

# SIGIR OBSERVATIONS

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SECTION

1

## MANAGEMENT OF U.S. RECONSTRUCTION TRANSITION

The United States formally concluded its combat mission in Iraq this quarter, with Operation Iraqi Freedom becoming Operation New Dawn. As the Department of Defense (DoD) continues to reduce its presence, the Department of State (DoS) footprint is growing, as it assumes new responsibilities and missions. Emblematic of these shifts, a new Commanding General of U.S. Forces-Iraq (USF-I) (General Lloyd Austin) and a new U.S. Ambassador (James Jeffrey) have assumed control of the U.S. mission in Iraq. They now oversee the continuous process of mission transition between DoD and DoS.

U.S.-Iraqi relations over the next year will be defined by four major issues, as both nations prepare for the scheduled departure of virtually all U.S. military forces by December 2011:

- **Security.** As of mid-October, approximately 49,000 U.S. troops remain in Iraq. Their core responsibilities include training, advising, and assisting the Iraqi Security Forces (ISF)—especially in the areas of logistics, reconnaissance, and intelligence. They are also charged with supporting Iraqi Army (IA) and police units on combat missions (if asked) and providing security to DoS and other U.S. government personnel. SIGIR issued two audit reports this quarter on DoD's efforts to train elements of the ISF. In the first, SIGIR determined that, notwithstanding the \$7.3 billion spent on police training, the actual capabilities of the Iraqi police remain unknown because they have not been discretely evaluated in a measurable way. Ensuring police-force capabilities and professionalism is especially crucial because it is rapidly taking responsibility for all internal security. DoS is preparing to take over the police training program in 2011,



U.S. troops loading equipment in preparation for their relocation to Kuwait. (USF-I photo)

with the Department of Justice also playing a crucial role—a transition that SIGIR will monitor and report on in 2011. SIGIR also published an audit this quarter on DoD's training of the Iraqi Special Operations Force (ISOF), concluding that, although the program was conducted in accordance with established military training protocols, the transfer of the ISOF from the Ministry of Defense (MOD) to the Prime Minister's Office raises serious questions about the control of this force by Iraqi civil authorities.

- **Governance.** On October 1, 2010, Iraq set a record for the longest period a country has gone between holding parliamentary elections and forming a government (surpassing the previous mark of 207 days set by The Netherlands 33 years ago).<sup>1</sup> Seeking to facilitate an end to this enduring impasse, U.S. diplomats ramped up efforts this quarter to convince Iraq's major political blocs to reach a final power-sharing agreement. The most significant development was the decision by self-exiled Shia cleric Muqtada al-Sadr, whose bloc won 39 seats in March, to drop his opposition to Prime Minister Nouri al-Maliki, bringing the sitting Prime Minister closer to obtaining the 163 seats needed to form a new government. However, the first-place finisher in the March election, former Prime Minister Ayad Allawi, whose bloc won two more seats than al-Maliki's (91 to 89), also continued his efforts to attract enough supporters to form a governing majority.

- Availability of non-U.S. Resources for Reconstruction.** This quarter, SIGIR officials in Iraq observed an increasing recognition on the part of the Government of Iraq (GOI) of its need and obligation to finance Iraqi reconstruction projects exclusively with Iraqi funds. For example, in October, Iraq’s Council of Ministers (CoM) approved a \$733 million project to expand the oil-export capacity of the facilities located around the southern port of Umm Qasr.<sup>2</sup> International oil companies are also continuing to expand their presence in Iraq’s lucrative hydrocarbon sector. For these positive trends to continue, however, the new Iraqi government must provide security and legal certainty regarding investment laws.
- Rule of Law.** Public corruption pervades all levels of the government. Although Iraq’s anticorruption institutions are developing more auditing and investigative capacities, they remain understaffed and undertrained. Judicial security continues to be a problem, with GOI officials reporting an 80% shortfall in the number of judicial security guards deemed necessary. In

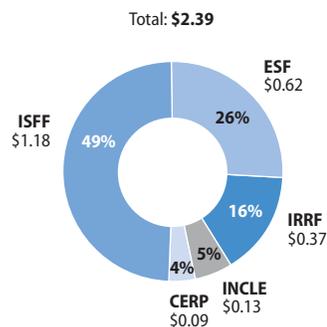
addition, Iraq’s chief anticorruption official—the head of the Commission of Integrity (COI)—has yet to be confirmed in office, almost two years after taking the position.

## U.S. RECONSTRUCTION FUNDING

### Major Funds Update

Since 2003, the Congress has appropriated or otherwise made available \$56.81 billion for reconstruction efforts in Iraq, primarily through five major funds: the Iraq Relief and Reconstruction Fund (IRRF), the Iraq Security Forces Fund (ISFF), the Economic Support Fund (ESF), the Commander’s Emergency Response Program (CERP), and the International Narcotics Control and Law Enforcement (INCLE) account. Figure 1.1 summarizes the current status of unexpended obligations of the five major funds. For more on U.S. reconstruction funding, see Section 2 of this Report.<sup>3</sup>

FIGURE 1.1  
**UNEXPENDED OBLIGATIONS: MAJOR U.S. FUNDS**  
 \$ Billions



Note: Data not audited. Numbers affected by rounding.

Sources: DoS, response to SIGIR data call, 4/5/2007; INL, response to SIGIR data call, 9/30/2010; NEA-I, responses to SIGIR data calls, 4/12/2010, 4/14/2010, 7/8/2010, 9/23/2010, 10/4/2010, and 10/7/2010; OSD, responses to SIGIR data calls, 4/10/2009, 10/14/2010, and 10/15/2010; USACE, response to SIGIR data call, 10/6/2010; USAID, responses to SIGIR data call, 7/8/2010 and 7/13/2010; USTDA, response to SIGIR data call, 4/2/2009; U.S. Embassy-Baghdad, response to SIGIR data call, 7/14/2010; U.S. Treasury, response to SIGIR data call, 4/2/2009.

### Incomplete CERP and ISFF Data

Pursuant to this quarterly report’s data call, the DoD Office of the Under Secretary of Defense (Comptroller) (OUSD(C)), was unable to provide the top-line obligation and expenditure data for the FY 2010 CERP appropriation. Consequently, SIGIR is unable to provide a precise accounting of the current status of CERP funds. Furthermore, OUSD(C) reports quarterly obligations and expenditures by project or project category only for the current fiscal year appropriation. Thus, SIGIR cannot determine whether CERP projects started in previous years were completed and what their final costs were. SIGIR had previously used the Iraq Reconstruction Management System (IRMS) as an alternative, albeit incomplete, data source, but it was shut down on September 1. The Funding section of this Report describes this problem in greater detail. SIGIR continues to work with OUSD(C) to

resolve these issues and achieve greater depth and accuracy in CERP reporting.

For the first time, USF-I declined to review a draft of this Quarterly Report, which it has done every previous quarter to help ensure the accuracy of the information presented. USF-I also was unable to provide the final status on the use of ISFF monies. SIGIR thus used preliminary data to calculate the status of U.S. funds. SIGIR will adjust its accounting of the ISFF in its January 2011 Quarterly Report should there be a discrepancy between the preliminary and final data.

## U.S. RECONSTRUCTION MANAGEMENT

### U.S. Leadership

In mid-August, Ambassador James Jeffrey took up his new post as Chief of Mission (COM) in Iraq; and, on September 1, General Lloyd Austin replaced General Raymond Odierno as the commander of USF-I.

### DoD to DoS Transitions

DoS will be shouldering several missions that had been supported by DoD, including provincial outreach, rule-of-law and police training, military training and assistance, and certain economic development programs. By October 2011, DoS's Bureau of International Narcotics and Law Enforcement Affairs (INL) is expected to assume full responsibility for managing the police training program, with approximately 190 police advisors operating at three main outposts in Baghdad, Basrah, and Erbil, as well as several satellite locations.<sup>4</sup> INL's curriculum will emphasize supervisory skills and techniques for gathering forensic evidence, as opposed to the more tactical training that has been provided by USF-I.

These changes in DoS's mission will be accompanied by a dramatic increase in the number of U.S.



USF-I change of command ceremony. (USF-I photo)

personnel under COM authority. As of July 1, 2010, there were 6,787 personnel under COM authority in Baghdad and 794 in the provinces.

### An Evolving Provincial Presence: From PRTs to Consulates and Embassy Branch Offices

The 15 Provincial Reconstruction Teams (PRTs) and 1 Regional Reconstruction Team now deployed in Iraq will wind up operations between now and September 2011. Two new permanent consulates (Erbil and Basrah) and two new temporary Embassy Branch Offices (EBOs) (Kirkuk and Mosul) will become the focal points for DoS's presence outside of Baghdad. Earlier proposals had suggested establishing additional temporary diplomatic posts (in Anbar province and key Shia cities in the south), but current plans do not provide outposts in either Najaf or Kerbala, or in the predominantly Sunni communities of Ramadi and Falluja.

### Supporting the Provincial Presence

According to DoD and DoS officials, DoD is working on arrangements to allow DoS to use the Logistics Civil Augmentation Program (LOGCAP) and Defense Logistics Agency contracting mechanisms to meet the life-support, food, fuel, and transportation needs of the consulates and EBOs. DoD may also transfer to DoS Mine Resistant Ambush Protected (MRAP) vehicles and other excess equipment for use in the provinces. The Embassy

remains in discussion with the GOI about acquiring the property necessary to locate secure facilities outside of Baghdad, and the ultimate DoS footprint will depend on available funding.<sup>6</sup>

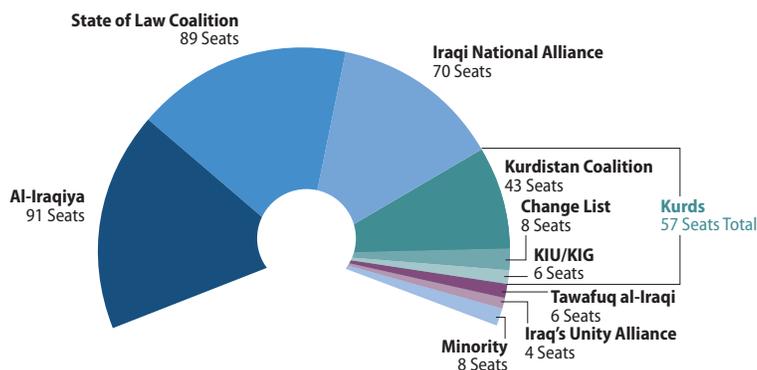
## GOVERNMENT FORMATION

Almost eight months have passed since Iraq's March 7 parliamentary elections. As of October 20,

the major political coalitions have been unable to agree on the composition of a new government. During the desultory government-formation negotiations, GOI ministries have continued to function under the stewardship of caretaker ministers and career civil servants. Figure 1.2 displays the close-run nature of March's contest, which left the two leading contenders only two seats apart in the new Council of Representatives (CoR) and each more than 70 seats away from the 163 needed to form a new government.

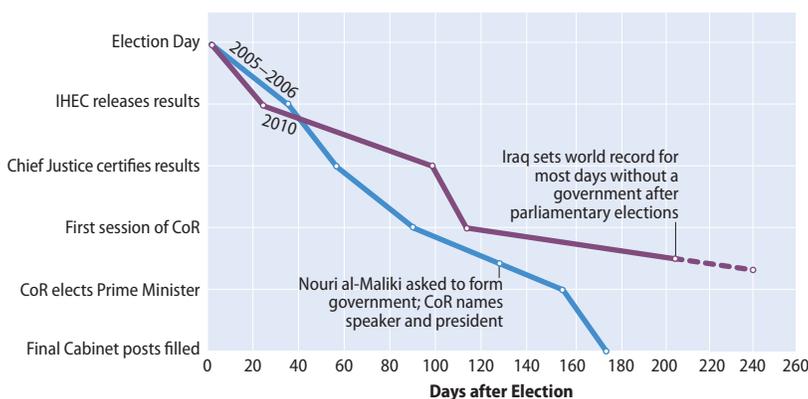
Figure 1.3 contrasts post-election developments in 2010 with key events in the 2005–2006 government formation process.

FIGURE 1.2  
FINAL, CERTIFIED RESULTS OF MARCH 2010 ELECTIONS



Source: GOI, IHEC, "Iraqi CoR Election Results," 3/28/2010, [ihec-iq.com/en/results.html](http://ihec-iq.com/en/results.html), accessed 7/21/2010.

FIGURE 1.3  
GOVERNMENT FORMATION: 2005–2006 VS. 2010



Source: SIGIR analysis of GOI and U.S. government documents and open source information in English and Arabic.

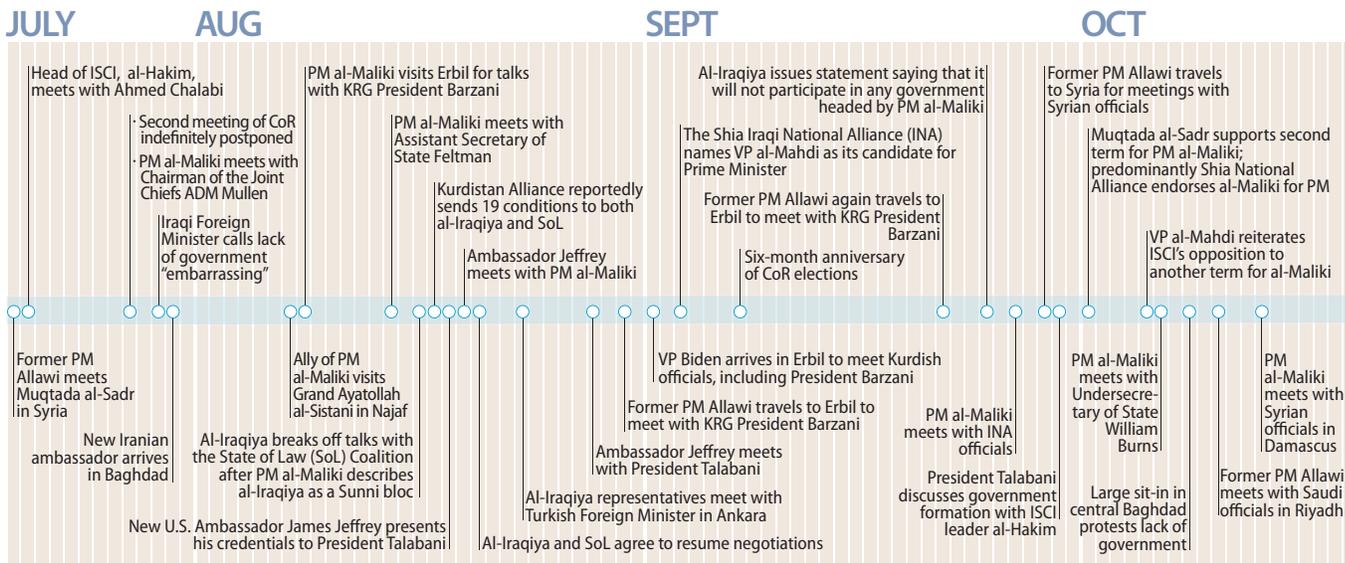
### Continuing Negotiations

This quarter, the major electoral blocs continued their attempts to build a coalition capable of laying claim to 163 seats. On October 1, 2010, Muqtada al-Sadr, whose party won 39 seats, endorsed Prime Minister Nouri al-Maliki for another term in office, abruptly reversing his long-standing opposition to a second al-Maliki administration. However, even with support from the Sadrist, Prime Minister al-Maliki's State of Law Coalition (SoL) still needs additional allies to form a new government.<sup>7</sup>

Former Prime Minister Ayad Allawi's al-Iraqiya bloc conducted discussions with all of the other major blocs this quarter but was unable to garner firm commitments of support. According to GOI officials, former Prime Minister Allawi backed off his earlier insistence that he emerge as prime minister in the new government and signaled his openness to a compromise solution. But in the wake of Muqtada al-Sadr's endorsement of al-Maliki, al-Iraqiya was reported to be in negotiations with some of al-Sadr's coalition partners in the Iraqi National Alliance, including the Islamic Supreme Council of Iraq (ISCI) and Fadhila.

As of early October, the Kurdistan Alliance has refrained from expressing overt support for either SoL or al-Iraqiya. But without support from the 57 CoR members belonging to the Kurdistan Alliance, it is difficult to see how

FIGURE 1.4  
SIGNIFICANT DEVELOPMENTS IN NEGOTIATIONS CONCERNING GOVERNMENT FORMATION, 7/19/2010–10/19/2010



Source: SIGIR analysis of GOI and U.S. government documents and open source information in Arabic and English.



Prime Minister al-Maliki confers with President Talabani. (GOI photo)

either of the leading contenders could form a government unless SoL and al-Iraqiya put aside long-standing animosities and join together to form a broad-based coalition government. If the stalemate persists much longer, several GOI officials suggested to SIGIR that Iraq's judiciary may play a greater role in brokering some kind of governing arrangement. Figure 1.4 shows some of this quarter's significant political developments.

## GOVERNANCE

### New Government's Agenda

Once formed, Iraq's new government will quickly have to confront myriad challenges left unresolved by the previous administration.<sup>8</sup>

- National Reconciliation.** The unresolved status of Kirkuk and related Arab-Kurdish issues will be crucial priorities for the new government. Arab-Kurdish issues are, however, but one subset of a broader array of matters that must be addressed to achieve some measure of enduring national reconciliation, along with the integration of the mostly Sunni Sons of Iraq (SOI) into the ISF and the clarification of government powers between Baghdad and the provinces.
- Security.** The ongoing tasks of providing for Iraq's domestic security and rebuilding the ISF's ability to guard the nation's borders remain the most crucial challenges. The new government must weigh any proposed security expenditures against the urgent need to improve essential public services.<sup>9</sup>

- **Economy.** Iraq's future prosperity hinges on the hydrocarbon sector. Passage of the long-stalled package of hydrocarbon laws will be a key priority for the CoR, as will drafting of additional legislation aimed at stimulating the growth of those parts of Iraq's private sector not directly dependent on hydrocarbons. The previous CoR concluded its business without passing more than 70 proposed economic-reform laws.
- **Rule of Law.** Endemic corruption undermines domestic and international confidence in the GOI. The CoR may attempt to address this by passing new anticorruption laws, undertaking regulatory reforms, improving judicial security, and reforming the penal system.
- **Vacancies.** The new government will have the opportunity to appoint its supporters to positions in every ministry and key post, including COI Commissioner. If the wholesale replacement of existing officials occurs, many GOI personnel may be turned out of office after years of receiving expensive training from U.S. advisors.

### GOI Again Delays National Census

In early October, the Ministry of Planning and Development Cooperation (MoPDC) postponed Iraq's national census from October 24, 2010, to December 5, 2010.<sup>10</sup> The census has been repeatedly postponed since 2007 because of sectarian tensions and insurgent violence. According to GOI officials, fears of exacerbating Arab-Kurdish tensions in Ninewa and Tameem provinces were the main factors behind this latest delay. Whenever it occurs, the census will be the first to measure Iraq's entire population since 1987. Its results will affect decisions about extending the scope of the Kurdistan Regional Government (KRG) into the disputed lands beyond its southern borders.

### Regions Law Revisited?

In early September, officials on Basrah's Provincial Council announced that they may re-activate efforts to transform Basrah into a region after the new government is seated, potentially further

complicating relations between Baghdad and the provinces. The law governing the formation of regions permits one or more provinces to form a region, which would be governed by a legislative council possessing significant authorities. In early 2009, efforts by prominent Shia politicians in the oil-rich province of Basrah to form a region failed when they could not gather enough signatures to hold a referendum on the issue.<sup>11</sup>

## SECURITY

According to the GOI's Ministry of Health, September saw the fewest Iraqi fatalities from violence since January 2010.<sup>12</sup> Attacks during Ramadan (August 11–September 11) were down 18% from last year's levels. But ISF personnel and GOI officials continued to be targeted, as anti-government forces apparently focused on attacking the institutions of the Iraqi state.<sup>13</sup>

### USF-I Priorities

In August, DoD and DoS officials described the four main areas of focus for USF-I between now and December 2011:<sup>14</sup>

- providing security for DoS and other U.S. government personnel
- training, equipping, and supporting the ISF
- continuing to conduct partnered counterterrorism missions with the ISF
- managing the drawdown of the remaining U.S. forces in Iraq

DoD officials also emphasized that the U.S. military and DoS will spend significant time and effort monitoring the situation in Iraq's north and attempting to reduce tensions there.

### ISF Capabilities

This quarter, the ISF took delivery of 11 U.S.-built M1 Abrams tanks, with 129 more scheduled to arrive by December 2011.<sup>15</sup> In September, the



USAF F-16, similar to those ordered by Iraq for its air force. (USF-I photo)

U.S. Administration approved the sale of 18 F-16 fighters to Iraq, and the Iraqi Navy accepted the first of 15 patrol boats ordered from the United States.<sup>16</sup> The challenge now will be to field sufficient numbers of trained personnel to operate the tanks, planes, and vessels; to develop a logistics system to support them; and to craft a doctrine governing their employment.

## U.S. Personnel Repeatedly Targeted

This quarter, mortar shells and rockets landed in Baghdad's International Zone (IZ)—home to the U.S. Embassy and several Iraqi government buildings—with increasing regularity. In late July, a rocket killed 3 security contractors working in the IZ and wounded 15 others. In September, more than 20 indirect-fire attacks struck the IZ. At least one PRT convoy also came under attack this quarter. On August 23, a convoy carrying PRT personnel near Mosul was hit by a rocket-propelled grenade, causing several minor injuries.<sup>17</sup>

## UN Convoy Bombed

On October 19, following a meeting in Najaf with Grand Ayatollah Ali al-Sistani to discuss ongoing efforts to form a new government, the convoy of UN Special Representative Ad Melkert was hit by an improvised explosive device. Melkert was unharmed, but an Iraqi police officer was reportedly killed.<sup>18</sup>



Firefighters work at the site of a bomb attack in Baghdad on July 26, 2010. (Reuters/Saad Shalash)

## Attacks Continue Against Iraqi Civilians, Security Forces, and Government Officials

In the weeks preceding the end of the U.S. combat mission, several major terrorist attacks occurred across Iraq:<sup>19</sup>

- **July 26, Kerbala**—Two car bombs exploded near a checkpoint, killing more than 20.
- **August 17, Baghdad**—A suicide attack on an MOD recruiting station killed more than 50 and wounded more than 100. Many of the victims had been waiting in line to apply to join the IA.
- **August 25, multiple cities**—In a coordinated attack bearing the hallmarks of al-Qaeda in Iraq, terrorists bombed 13 cities, killing more than 50 people. The deadliest attack occurred in the usually peaceful southern city of Kut, where a car bomb detonated near government buildings, killing at least 15.

ISF personnel continued to bear the brunt of much of the violence, with smaller attacks targeting IA and Iraqi Police units on a regular basis. Examples include:<sup>20</sup>

- **Early August, Baghdad**—At least 8 traffic police were killed during a seven-day period.
- **August 25, Baghdad**—11 were killed and nearly 40 injured when a car bomb struck outside a police station.

### One Politician's Perspective

On October 4, 2010, SIGIR met with Safia al-Souhail, a member of Iraq's CoR. She was first elected to the CoR in 2005 on former Prime Minister Ayad Allawi's list, but won re-election in 2010 as a supporter of Prime Minister Nouri al-Maliki's SoL.

A self-described independent liberal, al-Souhail was born in Beirut and has lived in Amman, Paris, and Washington, D.C. In December 2002, she met with former British Prime Minister Tony Blair to discuss the Ba'athist regime's human rights abuses. In her meeting with SIGIR, al-Souhail offered her perspective on a wide variety of topics, including her constituents' views on the U.S. reconstruction effort, the development of Iraq's democratic institutions, the rights of women, the role of culture in national reconciliation, and corruption:

- **U.S. reconstruction programs.** In her opinion, many citizens do not understand the scope of the U.S. reconstruction effort because too few prominent projects were built that were visible to all as evidence of the U.S. commitment to Iraq. The small scale of many U.S.-funded construction projects and the difficult-to-observe nature of almost all capacity-development initiatives makes it hard for Iraqis to understand how exactly their quality of life has been changed for the better by the U.S. presence in their country. Whatever a project's actual effectiveness, if it is not seen to be effective by Iraqis, then the United States has not derived all that it could have from its investment. Al-Souhail echoed this

point, stating: "If you lived in a community and someone donated money to expand the water treatment plant in your neighborhood, it is unlikely the average household would know who donated the money."

- **Democracy.** She commented on the widespread disillusionment among Iraqi voters who have difficulty understanding how democracy has improved their lives. She asserted that a lack of good jobs and educational opportunities feeds this cynicism, resulting in a citizenry that does not trust the institutions of state. In her view, the optimism about the possibilities of democracy that greeted the toppling of Saddam has dissipated and "democrats in Iraq have become orphans."
- **Women's rights.** She observed that the introduction of a constitutional government in the wake of the 2003 invasion adversely affected some of the gains achieved by Iraqi women during the twentieth century. In particular, she contends that Article 41 of the Iraqi Constitution—which allows citizens to determine their personal status according to their religion, sect, or belief—potentially provides legal cover for those wishing to advance a fundamentalist version of Islamic family law that minimizes women's rights. While acknowledging that some progress has been made, it is her firm belief that "Iraqi women have a long way to go" before achieving true equality and empowerment.
- **Culture.** She advocates a broad-based cultural renewal as a means of reawakening a positive sense of inclusive nationalism among Iraq's



Representative Safia al-Souhail meets with SIGIR officials, October 2010.

various religious and ethnic groups. She lamented the sectarian impulses of many leading political figures, suggesting that a durable national reconciliation will only come to pass once Iraqis move beyond narrow group interests. To achieve this, she urged increased Iraqi and U.S. government support for authors, independent journalists, and educators.

- **Corruption.** Iraqis' lack of trust in the government has led to the widely held view that, to advance in society, one must inevitably either partake in corrupt activities or turn a blind eye to them. Upon her return to Iraq in 2003, she was struck by how years of dictatorship and oppression had led to an apparent inability on the part of many Iraqis to know right from wrong and act accordingly. The habits adopted to survive under Saddam were not consistent with those needed to build a civil society. Al-Souhail pointed to education as the most effective way to foster habits conducive to self-governance and the rule of law, implying that the problem of corruption can only be addressed by a multi-generational effort.

- **September 5, Baghdad**—4 Iraqi soldiers were killed repelling a multi-pronged suicide attack on a military headquarters.
- **Mid-September, Mosul**—At least 9 Iraqi soldiers were killed by an IED while on leave.
- **Late September, near Falluja**—3 policemen were killed by a suicide bomber.

Former SOI personnel have been particularly hard-hit by violence in recent months. This quarter, USF-I reported that at least 32 SOI were killed, with many more wounded. Of the 94,000 SOI transferred by the U.S. military to the GOI last year, about 50,000 are still without a job.<sup>21</sup> For more on the SOI, see Section 4.

## Targeting Government Workers

In the more than seven months since the parliamentary elections, it has been Iraq's mid-level civil servants who have borne the greatest responsibility for running the GOI. This could be construed as an unintended benefit of the stalemate in government formation—with high-level politicians wrapped up in discussions, managerial-level technocrats have gained significant experience and confidence ensuring that the day-to-day operations of the Iraqi government continue. In conversations with SIGIR this quarter, U.S. officials pointed to the experience gained by these managers as one of the few benefits associated with the lengthy political impasse. Security issues, however, are continuing

TABLE 1.1  
SELECTED ACTS OF APPARENT TARGETED VIOLENCE AGAINST GOI CIVIL SERVANTS

TARGETS/VICTIMS	LOCATION (PROVINCE)	DATE	CIRCUMSTANCES	RESULT
Undersecretary at Ministry of Agriculture	Baghdad	7/19/2010	IED attack on convoy	Attack failed
Governor of Ninewa province	Ninewa	8/8/2010	Multiple bombs	Governor survived; others killed and injured
Criminal court judge	Missan	8/9/2010	Sticky bomb attached to car	Attack failed
Tellafar city councilman	Ninewa	8/10/2010	Sticky bomb attached to car	Attack failed
Multiple judges	Baghdad, unknown	8/17/2010	Multiple bombs	Several judges injured
Financial Supervision Authority official	Baghdad	8/17/2010	Ambushed in car by gunmen	Official killed
Court officials in Tikrit	Salah Al-Din	8/18/2010	Multiple bombs	2 security guards killed
Ministry of Housing & Construction official	Baghdad	8/18/2010	Ambushed in car by gunmen	Official killed
Independent High Electoral Commission official	Baghdad	8/19/2010	Ambushed in car by gunmen	Official killed
Ninewa Criminal Court judges	Ninewa	8/20/2010	Multiple IEDs	Judges survived; 4 ISF personnel injured
Investigative judge	Ninewa	8/27/2010	IED placed near residence	Attack failed
Director General at Ministry of Agriculture	Baghdad	9/6/2010	Sticky bomb attached to car	Director general injured
Intelligence officer	Baghdad	9/13/2010	Sticky bomb attached to car	Officer killed
Undersecretary at Ministry of Labor	Baghdad	9/15/2010	IED attack on convoy	Attack failed; bystanders injured
Commission of Integrity official	Baghdad	9/26/2010	Ambushed in car by gunmen	Official killed
Ministry of Agriculture official	Baghdad	10/3/2010	Sticky bomb attached to car	Official killed
Director of Criminal Evidence Department	Ninewa	10/5/2010	Ambushed by gunmen	Director killed
Provincial Council Legal Committee Chairman	Ninewa	10/7/2010	Convoy ambushed by gunmen	Attack failed
Ministry of Higher Education employees	Anbar	10/9/2010	Gunmen attacked employees' homes	At least three ministry employees killed
Baghdad provincial official	Baghdad	10/18/2010	Bomb detonated near convoy	Official and several guards killed

**Note:** This table provides examples of assassinations, attempted assassinations, and other small-scale acts of violence that appear to have been aimed at specific persons or groups this quarter. It does not purport to be all-inclusive, nor presume to imply the attackers' respective motives.

**Sources:** SIGIR analysis of U.S.- and GOI-issued unclassified documents and other publicly available sources in both English and Arabic.

to have a negative impact on government officials, as this quarter several GOI officials were the targets of assassination attempts. Table 1.1 lists examples of such attempts and their outcomes.

## ECONOMY

On October 8, 2010, the IMF approved the release of \$741 million to Iraq as part of a larger \$3.7 billion loan package approved in February, stating that Iraq is continuing to make “good progress” in stabilizing its economy and rebuilding its financial institutions.<sup>22</sup> The IMF noted that inflation remains low and the exchange rate remains stable.<sup>23</sup>

### National Development Plan

In July, Prime Minister al-Maliki unveiled Iraq’s \$186 billion *National Development Plan (2010–2014)* (NDP). The NDP outlines a five-year program for economic growth and social development, centering on 2,831 projects. The GOI expects to contribute 53.7% of the \$186 billion in funds, with the private sector financing the remaining 46.3%. This quarter, the GOI released additional details about how the NDP will allocate spending by province, which is summarized in Figure 1.5.<sup>24</sup>

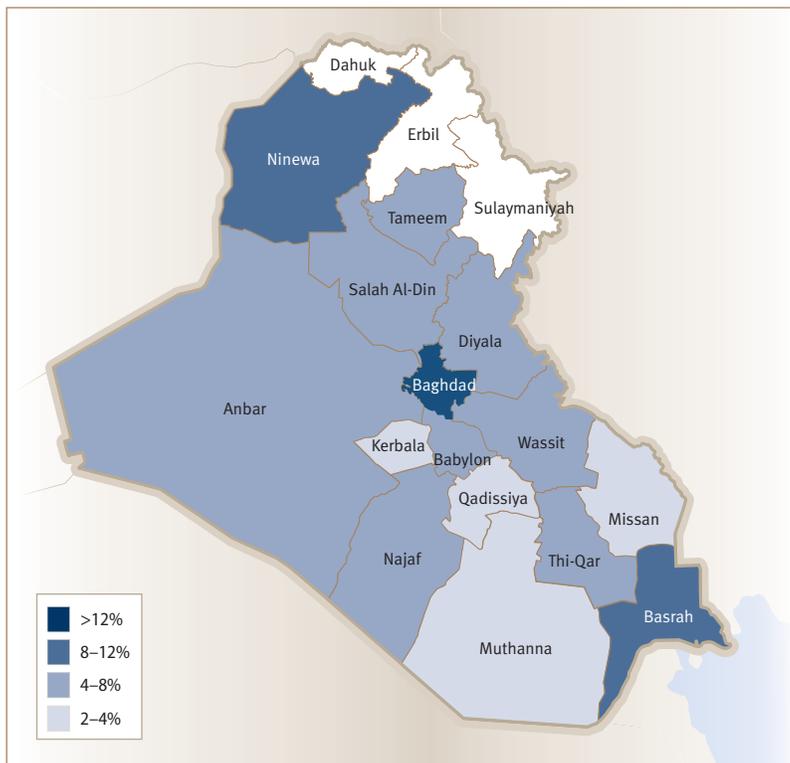
### Projected GOI Budget for 2011

In late September, officials from the Ministry of Finance (MOF) announced that the MOF had completed its draft budget for 2011. The proposed \$86.4 billion budget is based on the assumption that global oil prices will average \$70 per barrel next year. The draft also assumes an increase in export volume from the current level of 1.85 million barrels per day (MBPD) to an average of 2.4 MBPD for 2011—an increase that may be beyond the capacity of Iraq’s existing hydrocarbon infrastructure, and thus unsupportable.<sup>25</sup> The new CoR and President must both approve the new budget before it becomes law—a process unlikely to occur in the near future. Figure 1.6 compares the 2011 budget draft and its assumed price of oil to previous years’ budgets and assumptions.

### Opacity of GOI Budget Figures

The GOI’s inadequate financial management systems continue to hinder efforts to obtain a clear picture of Iraq’s financial situation. This point was underscored this quarter by the release of a Government Accountability Office (GAO) report suggesting that Iraq has an estimated cumulative budget surplus in excess of \$11.8 billion. The GAO estimate was sharply disputed by DoD, DoS, the U.S. Department of Treasury, and the MOF, which pointed to challenges in the manner in which figures are accounted for and reported.<sup>26</sup> As discussed in Section 2, the IMF believes that Iraq’s fiscal performance has improved. Reduced government

FIGURE 1.5  
PROJECTED DISTRIBUTION OF PROVINCIAL DEVELOPMENT FUNDS, 2010–2014  
% of Annual Capital Budget



Note: This chart excludes the three provinces that make up the Kurdistan Region (Dahuk, Erbil, and Sulaymaniyah), which are slated to get 17% of the \$186 billion allocated by the NDP.

Source: GOI, MoPDC, “The National Development Plan (2010–2014) Summary,” 10/2010.

## Reconstruction, Security, and Economic Development in the Kurdistan Region

SIGIR officials traveled to the Kurdistan Region in late September to meet with U.S. reconstruction advisors and key KRG officials, including the prime minister. Topics discussed included:

- U.S. reconstruction program.** Establishing “a culture of permanence” is the stated goal of the U.S. Regional Reconstruction Team (RRT) based in Erbil. Because of the Kurdistan Region’s relatively robust economy and functional governing institutions, the RRT reported that it is able to focus on second-order issues, such as promoting freedom of the press, encouraging citizen participation in government, and supporting cultural programs aimed at promoting the rights of women and minorities. The RRT is well-established in the community, making more than 40 trips outside its compound each week, and draws on the local economy for some of its basic life-support requirements, including food and cleaning services. Because it will take several years for DoS to construct and open the planned-for consulate in Erbil, the RRT is filling this gap and performing tasks traditionally executed by consular officers in other countries. These include providing visas, engaging with KRG officials on economic matters, and managing U.S.-funded development initiatives.
- Security.** Two primary forces are responsible for security in the Kurdistan Region, the Asai’ish and the Peshmerga. The Asai’ish concentrate on internal security matters, such as policing and domestic intelligence, whereas the Peshmerga’s primary focus is external security. Kurdish officials estimated that there are about 190,000 Peshmerga personnel, and about 100,000 are currently on active duty. In

addition to patrolling the external and disputed internal borders between the Kurdistan Region and the rest of Iraq, Peshmerga troops have also been called on by the GOI to participate in security operations in the “lower 15” provinces in coordination

with the ISF. In conversations with SIGIR, the KRG’s Minister of Peshmerga Affairs stated that current plans called for raising two new Peshmerga divisions, each numbering about 15,000 troops. He noted that Peshmerga soldiers require more advanced training—especially in intelligence collection and analysis—but the KRG lacks a sufficient budget to fund such programs.

- Economic development.** Arab and Turkish firms are the largest investors in the Kurdistan Region. Since August 2008, Arab states have provided about 74% of the \$3.6 billion in foreign investment in the region, led by companies based in Kuwait (\$1.5 billion), Lebanon, Egypt, and Jordan. Turkish enterprises are also very active in the region. Of the more than 1,200 foreign businesses operating in the three largest cities in the Kurdistan Region, about 730 of them are Turkish. However, the Turkish firms tend to be more engaged in trading and low-level commerce, as opposed to the larger projects financed by many of the Arab companies. According to KRG officials, the region’s Investment Commission has licensed \$30.5 billion worth of projects since mid-2006. Of these, about 10% are complete and more than 30% are underway. About 23% of these projects are solely financed by foreign investors, 5% by joint ventures between

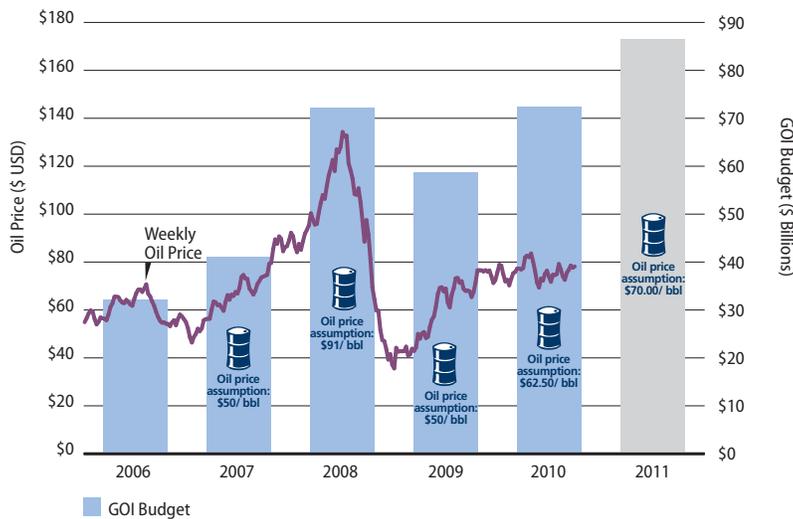


KRG officials in Erbil celebrate the International Day of Peace. (KRG photo)

Iraqis (mainly Kurds) and international firms, and the remaining 72% funded entirely by Iraqi investors. While the region’s laws make it attractive to companies (investment incentives include free land, a 10-year tax holiday, and a 5-year exemption from import duties), corruption and an over-staffed public sector remain persistent problems. According to one official, of the approximately 4.5 million residents in the Kurdistan Region, about 1 million work for the government.

- Higher education.** KRG officials are currently embarked on an ambitious effort to modernize teacher training and university curricula. Since the 2009 passage of a law reforming the KRG’s higher-education system, promotions are now tied to the successful completion of teacher-training programs. According to the KRG Minister of Higher Education and Scientific Research, however, the effort to replace the old patronage and seniority-focused promotion system met with substantial resistance from long-entrenched members of the professoriate that was overcome only after the prime minister intervened. Notwithstanding these reform efforts, the 12 locally accredited universities operating in the Kurdistan Region remain unable to extend opportunities to the 42,000 students estimated to be seeking higher education.

FIGURE 1.6  
WEEKLY OIL PRICE, GOI BUDGET, AND OIL PRICE ASSUMPTIONS,  
2006–2011



Note: Oil prices reflect the average weekly price of Kirkuk crude oil.

Sources: EIA, “Weekly Kirkuk Netback Price at U.S. Gulf,” [www.eia.doe.gov](http://www.eia.doe.gov), accessed 10/12/2010; “GOI Budget” (as approved by TNA and written into law December 2005); U.S. Treasury, responses to SIGIR data calls, 1/4/2008 and 4/9/2009; GOI, CoM, [www.cabinet.iq](http://www.cabinet.iq), accessed 10/14/2009; GOI, CoR, “Federal Public Budget Law for the Fiscal Year 2010,” 1/27/2010, Article 2 and Annex Schedule B; GOI, Presidential Council, “Federal Public Budget Law for the Fiscal Year 2010,” 2/10/2010; IMF, Report No. 10/72, *Iraq: Staff Report for the 2009 Article IV Consultation and Request for Stand-By Arrangement*, 3/16/2010; GOI, MOF, response to SIGIR data call, 9/29/2010.

spending, higher-than-projected oil revenues, low inflation, and a stable exchange rate resulted in a budget surplus for the first half of 2010, and reflected progress in instituting structural reforms. However, according to the IMF’s analysis, “both the fiscal balance and current account are projected to remain in deficit” in 2010–2011, and low oil production and exports are expected to cause a decline in economic growth.<sup>27</sup>

### International Assistance to Iraq

On August 5, 2010, the UN Security Council extended by one year the mandate of the UN Assistance Mission for Iraq (UNAMI). The resolution extending UNAMI’s mandate until July 31, 2011 was co-sponsored by the United States, the United Kingdom, Japan, and Turkey and passed the Security Council unanimously. On October 20, UNAMI was to have convened a high-level meeting to discuss the Paris Declaration on Aid Effectiveness as it

applies to international assistance to Iraq. The Paris Declaration is an international agreement committing more than 100 countries and organizations to increase their efforts at harmonizing development aid and measuring its results.

## ENERGY

### Oil

As of October 1, 2010, a barrel of Kirkuk crude oil traded at \$78.17 on the global market, down almost 42% from the post-invasion peak of \$134.26 per barrel, which was achieved in the third quarter of 2008, but up nearly 120% from the 2009 low of \$35.60.<sup>28</sup> This quarter, Iraq’s oil production averaged 2.33 MBPD, a 2% decrease from last quarter and a 7% decline from the record-setting third quarter of 2009 when production averaged 2.49 MBPD. Iraq’s crude oil exports over the past three months averaged 1.85 MBPD, about the same as last quarter’s level but down 7% from this time last year.<sup>29</sup>

### The Future of Iraq’s Oil Industry

In early October, the Ministry of Oil raised its estimate of proved oil reserves by 24% from 115 billion barrels to 143.1 billion barrels, which—if accurate—places it behind only Saudi Arabia and, possibly, Canada. Officials from Iraq’s Ministry of Oil have repeatedly stated their intention to tap these vast reserves to increase production from current levels to more than 12 MBPD within seven years. However, Iraq’s oil production has remained relatively flat over the past two years, hovering below 2.5 MBPD,<sup>30</sup> and neglected infrastructure and an uncertain political and security environment may adversely affect Iraq’s ability to achieve its desired increase in production.<sup>31</sup>

### U.S. Oil Services Companies Expand Presence

U.S. companies continued to expand their presence in Iraq’s oil fields this quarter. Texas-based Halliburton completed the first phase of its base camp in

Basrah province, joining Baker Hughes, Schlumberger, and Weatherford there. Halliburton also announced that it has agreed to terms with Shell to work on developing the Majnoon oil field and with the Italian firm Eni to provide services supporting the exploitation of the Zubair field.<sup>32</sup>

### CoM Approves GOI-funded Iraq Crude Oil Export Expansion Project

In early October, the CoM approved the construction of phase one of the Iraq Crude Oil Export Expansion (ICOEE) Project, awarding a \$733 million engineering, procurement, and construction contract to the Asia-based contractor Leighton Offshore. The ICOEE is a three-phase project aimed at increasing Iraq's offshore export capacity by laying new pipelines and refurbishing the 30-year-old infrastructure in and around the port facilities in Basrah province. Iraq's South Oil Company is currently evaluating bids for phase two.<sup>33</sup>

### Securing Oil Facilities

This quarter, there were three reported attacks on Iraq's oil and gas infrastructure, compared to four such attacks last quarter. Although none of this quarter's attacks caused significant damage, safeguarding Iraq's lengthy pipelines and extensive refining and export facilities remains a challenge for Iraq's oil protection police. In August, the Iraqi general in charge of the Oil Police reported that he had about 10,000 fewer personnel than the 41,000 target size for his force.<sup>34</sup>

### Electricity

This quarter, electricity supply on the national grid reached another post-invasion high, averaging 6,540 megawatts (MW), 5% above last quarter's level. Iraq's power plants produced an average of 5,894 MW this quarter, up 8% from last quarter—an increase partly attributable to increased outputs from hydroelectric plants. Iraq's electricity imports were down 13% from last quarter, averaging 646 MW, with 77% of these imports coming from neighboring Iran.<sup>35</sup>

### Attacks on Electricity Infrastructure Spike

Attacks on Iraq's electricity infrastructure doubled from last quarter (from 16 to 32), marking the third consecutive quarterly rise in reported attacks. Examples included:<sup>36</sup>

- **July 8, western Baghdad**—Two electricity transmission towers were destroyed.
- **July 18, Anbar province**—Three transmission towers were destroyed.
- **August 12, Mosul**—A successful attack on the Mosul Gas power plant stopped production there for two days, disrupting the national power grid.

Other than the incident in Mosul, these attacks are having minimal effect on the availability of electric power.

### Electricity Shortages

The main problem facing Iraq's electricity sector continues to be surging demand outpacing supply. In late August, residents of the southern city of Nassiriya again took to the streets to protest the persistent lack of electricity. Riot police broke up this protest, which was reportedly significantly smaller than the June rioting that forced the resignation of the Minister of Electricity. U.S. and GOI officials report that they are anticipating next summer's shortages to be worse, unless the available electricity supply can somehow keep up with the ever-increasing demand.

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## ANTICORRUPTION AND THE RULE OF LAW

This quarter, SIGIR met with five high-ranking GOI anticorruption officials in Baghdad, including the heads of Iraq's COI, Board of Supreme Audit (BSA), and three inspectors general (IGs). Although these agencies continue to face serious challenges to their independence, security, and

effectiveness, SIGIR observed some increased institutional capacities, a growing acceptance of the two U.S.-established institutions (COI and the IGs), and a greater degree of international support for Iraqi anticorruption efforts.

Iraq's anticorruption officials continue to operate under constant threat of death or injury. On September 26, Laieh Mohammad, a COI investigator, was killed by shots fired from a silenced pistol as he waited in line to enter the IZ and report to work.

### Key Corruption Cases

GOI anticorruption officials reported significant developments in three major corruption cases this quarter:<sup>37</sup>

- **Appeals Court Denies COI's Appeal in Minister of Trade Case.** In September, Iraq's Federal Appeals Court upheld a lower court's dismissal of a corruption case against the former Minister of Trade. The COI had alleged that the former minister and his brother defrauded Iraq's Public Distribution System of millions of dollars, but a criminal court in Baghdad ruled in the former minister's favor earlier this year. The COI immediately appealed this decision, but in September, the appellate court upheld the lower court's decision dismissing that case. A related corruption case against the former minister is still pending.
- **MOI General Who Purchased "Magic Wand" Bomb Detectors Receives Immunity.** According to the Ministry of Interior (MOI) IG, Article 136(b) of the Iraqi Criminal Procedure Code was used to halt judicial action against the MOI general responsible for a widely derided "bomb detection" program that uses metallic wands to supposedly detect explosives at checkpoints. MOI's IG reports that many lives have been lost due to the wands' utter ineffectiveness. However, because Article 136(b) allows a minister to effectively immunize an employee from prosecution, the MOI IG stated to SIGIR that no action was taken against the party responsible for procuring the wands, which, as of October, continued to be used at checkpoints throughout Iraq.<sup>38</sup>



A Najaf policeman displays his badge following graduation from a USF-I training course. (DoS photo)

- **CERP-funded Computers Intended for Schools are Misappropriated at Port.** This summer, several thousand computers bought with CERP funds and intended for use by Iraqi schoolchildren in Babylon province went missing from the port facilities at Umm Qasr. Of the 8,000 computers (COI contends that the original order was for about 4,200 computers), several thousand were misappropriated by unknown parties and reportedly sold off at an illegal auction for a fraction of their value. In October, the COI reported that it had recovered more than 4,000 of these computers. COI personnel, assisted by the U.S. Embassy, are continuing to investigate this matter.

### Commission of Integrity

This quarter, COI reported that it had obtained convictions against 387 GOI employees over the first eight months of 2010.<sup>39</sup> Of those convicted, 30 held the rank of Director General or above.<sup>40</sup> For the number of convictions, by province, see Figure 1.7. The COI also concluded agreements with Jordan, Egypt, and the United Arab Emirates to recover stolen assets. These agreements give COI the legal authority to work with those countries as they conduct criminal investigations.<sup>41</sup> For more on the COI's activities in 2009 and 2010, see Section 4.

### Inspectors General

Long regarded as a U.S. creation poorly grafted onto the Iraqi body politic, the ministerial IGs

appear to be gaining a degree of acceptance by the GOI. This quarter, SIGIR met with the IGs for the Ministries of Interior, Education, and Electricity. They remarked that their oversight roles were better understood by their ministries, although they cautioned that obtaining full cooperation on internal investigations remained a challenge. Two other themes emerged from these meetings:<sup>42</sup>

- **Staffing.** All the IGs with whom SIGIR met reported that, while their staffs are growing in size, there remains a need for additional and better-trained staff. For example, the Ministry of Education IG has 250 people to oversee a ministry with approximately 600,000 employees.
- **Contracting.** Fraud in procurement contracting continues to be the biggest problem facing the ministries. The lack of trained personnel capable of exercising effective oversight of contracts results in untold millions of dollars worth of wasted and stolen government resources.

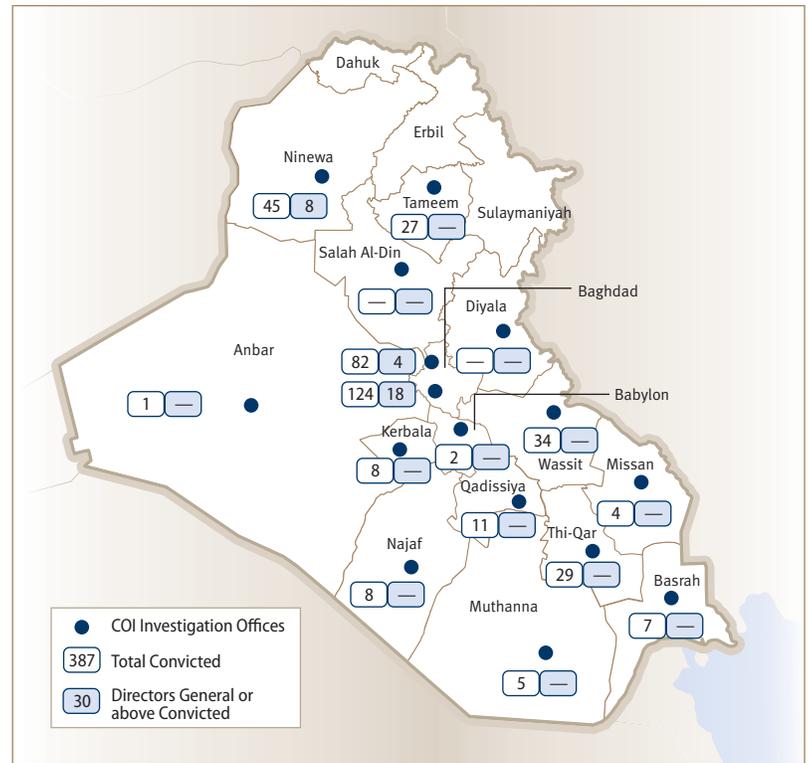
## Iraq To Open Anticorruption Academy

In November, Iraq is scheduled to open its first anticorruption training academy at an unused building in the IZ. The building was originally built for the Ministry of Health (MOH) by the U.S. Army Corps of Engineers, although the MOH denies it ever asked for it. The CoM reports that COI will take the lead in administering the anticorruption academy, with support from the newly established, UN-supported International Anti-Corruption Academy (IACA) based in Vienna, Austria.

## Judicial Security

Judges continued to be targeted by anti-government forces this quarter. On August 17, four judges were wounded in two separate bomb attacks in central Iraq. An al-Qaeda in Iraq front group later claimed responsibility for these assaults. Later in August, unsuccessful IED attacks targeted a judicial motorcade and an investigative judge's residence, both in Mosul. Since 2003, at least 41 judges have been killed in Iraq, but none have been killed since February 2010.<sup>43</sup>

FIGURE 1.7  
CORRUPTION CONVICTIONS OBTAINED AS A RESULT OF COI INVESTIGATIONS,  
1/1/2010–8/31/2010



Source: GOI, COI, response to SIGIR data call, 10/8/2010.

Although judges are entitled to protective security details (PSDs), a persistent shortage of trained and vetted personnel means that many judges are forced to function without security guards. As of October 2010, Iraq has 1,271 judges, each of whom is entitled to at least a 5-person PSD, with appellate judges allowed 8-person units. According to MOI officials, there are only about 1,800 judicial security guards in Iraq (or about 20% of the amount needed), and plans to establish a 1,062-man specialized Judicial Security Unit are being held up because of a lack of the necessary spending approvals from the Ministry of Finance.<sup>44</sup>

## Corrections

In conversations with SIGIR this quarter, U.S. and GOI officials reported that rampant overcrowding

remains the chief problem facing the Iraqi prison system. U.S. officials cited the inability of the GOI to process detainees efficiently and expeditiously as one of the primary factors driving overcrowding, as it often takes months to check whether a detainee has outstanding warrants against him. Moreover, the Ministry of Justice (MOJ), which administers Iraq's professional corrections officer corps, controls 22 prisons, while MOI runs more than 1,200 small jails.<sup>45</sup> Thus, the ministry with the necessary skills (MOJ) lacks the required facilities.<sup>46</sup>

This quarter, the Ministry of Human Rights (MoHR) signed an agreement with the COI to cooperate in investigating allegations of human rights abuses at GOI-administered detention centers. MoHR officials enlisted COI's assistance in probing these allegations because of claims that prison officials regularly extort money from detainees' families in exchange for better treatment, better food, or release.<sup>47</sup>

## SIGNIFICANT LEGAL DEVELOPMENTS

### Blackwater/Xe Settles with DoS over Export Violations

This quarter, Xe Services (formerly known as Blackwater) agreed to pay a \$42 million civil penalty for violating U.S. export-control regulations 288 times. According to documents released by DoS, Blackwater/Xe's alleged violations included diverting weapons intended to assist U.S. military efforts in Iraq to other uses. Under the terms of its agreement with DoS, Xe is allowed to devote \$12 million of the \$42 million to strengthening its internal controls programs.<sup>48</sup>

### Iraqis Can Go Forward with Torture Suit against U.S. Contractor

In late July, a federal judge in Maryland denied a motion by U.S. contractor L-3 Services to dismiss

claims brought by 72 Iraqis (and one U.S. citizen) alleging they were tortured and mistreated by L-3 personnel at detention facilities across Iraq, including Abu Ghraib. The judge rejected L-3's claims that it was immune from such charges because of its status as a government contractor. The judge's ruling allowed the case to continue, and it is now in the discovery phase.<sup>49</sup>

## SIGIR OVERSIGHT

### Audits

This quarter, SIGIR issued five audits and one nonaudit report describing the methodology used for SIGIR's forensic data mining and analysis. Since 2004, SIGIR has published 177 reports on the U.S. reconstruction program. As described in more detail in Section 5, SIGIR's audits this quarter reviewed:

- **DoS Oversight of Democracy Grants to National Democratic Institute (NDI).** SIGIR examined a \$50 million DoS grant to the National Democratic Institute (NDI) to promote democracy in Iraq. SIGIR assessed NDI's claimed security costs and the extent to which the grantee documented its success in achieving its governance, political participation, and civil society goals and objectives. SIGIR found that NDI's \$13.5 million in security costs charged to the grant were generally reasonable, allowable, and allocable. However, NDI appears to have charged more for security contract administration, which is an indirect cost, than allowed. SIGIR also found that while NDI maintained comprehensive information on its activities and conducted several impact assessments, it does not have a systematic approach with clearly defined metrics to measure the impact of all of its work.
- **DoD Management and Use of Iraqi Vested and Seized Asset Funds.** SIGIR sought to determine whether DoD organizations established controls to account for and track obligations, expenditures,

and remaining unobligated vested and seized assets obtained by the United States (frozen Iraqi bank accounts and recovered cash). SIGIR found that the Department of the Army created accounts, controls, and monthly reports to account for these funds. Nevertheless, as of July 31, 2010, the Army had no plans or procedures in place to spend the remaining \$47.4 million.

- **Management and Outcomes of the DoD Program to Train and Equip Iraqi Police Forces.** Since 2003, the United States has spent about \$7.3 billion on a program to help the GOI train, staff, and equip Iraqi police forces to maintain domestic order. But while DoD reports that more than 400,000 Iraqi police have received training and are on the force, the capabilities of these forces are unknown because no assessments of total force capabilities were made. SIGIR found weaknesses in DoD's management of the program, particularly in program planning and assessments, communications and coordination between organizations performing the training, and oversight of contract police advisors. The impact of these weaknesses on the program is difficult to quantify but undoubtedly led to inefficiencies and waste. Consequently, in 2011, when DoS takes over responsibility for police training programs from DoD, it will be assuming responsibility to advise and assist police forces whose capabilities have not been assessed in any comprehensive way.
- **Management and Outcomes of the DoD Program To Train and Equip the Iraqi Special Operations Force (ISOF).** SIGIR found that the U.S. Special Operations Forces used established military training processes in training and equipping over 4,100 ISOF soldiers. At least \$237 million from the ISFF was used to equip and sustain the ISOF, but an unknown amount from the IRRF was used for procuring new equipment in support of all Iraqi security forces. Two broader issues worthy of notice arose during the conduct of this audit. First, the extra-constitutional movement of the ISOF from the MOD to

the Prime Minister's Office raises concerns about how the force will be used in the future. Second, the GOI's commitment to sustain the force seems uncertain, as evidenced by the lack of a dedicated budget, poor logistical and recruiting support, and the irregular payment of certain financial incentives to the soldiers.

- **SIGIR's Forensic Audit Initiative.** This quarter, SIGIR completed its initial review of nearly 180,000 transactions valued at approximately \$40 billion involving DoD, DoS, and U.S. Agency for International Development (USAID) reconstruction expenditures during fiscal years 2003–2009. SIGIR identified 54 potential duplicative payments made by DoS, totaling approximately \$18 million. SIGIR also discovered a possible breakdown in separation of duties in the management of the CERP and opened four new criminal investigations as a result of these findings, bringing the total number of investigations originated from this work to 53.

For more on SIGIR's audit activities this quarter, see Section 5.

## Investigations

To date, SIGIR's investigative work has led to 31 arrests, 50 indictments, 41 convictions, and more than \$71.2 million in court-ordered fines, forfeitures, and restitution payments. As of early October 2010, SIGIR investigators were working 110 open cases. Recent investigative accomplishments included:

- On July 23, Theresa Russell, a former staff sergeant in the U.S. Army, was sentenced in federal court in San Antonio, Texas, to five years probation and ordered to pay \$31,000 in restitution and a \$100 special assessment. The sentence was the result of a January 27, 2010, guilty plea to a one-count criminal information charging her with money laundering arising from a scheme involving the fraudulent awarding and administration of U.S. government contracts in Iraq.
- In early August, Major Mark R. Fuller, a U.S. Marine Corps fighter pilot, pled guilty to two

felony counts of stealing CERP funds intended for Iraq reconstruction during his 2005 deployment to Falluja.

- On August 11, Wajdi Birjas, a former DoD contract employee, pled guilty to conspiracy to bribe U.S. Army contracting officials stationed at Camp Arifjan, an Army base in Kuwait, and to money-laundering conspiracy involving former Majors Christopher Murray and James Momon, as well as a sergeant first class deployed to Camp Arifjan as a senior procurement non-commissioned officer.
- On September 2, Dorothy Ellis, a former senior employee of a U.S. military contractor, pled guilty to conspiracy to pay \$360,000 in bribes to U.S. Army contracting officials stationed at Camp Arifjan in Kuwait. According to court documents, Hall obtained the work by bribing certain U.S. Army contracting officers, including Momon and Murray. Ellis admitted that she participated in the bribery scheme by providing Momon and Murray access to secret bank accounts established on their behalf in the Philippines. Under the plea agreement, Ellis agreed to forfeit \$360,000 to the government. Sentencing is scheduled for December.
- In mid-September, papers were filed in federal court charging a U.S. Army major with one count of bribery. The major, who had served two tours in Iraq and one in Afghanistan, was charged with accepting money and other items of value from two foreign nationals affiliated with companies that sought and received Army contracts. If convicted, the major will have to forfeit all property derived from proceeds traceable to the commission of the offense, including two Rolex watches, real estate, a camper trailer, a Harley Davidson motorcycle, and a Dodge Ram truck.
- On September 17, U.S. Army Captain Faustino Gonzales was sentenced to 15 months in prison and ordered to pay a fine of \$10,000 and restitution in the amount of \$25,500 for receiving cash bribes and awarding CERP-funded contracts based on inflated prices.
- On October 1, Ismael Salinas pled guilty to receiving hundreds of thousands of dollars in illegal kickbacks from subcontractors in Iraq. Salinas overbilled DoD by \$847,904, taking at least \$424,000 in kickbacks from six companies. Salinas faces up to five years in prison when he is sentenced in December.
- On October 5, 2010, Mariam Mendoza Steinbuch, a former U.S. Marine Corps staff sergeant, pled guilty to accepting a \$25,000 bribe in exchange for awarding numerous contracts to a Lebanon-based company.
- On October 6, U.S. Army Reserve Lt. Col. Bruce Gillette pled guilty to one count of improper acts affecting a personal financial interest. While working with as a U.S. military liaison to the UN in support of Iraq's 2005 elections, Gillette on more than one occasion suggested that a contractor he was in discussions with for potential future employment pay a bribe to a GOI official. He is scheduled to be sentenced in January and faces a maximum penalty of one year imprisonment, one year supervised release, and a fine of \$100,000.
- In mid-October, a foreign national employed at U.S. Embassy-Baghdad was indicted on two counts of theft of public money and one count of acts affecting a personal financial interest. According to the indictment, the accused fraudulently caused more than \$237,000 in U.S. government funds, intended for the payment of services provided to the U.S. Embassy, to be sent to a bank account in Jordan that he controlled.
- On October 18, 2010, Major Richard Harrington, U.S. Marine Corps, was charged and pled guilty in federal court to demanding, seeking, and receiving gratuities. In 2005, Harrington was stationed in Falluja, serving as a contracting officer representative. There, while in charge of monitoring contractors' performance, he wrongfully solicited and accepted gifts from a contractor. His sentencing is scheduled for January, at which time he faces up to two years imprisonment, up to one year supervised release, and a maximum fine of \$250,000.

In October, for the second year in a row, the Council of the Inspectors General on Integrity and Efficiency (CIGIE) presented SIGIR's Investigations directorate with its Award for Excellence in recognition of its achievements in fighting fraud in Iraq. For more on SIGIR's investigative work, see Section 5.

## Evaluations

This quarter, SIGIR issued its first evaluation report, assessing the status of the Nassiriya and Ifrac (Kurdistan Region) Water Treatment Plants (WTPs), the perceptions of GOI officials and the local population regarding these projects, and the contribution of these projects to overall U.S. strategic goals. Costing a combined \$462 million, these WTP projects are two of the largest U.S.-funded infrastructure projects in Iraq. Based on data from recent focus groups and polls of the local populations, Thi-Qar residents hold an overwhelmingly negative view of the Nassiriya WTP project, the GOI, and the U.S. government. In contrast, most Erbil province residents hold a positive view of the Ifrac WTP project, the KRG, and the U.S. government. For more information on this evaluation, see Section 5.

## Congressional Testimony

On September 23, the Inspector General testified before the House Committee on Oversight and Government Reform on the problems DoS may face as it assumes full responsibility from DoD for overseeing an ongoing reconstruction program that, while smaller than the Iraq programs of recent years, will still be among the largest DoS has ever managed. Foremost among these problems will be a lack of information about reconstruction activities previously administered by other government agencies. In his testimony, the Inspector General recommended that DoS:

- improve its program controls and business practices, including on-the-ground program oversight and contract and grant management

- inventory what has been accomplished in Iraq's reconstruction and act to ensure that U.S. investments are not wasted by neglect in the asset-transfer phase or by subsequent failure by the GOI to sustain them

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## HUMAN TOLL

### U.S. Civilian Deaths

In late July, a 54-year-old U.S. citizen working as a contractor for KBR in Iraq was killed by incoming mortar fire. He had served in Iraq in various capacities since 2004. Overall, DoS reported that five U.S. civilians died in Iraq this quarter (one from mortar fire, two from natural causes, one in a car accident, and one whose cause of death has yet to be determined). Since March 2003, at least 310 U.S. civilians have died in Iraq.<sup>50</sup>

### Contractors

The Department of Labor (DoL) received reports of 14 additional deaths of contractors working on U.S.-funded reconstruction programs in Iraq this quarter. DoL also received reports of 799 injuries this quarter that resulted in the contractor missing at least four days of work. Since DoL began compiling this data in March 2003, it has received reports of 1,507 contractor deaths in Iraq.<sup>51</sup>

### Journalists

September 2010 was the deadliest month for journalists in Iraq since March 2009, with three journalists killed over a four-week span in September and early October. On September 7, Riad al-Saray, an anchor for the state-owned al-Iraqiya television station was killed by unknown gunmen as he was driving in western Baghdad. The next day, a reporter for a Ninewa-based television outlet was gunned down in front of his home in Mosul. On October 4, a freelance cameraman was killed by a sticky bomb attached to his car. Although these were the only journalist fatalities this quarter, in late July a

massive car bomb detonated outside the Baghdad office of the satellite news channel al-Arabiya, killing three non-journalist employees at the station and wounding 16 others. And in late September, another al-Iraqiya anchor was seriously injured by a sticky bomb attached to his automobile.<sup>52</sup>

On September 15, the KRG released the results of its five-month investigation into the circumstances surrounding the May 2010 death of Sardasht Osman, a freelance reporter who had often been critical of Kurdish government officials. The brief report blamed the terrorist group Ansar al-Islam for Osman's murder. The Committee to Protect Journalists denounced the KRG's find-

ings, noting that the report failed to provide any evidence to substantiate its conclusions.<sup>53</sup>

### **Fate of Iraqi Translators**

On August 12, 2010, 22 members of the U.S. Congress wrote to the Secretaries of State and Defense asking that the Administration formulate a plan to support the thousands of Iraqi nationals who have worked for the United States since 2003. The members asked the Administration to expedite the process of resettling in the United States those who elect that option and consider an airlift of Iraqis who could be in danger after the withdrawal of U.S. troops.<sup>54</sup> ♦

at least four days of work. Since DoL began compiling this data in March 2003, it has received reports of 1,507 contractor deaths in Iraq.<sup>51</sup>

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On September 15, the KRG released the results of its five-month investigation into the circumstances surrounding the May 2010 death of Sardasht Osman, a freelance reporter who had often been critical of Kurdish government officials. The brief report blamed the terrorist group Ansar al-Islam for Osman's murder. The Committee to Protect Journalists denounced the KRG's findings, noting that the report failed to provide any evidence to substantiate its conclusions.<sup>53</sup>

### Fate of Iraqi Translators

On August 12, 2010, 22 members of the U.S. Congress wrote to the Secretaries of State and Defense asking that the Administration formulate a plan to support the thousands of Iraqi nationals who have worked for the United States since 2003. The members asked the Administration to expedite the process of resettling in the United States those who elect that option and consider an airlift of Iraqis who could be in danger after the withdrawal of U.S. troops.<sup>54</sup> ♦