2008; ITAO, *Weekly Status Reports*, April 1, 2007–June 29, 2008.

Notes: Locations on map are approximate. Numbers affected by rounding. Figures for source d include ongoing and completed projects, and account for the IRRF, ISFF, ESF, and CERP funds.

ESSENTIAL SERVICES^h

MISSAN ELECTRICITY—AVERAGE DAILY LOAD SERVED AND DEMAND
 Megawatts (MW)



ECONOMY

Generally, Missan province is characterized by severe poverty. About 64% of the people live below the poverty line,⁷⁰⁸ and nearly 75% work in the agricultural sector.⁷⁰⁹ The Provincial Council notes that most of the revenues from manufacturing industries in this sector go to the Ministry of Industry and Minerals,⁷¹⁰ and many factories are in need of development, investment, and materials.⁷¹¹ The Missan Provincial Development Strategy (PDS) established these general economic development objectives:⁷¹²

- qualitative and quantitative development of the infrastructure services
- achieve development in tourism
- develop the agriculture community
- activate the role of the private sector

This quarter, GRD completed the renovation of a 26-year-old asphalt plant in the Missan province. The nearly \$250,000 project included the upgrade of the electrical and mechanical equipment in the plant and the construction of a new administration office. The factory is the

only operational plant of the three government-owned asphalt plants in the province.⁷¹³

ESSENTIAL SERVICES

According to the PDS, Missan province is considered one of the “population-repelling” provinces because it lacks the services of other areas in Iraq.⁷¹⁴ The current electricity network is old and can no longer handle the needs of the population.⁷¹⁵ Further, the PDS noted these challenges in the essential services sectors:⁷¹⁶

- **Water.** Biological pollutants in the Degla River increase turbidity and salinity; a drainage network is needed; and there is a shortage of treatment centers.
- **Education.** There are not enough school buildings and teachers, and curricula and teaching systems are out of date.
- **Health Care.** There are not enough medications to meet emergency requirements, and there is a need for a basic health care program to stem the high percentage of epidemics and other diseases.

PROVINCE BACKGROUND

GOVERNOR:

Adil Mahoder

KEY FEATURES:

- Marshlands form more than 40% of the total area
- The people of Missan remain the most needy in Iraq

ECONOMIC ACTIVITY:

- Investment and excavation of oil and its derivatives
- Also produces wheat, barley, rice, and white and yellow maize



Renovated asphalt plant near Amara. (USACE photo)

This quarter, construction is ongoing on two phases of an 80-bed hospital facility in the Missan province. The project includes a main hospital building, physicians' residences, and a sewage treatment plant. Phase I of the \$18.6 million, ESF-funded project began in November 2007, and phase II began in March 2008. It is expected to be completed by May 2009.⁷¹⁷

GOVERNANCE

A PRT assessment of February 29, 2008, rated Missan's governance capabilities at 1.0 (Beginning) of a possible 5.0 (Self-reliant). This is a decline from the November 2007 assessment, which rated governance at 2.0 (Developing). In the latest assessment, Missan ranked lowest among all provinces.⁷¹⁸

This quarter, PRT Missan launched a seven-month **Municipal Planning and Development Course**.⁷¹⁹ This sustainability program builds the capacity of municipal programming professionals, helping them to better manage existing infrastructure and assets.

A non-sectarian and independent NGO, the Iraq Foundation, received a grant from the ESF Quick Response Fund (QRF) to train ten Missan NGOs in governance skills, leadership, management, and planning. The Foundation aims to use this training to promote the development and effectiveness of civil society organizations in the province.

SECURITY

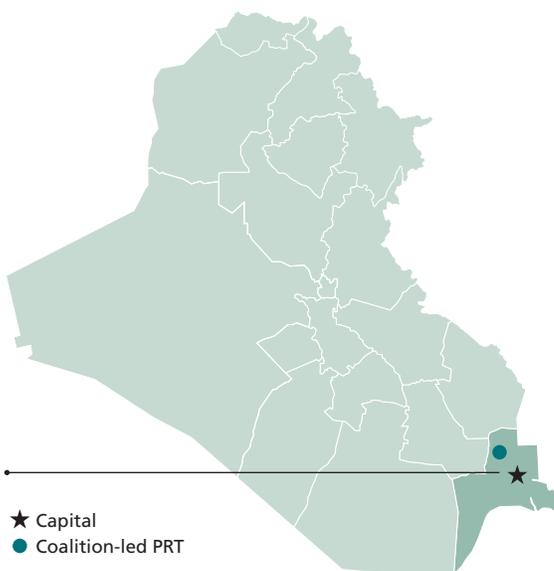
The PDS established these goals for security:⁷²⁰

- Strengthen the relationship between the local government, the police directorate, and the court.
- Develop training for the police to reinforce their effectiveness.
- Supply the detention centers and jails with essential equipment.

Missan was the fourth province to achieve PIC (April 2007), and no attacks were reported against the ISF, Iraqi civilians, or Coalition personnel from February 23, 2008, to May 31, 2008.⁷²¹ Coalition forces and PRTs have had few operations in the province since PIC,⁷²² even though Coalition forces assisted the ISF with clearing operations against militias and special groups.⁷²³ Approximately 10,000 members of the ISF were in the province conducting operations, and Coalition forces accounted for about 500 troops, serving in various assistance roles.⁷²⁴ It remains unclear whether the Coalition's operational support for the ISF this quarter will result in an enhanced relationship between PRT representatives and provincial contacts who must travel outside the province to meet with PRT representatives.

BASRAH

CAPITAL: Basrah
POPULATION:^a 1.76 million
RELIGION:^b 100% Shia
CAPITAL BUDGET:^c \$322 million, 0% expended
U.S. PROJECTS:^d 3,306
U.S. PROJECT COSTS:^d \$2.1 billion



Basrah

- ★ Capital
- Coalition-led PRT

RECONSTRUCTION PROJECTS^e

MAJOR U.S.-FUNDED PROJECTS (\$ MILLIONS)

DISTRICT	PROJECT NAME	TOTAL COST	FUND	FORECAST/ACTUAL COMPLETION
1	Al-Zubair Khor Zubair New Generation	\$121.36	IRRF 2	1/6/2006
2	N/A South Well Work Over	\$88.19	IRRF 2	5/12/2007
3	Al-Qurna West Al-Qurna Well Completion & Replacement Tubing	\$61.70	IRRF 2	3/22/2007
4	Basrah Design And Construct Basrah City Sewerage Project	\$53.84	IRRF 2	10/30/2006
5	Al-Qurna Construct New 400kV Substation at Amara	\$38.26	IRRF 2	4/1/2008

SECURITY^g

PIC DATE: **December 2007**

AVERAGE DAILY ATTACKS

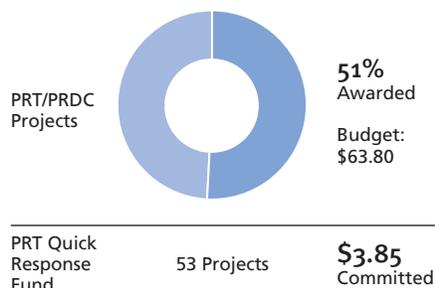
TIME PERIOD	AVERAGE NUMBER OF DAILY ATTACKS	TREND
December 1, 2007–February 22, 2008	1.21	↑
February 23, 2008–May 31, /2008	1.28	

Sources:

^a UNOCHA, "Iraq-Population by Governorate," November 19, 2007.
^b IOM, "IOM Displacement Data Used for Associated Press Interactive Website," May 2008, www.iom-iraq.net.
^c Ministry of Finance, *Capital Report*, March 2008, provided by the U.S. Treasury, June 29, 2008.
^d IRMS, *ITAO Rollup*, July 7, 2008; IRMS, CERP Excel Workbook, June 30, 2008; USAID, *Activities Report*, July 16, 2008.
^e IRMS, *ITAO Rollup*, July 7, 2008.
^f ITAO, response to SIGIR data call, June 29, 2008.
^g MNF-I, *SPA Assessments*, June 2008; MNF-I, response to SIGIR data call, July 12, 2008. SIGACTS III Database (Coalition Reports only) as of February 23, 2008 and June 1, 2008. Data reflects executed enemy attacks targeted against coalition, ISF, civilians, Iraqi infrastructure and government organizations. Does not include IEDs and mines found and cleared.
^h ITAO, *IRMO Electricity Daily Units Performance Reports*, April 1, 2007–June 29, 2008; ITAO, *Weekly Status Reports*, April 1, 2007–June 29, 2008.

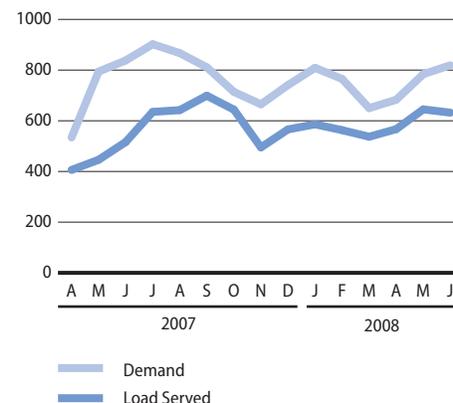
Notes: Locations on map are approximate. Numbers affected by rounding. Figures for source d include ongoing and completed projects, and account for the IRRF, ISFF, ESF, and CERP funds.

PRT PROJECTS^f \$ MILLIONS



ESSENTIAL SERVICES^h

BASRAH ELECTRICITY—AVERAGE DAILY LOAD SERVED AND DEMAND
 Megawatts (MW)



ECONOMY

The only ports in Iraq are located in Basrah, which borders the Persian Gulf. Trade through the Port of Umm Qasr continues at healthy levels following the port's occupation by GOI security forces in March 2008. The port is experiencing steady, often robust activity in the areas of vessel arrivals, container movements, and grain shipments.⁷²⁵ In May 2008, 230,334 metric tons of wheat were discharged in Umm Qasr—a 237% increase from the same period last year.⁷²⁶ The Basrah Provincial Development Strategy (PDS) established these general economic development goals:⁷²⁷

- Amend policies for granting loans and banking facilitations.
- Issue appropriate economic, financial, and tax policies that include complete or partial exemption of small projects from income tax to allow the formation of capitals.
- Support the establishment of institutions that provide data and financial support.

Efforts to modernize and expand the operations at **Umm Qasr** continued this quarter. The GOI is engaged in selection of an international consulting firm to design and manage a competitive tender process for the improvement and development of the port. The U.S. Office of Transportation Attaché assisted the GOI in preparing the Port Tender Consultant request for proposals and in organizing and financing a conference in Erbil, where pre-qualified candidate firms were invited to present their proposals. Final selection of a Port Tender Consultant by the GOI is expected by July 2008.⁷²⁸

The **Nelcon Crane Refurbishment Project** continued this quarter. With estimated completion by September 30, 2008, the project has the potential to add an additional 25% to the overall capacity of the Port of Umm Qasr over the long term. As of June 30, 2008, nearly \$3.7 million of the IRRF has been obligated for this project, and more than \$3.2 million has been expended.⁷²⁹

PROVINCE BACKGROUND

GOVERNOR:

Muhammad Mossibh al-Wahili

KEY FEATURES:

- Important cultural and trade center
- Houses Iraq's only ocean ports and main export route for oil
- Geographically diverse with marshes, plains, and desert

ECONOMIC ACTIVITY:

- Home to Iraq's largest oil fields
- Produces tomatoes and dates as winter crops

ESSENTIAL SERVICES

Exports passing through the **Al Basrah Oil Terminal (ABOT)** are the central figure in Basrah's economy. This quarter, 1.52 MBPD of oil was exported through ABOT and the Khor Al Amaya Oil Terminal, accounting for approximately 80% of Iraq's oil export average this quarter.⁷³⁰ The PDS established these goals in the essential services sectors:⁷³¹

- **Oil.** Develop new transport lines for oil and oil products, restore and active the Iraqi Oil Tankers Company, and refurbish and develop gas manufacturing, processing, sorting, and exportation by the South Gas company.
- **Municipalities.** Increase the number of workers who collect waste, provide equipment for cleaning, and restore landfill sites according to the environmental conditions and requirements.
- **Water.** Implement projects to treat the highly polluted water, establish repair and maintenance workshops in the central projects (equipping them with essential materials), and build heavy drainage networks and rain drains.

The \$160 million **Basrah Children's Hospital** is currently 88% complete. An assessment revealed about \$55,000 in damages caused during the March 2008 violence in Basrah. Site security on the project will be required through the end of 2008.⁷³² The estimated completion date for the U.S. portion of construction is currently July 21, 2008. Equipment integration and non-U.S. construction will continue through November or December 2008. The first phase of the hospital is scheduled to open in early 2009. The cost to com-

plete the main construction phase of the project is nearly \$6 million. This will be Iraq's first new teaching hospital in more than 23 years.⁷³³

GOVERNANCE

A PRT assessment of February 29, 2008, rated Basrah's governance capabilities at 3.0 (Sustaining) of a possible 5.0 (Self-reliant). This represents significant improvement from the November 2007 assessment, when governance in the province was rated at 1.0 (Beginning). Nine provinces ranked below Basrah in the latest assessment.⁷³⁴

This quarter at the Basrah International Airport, the Basrah PRT, USAID, GRD, and UNDP completed a two-day workshop on budget execution support. Nearly 60 Iraqi officials from Basrah's governor's office and 8 technical directorates participated.⁷³⁵

The PRT Basrah received \$198,800 in QRF support for the **Promotion of and Tolerance Among the Youth of Basrah project**.⁷³⁶ The project's objective is to use artistic activities to promote tolerance and build conflict resolution skills among 5,000 urban and rural youths in the province. The PRT also shared the tools of the project with 40 NGOs through direct trainings.⁷³⁷

The **Community Stabilization Program (CSP)** approved two new vocational training courses for masonry and computer maintenance, both standard Ministry of Labor and Social Affairs curricula. Trainees will be provided with stipends to cover transportation and personal expenses, as well as a toolkit at the completion of the training.⁷³⁸



Port of Umm Qasr in Basrah. (USACE photo)

SECURITY

Basrah achieved PIC in December 2007. Before and following the attainment of PIC, Basrah was the focal point of an intra-Shia power struggle between three groups over control of oil in southern Iraq as well as challenges to government control in the province and in the national government.⁷³⁹ DoD reported that Basrah is the seventh most violent province, averaging more than one attack each day.⁷⁴⁰

In the first quarter of 2008, the national government launched **Operation Saulat Al-Fursan** to assert control of Basrah. Early stages of the operation reflected what appeared to be a lack of coordination, particularly in the face of militia

resistance, which resulted in increased violence between March and May 2008.⁷⁴¹

Following a ceasefire ordered by militia leader Muqtada al-Sadr, government forces continued discrete operations to arrest the flow of arms and the return of fighters into Basrah city. DoD reports that U.S. and British troops played a critical role in support of the ISF in continuing security operations.⁷⁴²

Notwithstanding DoD reports that security operations in Basrah have been successful,⁷⁴³ PRT efforts appear to continue to be stymied. A PRT member reported to the U.S. Embassy that “PIC seems to have no effect whatsoever on security as far as the PRT is concerned.”⁷⁴⁴

