

FUNDING FOR IRAQ RECONSTRUCTION

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U.S. FUNDING

From fiscal year (FY) 2003 through FY 2012, the United States appropriated or otherwise made available \$60.48 billion for relief and reconstruction efforts in Iraq. Of this total, \$55.19 billion was obligated and \$53.26 billion was expended, as of September 30, 2012.⁶¹

FY 2013 Funding

Total FY 2013 funding for Iraq relief and reconstruction has yet to be determined. In its budget request for FY 2013, the Administration requested \$2.69 billion, which was \$0.47 billion more than was appropriated for FY 2012.⁶² As of October 30, 2012, the FY 2013 budget request was still being considered by the Congress.

This quarter, the Congress passed—and on September 28, the President signed into law—House Joint Resolution 117, the “Continuing Appropriations Resolution, 2013” (Public Law 112-175). The law provided interim FY 2013 appropriations for most programs of the federal government, including programs to reconstruct Iraq, at the levels provided in FY 2012, with a slight increase of 0.612%. This funding is available through March 27, 2013.⁶³

For many international programs, the Congress appropriates funding on a worldwide basis, allowing U.S. agencies to determine how that funding should be allocated. For example, for FY 2012, P.L. 112-74 appropriated \$5.76 billion for Economic Support Fund (ESF) programs worldwide; of this amount, the Department of State (DoS) allocated \$299 million for Iraq. While the continuing resolution provides a slight increase for ESF programs worldwide, DoS is responsible for determining the specific funding amount for Iraq programs.⁶⁴

In the case of programs designated to support the Global War on Terror/Overseas Contingency Operations funded by the FY 2012 Department

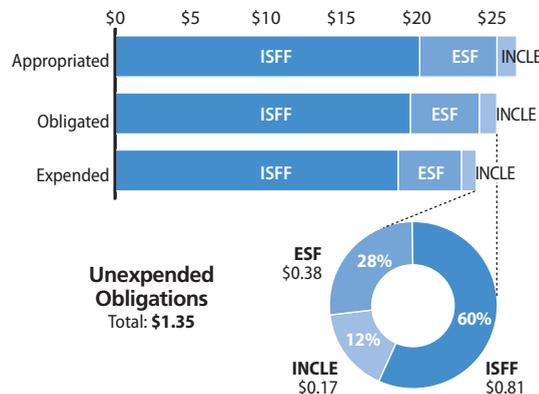
of Defense Appropriations Act or Military Construction Appropriations Act, funding was provided at the level in the President’s FY 2013 budget request.⁶⁵

Major Funds

More than \$51.46 billion, or more than 85% of the funding that has been made available for relief and reconstruction in Iraq, was provided through five major funds. Two of those funds—the Iraq Relief and Reconstruction Fund (IRRF) and the Commander’s Emergency Response Program (CERP)—are inactive: that is, all of the funds appropriated to them have expired. Thus, they are no longer available to support new activities. The other three funds are the Iraq Security Forces Fund (ISFF), the

\$55.19 billion was obligated and \$53.26 billion was expended, as of September 30, 2012.

FIGURE 2.1
STATUS OF ACTIVE MAJOR U.S. FUNDS,
AS OF 9/30/2012
\$ Billions



Note: Data not audited. Numbers affected by rounding.

Sources: P.L. 108-7; P.L. 108-11; P.L. 108-106; P.L. 108-287; P.L. 109-13; P.L. 109-102; P.L. 109-148; P.L. 109-34; P.L. 109-289; 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; P.L. 111-32; P.L. 111-117; P.L. 111-118; P.L. 111-212; P.L. 112-10; P.L. 112-74; NEA-I, responses to SIGIR data calls, 9/28/2011, 9/25/2012, 10/1/2012, and 10/2/2012; USACE, response to SIGIR data call, 10/1/2012; U.S. Embassy-Baghdad, responses to SIGIR data calls, 10/5/2011, 1/4/2012, 4/3/2012, 7/3/2012, and 10/1/2012; OUSD(C), response to SIGIR data call, 10/2/2012; INL, response to SIGIR data call, 10/16/2012.

TABLE 2.1
OBLIGATIONS AND EXPENDITURES FROM ACTIVE MAJOR FUNDS, AS OF 9/30/2012
 \$ Millions

FUND	PROGRAM	STATUS OF FUNDS		QUARTERLY CHANGE	
		OBLIGATED	EXPENDED	OBLIGATED	EXPENDED
ISFF	MOD Sustainment	2,893.7	2,620.1	321.0	212.0
	MOD Training	722.8	698.3	32.3	35.1
	MOI Sustainment	662.9	622.7	29.8	29.8
	MOD Equipment	5,326.8	5,227.2	29.2	32.2
	MOI Equipment	2,026.4	1,945.3	12.9	51.8
	Other	7,936.2	7,648.2	0.5	0.1
	Subtotal		19,568.9	18,761.9	425.7
ESF	<i>Ajyal</i> Primary Education Strengthening Project	19.0		19.0	
	Harmonized Support for Agriculture Development (HSAD) Project	10.0		10.0	
	PRT/PRDC Projects	618.4	590.7	5.0	5.0
	Democracy and Civil Society	265.5	243.1	1.8	5.5
	Community Action Program	450.4	447.7		18.7
	<i>Tijara</i> Provincial Economic Growth	172.5	144.2		15.7
	<i>Tarabot</i> Administrative Reform	82.3	29.5		9.4
	Governance Strengthening Program	57.2	10.4		7.9
	<i>Inma</i> Agribusiness Development	179.8	161.6		5.5
	Other	2,723.3	2,572.2	-3.1	18.9
Subtotal		4,578.3	4,199.3	32.7	86.5
INCLE	Police Advisors	710.2	620.6	102.7	61.9
	Corrections	13.2	10.9	-0.5	7.8
	Justice Programs	9.5	4.7	-0.2	2.6
	Counternarcotics	3.5	0.2	2.5	
	Other	419.1	352.3	1.0	0.9
Subtotal		1,155.4	988.8	105.5	73.2
Total		25,302.6	23,950.0	564.0	520.7

Note: Data not audited. Numbers affected by rounding.

Sources: NEA-I, responses to SIGIR data calls, 9/28/2011, 3/27/2012, 6/28/2012, 6/29/2012, 7/2/2012, 9/25/2012, 10/1/2012, and 10/2/2012; USACE, responses to SIGIR data calls, 4/3/2012, 7/5/2012, and 10/1/2012; U.S. Embassy-Baghdad, responses to SIGIR data calls, 10/5/2011, 1/4/2012, 4/3/2012, 7/3/2012, and 10/1/2012; USAID, response to SIGIR data call, 4/2/2012; INL, responses to SIGIR data calls, 7/10/2012 and 10/16/2012; OUSD(C), responses to SIGIR data calls, 7/11/2012 and 10/2/2012.

U.S. agencies obligated \$564 million and expended \$521 million from them this quarter.

International Narcotics Control and Law Enforcement (INCLE) account, and the ESF. These three remain active and, as shown in Table 2.1, U.S. agencies obligated \$564 million and expended \$521 million from them this quarter.⁶⁶ The ESF and INCLE have \$453 million in unexpended appropriations that

are available for obligation to new activities, but no ISFF funds are available for new obligations.⁶⁷

For the status of the three active funds, see Figure 2.1. For additional details on all five major funds, see Appendix C.

Iraq Security Forces Fund

Since 2005, the Congress appropriated \$20.19 billion to the ISFF to support Department of Defense (DoD) efforts to develop Iraq's military and police institutions.⁶⁸ As of the end of this quarter, \$19.57 billion of these appropriations had been obligated and \$18.76 billion had been expended. All of the \$625 million in unobligated ISFF has expired. In addition, \$807 million of obligated ISFF funds have yet to be expended.⁶⁹

The ISFF was the most active fund this quarter. It accounted for 75% of new obligations from the three major funds and 69% of expenditures. Nearly all of the final ISFF appropriation was obligated during the quarter. Only 1% (\$9 million) of the \$1.16 billion appropriation was left unobligated, and that amount has expired. Of the \$426 million obligated from the ISFF this quarter, three-fourths (\$321 million) was obligated to the Ministry of Defense (MOD) for sustainment.⁷⁰

TABLE 2.2

ISFF: STATUS OF FUNDS, BY MINISTRY AND SUB-ACTIVITY GROUP, AS OF 9/30/2012

\$ Millions

MINISTRY	SUB-ACTIVITY GROUP	STATUS OF FUNDS		QUARTERLY CHANGE	
		OBLIGATED	EXPENDED	OBLIGATED	EXPENDED
Defense	Equipment	5,326.8	5,227.2	29.2	32.2
	Infrastructure	3,074.7	2,971.9		
	Sustainment	2,893.7	2,620.1	321.0	212.0
	Training	722.8	698.3	32.3	35.1
	Subtotal	12,018.0	11,517.5	382.5	279.3
Interior	Training	2,656.0	2,591.6		
	Equipment	2,026.4	1,945.3	12.9	51.8
	Infrastructure	1,346.9	1,259.9		
	Sustainment	662.9	622.7	29.8	29.8
	Subtotal	6,692.3	6,419.5	42.7	81.6
Varies	Related Activities	858.6	824.8	0.5	
Total		19,568.9	18,761.9	425.7	360.9

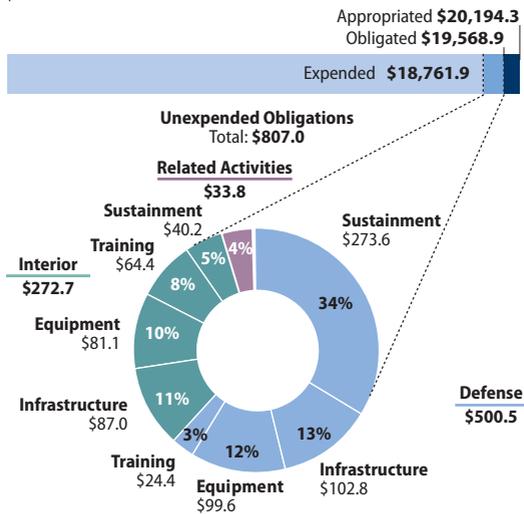
Note: Data not audited. Numbers affected by rounding.

Sources: OUSD(C), responses to SIGIR data calls, 7/11/2012 and 10/2/2012.

FIGURE 2.2

ISFF: STATUS OF FUNDS, AS OF 9/30/2012

\$ Millions



Note: Data not audited. Numbers affected by rounding.

Sources: P.L. 109-13; 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; P.L. 111-32; P.L. 111-212; P.L. 112-10; OUSD(C), response to SIGIR data call, 10/2/2012.

For the status of the ISFF, including a breakdown of unexpended obligations, see Figure 2.2. For the status and quarterly change of ISFF obligations and expenditures, by ministry and sub-activity group, see Table 2.2.

The ISFF accounted for 75% of new obligations from the three major funds and 69% of expenditures.

Economic Support Fund

Since 2003, the Congress appropriated more than \$5.13 billion to the ESF to support DoS and U.S. Agency for International Development (USAID) programs in Iraq to improve infrastructure and community security, promote democracy and civil society, and support capacity building and economic development.⁷¹ As of the end of this quarter, \$4.58 billion of these total appropriations had been obligated, and \$4.20 billion had been expended. Of the \$556 million in unobligated ESF funds, \$260 million had expired, leaving \$296 million available for obligation to new projects. In addition, \$379 million of obligated ESF funds had not been expended.⁷²

TABLE 2.3
ESF: STATUS OF FUNDS, BY TRACK AND PROGRAM, AS OF 9/30/2012
 \$ Millions

TRACK	PROGRAM	STATUS OF FUNDS		QUARTERLY CHANGE	
		OBLIGATED	EXPENDED	OBLIGATED	EXPENDED
Security	Community Stabilization	619.0	615.1		
	PRT/PRDC Projects	618.4	590.7	5.0	5.0
	Community Action	450.4	447.7		18.7
	Local Governance	434.6	433.9	-3.0	
	PRT Quick Response Fund	286.5	283.2	0.2	0.2
	Infrastructure Security Protection	193.6	193.6	-0.1	
	Governance Strengthening	57.2	10.4		7.9
	Subtotal	2,659.7	2,574.4	2.1	31.7
Political	Tatweer National Capacity Development	309.4	308.6		
	Democracy and Civil Society	265.5	243.1	1.8	5.5
	Iraqi Refugees	95.0	95.0		
	Economic Governance II, Policy and Regulatory Reforms	83.9	83.9		
	Tarabot Administrative Reform	82.3	29.5		9.4
	Ministerial Capacity Development	44.8	39.9		3.3
	Elections Support	40.4	21.7		1.9
	Regime Crimes Liaison Office	33.0	28.5		0.2
	Monitoring and Evaluation	13.7	10.0		0.7
	Program Design & Learning	0.1			
Subtotal	968.0	860.3	1.8	21.0	
Economic	O&M Sustainment	276.1	274.9		0.1
	Inma Agribusiness Development	179.8	161.6		5.5
	Tijara Provincial Economic Growth	172.5	144.2		15.7
	Primary Health Care	72.9	13.3		4.4
	Targeted Development	60.4	51.9		0.2
	Financial Sector Development	51.2	24.1		4.9
	Plant-Level Capacity Development & Technical Training	50.4	50.4		0.1
	Izdihar Private Sector Development	32.8	32.2		
	Education, Health and Social Services	3.7	2.8		1.2
	Ajyal Primary Education Strengthening	19.0		19.0	
	Harmonized Support for Agriculture Development (HSAD)	10.0		10.0	
	Subtotal	928.8	755.4	29.0	32.1
	Personnel Support	21.3	8.7		1.3
Ambassador's Fund	0.5	0.4	-0.2	0.4	
Total	4,578.3	4,199.3	32.7	86.5	

Note: Data not audited. Numbers affected by rounding.

Sources: NEA-I, responses to SIGIR data calls, 9/28/2011, 3/27/2012, 6/28/2012, 6/29/2012, 7/2/2012, 9/25/2012, 10/1/2012, and 10/2/2012; USACE, responses to SIGIR data calls, 4/3/2012, 7/5/2012, and 10/1/2012; U.S. Embassy-Baghdad, responses to SIGIR data calls, 10/5/2011, 1/4/2012, 4/3/2012, 7/3/2012, and 10/1/2012; USAID, response to SIGIR data call, 4/2/2012.

TABLE 2.4
INCLE: STATUS OF FUNDS, BY SECTOR AND PROGRAM, AS OF 9/30/2012
 \$ Millions

SECTOR	PROGRAM	STATUS OF FUNDS		QUARTERLY CHANGE	
		OBLIGATED	EXPENDED	OBLIGATED	EXPENDED
Criminal Justice	Police Advisors	710.2	620.6	102.7	61.9
	Courts	109.3	86.1		
	Public Integrity	31.7	25.9		
	Rule of Law Advisors	26.1	18.9		
	Major Crimes Task Force	13.5	11.9		
	Justice Integration	6.8	6.3		
	Justice Programs	9.5	4.7	-0.2	2.6
	Legal Framework	2.5	2.5		
	Subtotal	909.6	777.0	102.4	64.5
Corrections	Construction	83.7	83.3		
	Advisors	98.2	81.6	1.0	0.8
	Corrections	13.2	10.9	-0.5	7.8
	Subtotal	195.1	175.8	0.5	8.6
Other	Program Development & Support	47.3	35.8	0.1	0.2
Counternarcotics	Counternarcotics	3.5	0.2	2.5	
Total		1,155.4	988.8	105.5	73.2

Note: Data not audited. Numbers affected by rounding.

Sources: INL, responses to SIGIR data calls, 7/10/2012 and 10/16/2012.

funding streams. SIGIR classified them into three categories: other assistance programs (\$5.64 billion), reconstruction-related operating expenses (\$2.94 billion), and reconstruction oversight (\$445 million).⁷⁷ Among the “other assistance” funds, the two largest have the most unobligated funding:

- **Migration and Refugee Assistance (MRA)**—\$1.50 billion appropriated, \$1.49 billion obligated, \$1.34 billion expended, leaving \$7 million available for obligation to new activities. The MRA has been used by the DoS Bureau of Population, Refugees and Migration to assist Iraqi refugees in neighboring countries and internally displaced persons in Iraq.⁷⁸
- **Foreign Military Financing (FMF)**—\$850 million appropriated, none of which has been

obligated or expended. The FMF was first made available to Iraq in FY 2012, when the Congress made no new ISFF appropriations. The program is intended to support the continued development of the Iraqi military.⁷⁹

At least \$5.81 billion (64%) from the smaller funding streams had been obligated as of September 30, 2012, with at least \$5.51 billion (61%) expended.⁸⁰ However, agency reporting is inconsistent for many of the smaller funds, and these values likely understate actual obligations and expenditures.

For an overview of all U.S. appropriations supporting Iraq relief and reconstruction, see Table 2.5.♦

Agency reporting is inconsistent for many of the smaller funds, and these values likely understate actual obligations and expenditures.

FUNDING FOR IRAQ RECONSTRUCTION

TABLE 2.5
U.S. APPROPRIATED FUNDS
\$ Millions

	P.L. 108-7, P.L. 108-11	P.L. 108-106, P.L. 108-287	P.L. 109-13	P.L. 109-102, P.L. 109-148, P.L. 109-234
	FY 2003	FY 2004	FY 2005	FY 2006
MAJOR FUNDS				
Iraq Relief and Reconstruction Fund (IRRF 1 and IRRF 2) ^a	2,475	18,389		
Iraq Security Forces Fund (ISFF)			5,490	3,007
Economic Support Fund (ESF) ^b				1,469
Commander's Emergency Response Program (CERP) ^c		140	718	708
International Narcotics Control and Law Enforcement (INCLE)				91
Subtotal	2,475	18,529	6,208	5,275
OTHER ASSISTANCE PROGRAMS				
Migration and Refugee Assistance (MRA) and Emergency Refugee and Migration Assistance (ERMA) ^d	40			
Foreign Military Financing (FMF)				
Natural Resources Risk Remediation Fund (NRRRF) ^e	801			
Iraq Freedom Fund (Other Reconstruction Activities) ^f	700			
P.L. 480 Food Aid (Title II and Non-Title II)	368		3	
International Disaster Assistance (IDA) and International Disaster and Famine Assistance (IDFA)	24		7	
Democracy Fund (DF) and Human Rights & Democracy Fund (HRDF)				
U.S. Contributions to International Organizations (CIO)				
Iraq Freedom Fund (TFBSO)				
Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) ^g				
Department of Justice (DoJ)	37		6	11
Child Survival and Health Programs Fund (CSH)	90			
Education and Cultural Exchange Programs (ECA)				7
Overseas Humanitarian, Disaster and Civic Aid (OHDACA)	9	15	3	
International Affairs Technical Assistance				13
International Military Education and Training (IMET)				
U.S. Marshals Service ^h			1	3
Alhurra-Iraq Broadcasting		5		
Subtotal	2,069	21	20	34
RECONSTRUCTION-RELATED OPERATING EXPENSES				
Coalition Provisional Authority (CPA) ⁱ		908		
Project and Contracting Office (PCO) ^j				200
Office of Security Cooperation-Iraq (OSC-I)				
USAID Operating Expenses (USAID OE)	21	38	24	79
DoD OSC-I Support				
Iraq Freedom Fund (PRT Administrative Costs)				
Subtotal	21	946	24	279
RECONSTRUCTION OVERSIGHT				
Special Inspector General for Iraq Reconstruction (SIGIR) ^k		75		24
Defense Contract Audit Agency (DCAA) ^l				16
DoS Office of the Inspector General (DoS OIG)				1
USAID Office of the Inspector General (USAID OIG)	4	2	3	
DoD Office of the Inspector General (DoD OIG)				5
Subtotal	4	77	3	46
Total	4,569	19,573	6,255	5,634

^a The Congress initially appropriated \$18,649 million to IRRF 2, but earmarked \$210 million to be transferred to other accounts for programs in Jordan, Liberia, and Sudan. In FY 2006, the Congress transferred approximately \$10 million into the IRRF from the ESF. In FY 2008, P.L. 110-252 rescinded \$50 million.

^b P.L. 108-11 provided \$10 million for war crimes investigations and \$40 million to reimburse the ESF account for resources advanced to fund supplies, commodities, and services prior to the conflict in Iraq.

^c Generally, the Congress does not appropriate the CERP to a specific country, but rather to a fund for both Iraq and Afghanistan. SIGIR reports DoD's allocation to the CERP for Iraq as an appropriation.

^d PRM reported that its final allocation of FY 2012 MRA funds for Iraq totaled \$249 million, down from \$256 million due to the shifting of funds to support the Syrian crisis.

^e Includes funds transferred from the Iraq Freedom Fund (IFF).

^f Includes funds appropriated to the IFF by P.L. 108-11, Title I, and transferred to reconstruction activities, with the exception of funds transferred to NRRRF, which are recorded under that fund.

^g The \$20 million reported for FY 2009 was appropriated by P.L. 111-8.

^h DoJ reported that \$24 million was made available under P.L. 111-118 and P.L. 111-212.

ⁱ Excludes \$75 million for the Special Inspector General for Iraq Reconstruction under P.L. 108-106.

^j Reconstruction support funding is provided for Project and Contracting Office (PCO) activities per the P.L. 109-234 and P.L. 110-28 conference reports.

^k SIGIR funding data includes personnel costs. Those costs are not included in funding data for the other oversight agencies.

^l DCAA reported that \$1.98 million was made available in FY 2006 under P.L. 109-108.

P.L. 109-289, P.L. 110-5, 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	P.L. 110-252, P.L. 111-32	P.L. 111-117, P.L. 111-118, P.L. 111-212	P.L. 112-10	P.L. 112-74	TOTAL APPROPRIATED	OBLIGATED	EXPENDED	EXPIRED
FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012				
						20,864	20,343	20,076	504
5,542	3,000	1,000	1,000	1,155		20,194	19,569	18,762	625
1,554	562	542	383	326	299	5,134	4,578	4,199	260
750	996	339	263	44		3,958	3,728	3,728	230
170	85	20	702	115	130	1,313	1,155	989	
8,017	4,643	1,901	2,347	1,639	429	51,463	49,373	47,754	1,620
78	278	260	316	280	249	1,501	1,494	1,339	
					850	850			
						801	801	801	
						700	680	654	
	24					395	395	395	
45	85	51	42	17		272	261	261	
190	75	1				266	266	262	
	38	30	33	33	44	179			
50	50	74				174	86	65	
19	16	36	30	30	32	163	62	62	
23	26	8	9	10	4	133	121	119	
						90	90	90	
5	7	7	7	8	5	46			
						27	27	10	
3						16	16	14	
1	2	2	2	2	2	11	9	6	
2	2	1				9	9	9	
						5	5	5	
416	602	468	440	380	1,187	5,638	4,323	4,093	
						908	832	799	
630						830			
					524	524			
37	41	48	52	51	54	446	320	286	
				129		129			
100						100			
767	41	48	52	180	578	2,937	1,152	1,085	
35	3	44	23	22	20	245	229	222	
14	14	13	24	30		111	111	111	
3	4	6	7	5	9	35			
3	7	4	7			29			
	21					26			
55	48	67	61	57	29	445	340	333	
9,256	5,333	2,484	2,900	2,256	2,223	60,483	55,187	53,265	1,620

Sources: P.L. 108-7; P.L. 108-11; P.L. 108-106; P.L. 108-287; P.L. 109-13; P.L. 109-102; P.L. 109-148; P.L. 109-34; P.L. 109-289; 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; P.L. 111-32; P.L. 111-117; P.L. 111-118; P.L. 111-212; P.L. 112-10, P.L. 112-74; ABO, response to SIGIR data call, 1/18/2012; BBG, response to SIGIR data call, 3/7/2011; DCAA, response to SIGIR data call, 10/4/2011; DoJ, Justice Management Division, response to SIGIR data call, 10/9/2012; DoS, PM, response to SIGIR data call, 7/6/2011; DoS, "Congressional Budget Justification: Foreign Assistance," Summary Tables, FY 2009–FY 2011; DoS, "Executive Budget Summary Function 150 & Other International Programs, Fiscal Year 2013," p. 173; DRL, response to SIGIR data call, 7/9/2012; ECA, response to SIGIR data call, 4/14/2010; OMB, response to SIGIR data call, 6/21/2010; INL, response to SIGIR data call, 10/16/2012; USAID, "U.S. Overseas Loans and Grants [Greenbook]," 2008, gbk.eads.usaidallnet.gov/query/do?_program=eads/gbk/countryReport&unit=N, accessed 4/15/2010; U.S. Treasury, OTA, "Office of Technical Assistance Overview," 12/30/2005, ustreas.gov/offices/internationalaffairs/assistance/, accessed 10/16/2009; TFSO, response to SIGIR data call, 1/4/2011; SIGIR Audit 11-007, "Iraq Relief and Reconstruction Fund 1: Report on Apportionments, Expenditures, and Cancelled Funds," 12/28/2010; USAID, responses to SIGIR data calls, 1/12/2009, 4/8/2009, 10/2/2012, and 10/15/2012; U.S.Embassy-Baghdad, responses to SIGIR data calls, 10/3/2009, 10/5/2011, 1/4/2012, 4/3/2012, 7/3/2012, and 10/1/2012; NEA-I, responses to SIGIR data calls, 10/4/2012, 10/6/2010, 4/15/2011, 9/28/2011, 9/20/2012, 9/27/2012, 9/25/2012, 10/1/2012, 10/2/2012, and 10/10/2012; OUSD(C), "United States Department of Defense Fiscal Year 2012 Budget Request," Overview, 2/2012, p. 66, and responses to SIGIR data calls, 10/14/2010 and 10/2/2012; USACE, responses to SIGIR data calls, 10/6/2008 and 10/1/2012.

IRAQI FUNDING

As of September 30, 2012, Iraq had provided \$138.08 billion for relief and reconstruction through Coalition Provisional Authority spending of Iraqi funds in 2003–2004 (\$12.07 billion) and annual Government of Iraq (GOI) capital budgets in 2003–2012 (\$126.01 billion).⁸¹ This total includes \$31.88 billion provided in the GOI capital budget for Iraq’s 2012 fiscal year, which runs concurrently with the calendar year.⁸² Although the Council of Ministers (CoM) approved a \$9.33 billion FY 2012 supplemental budget proposal on July 3, 2012,⁸³ the Council of Representatives (CoR) did not approve it.⁸⁴

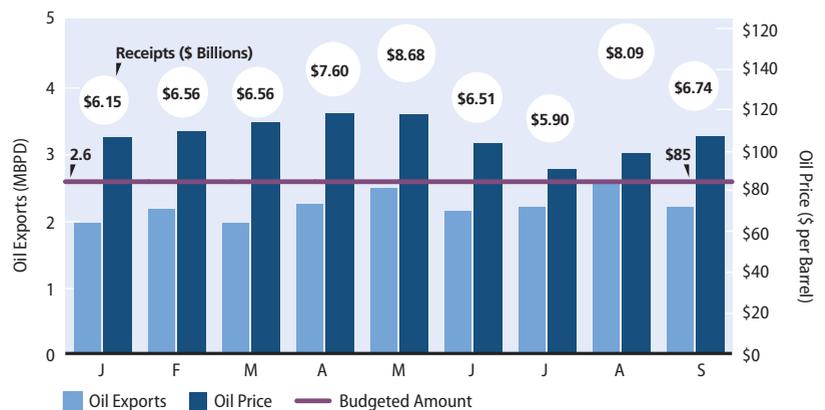
Oil Receipts

The 2012 Iraqi budget of \$100.45 billion assumes that 2012 oil receipts will total \$80.67 billion. This amount is based on an anticipated price of \$85 per barrel of crude oil and an average export volume of 2.6 million barrels per day (MBPD).⁸⁵ Although exports remained below the export target during the first nine months of the year according to U.S. Treasury data, the average monthly oil price never dropped below \$90.31 per barrel, more than offsetting the shortfall in export volume (see Figure 2.5). During the first nine months of 2012, the GOI received \$62.79 billion in oil receipts. This is a 12% increase from the same period in 2011, when oil receipts totaled \$56.07 billion.⁸⁶ While the \$20.73 billion in receipts this quarter constituted one of Iraq’s highest totals since 2003, the amount fell short of the previous quarter’s record of \$22.78 billion.⁸⁷

Draft 2013 Budget

On October 23, 2012, the CoM approved a draft 2013 GOI budget totaling \$118.4 billion—18% higher than the 2012 budget. The draft budget

FIGURE 2.5
MONTHLY CRUDE OIL EXPORT VOLUME, PRICE, AND RECEIPTS,
1/2012–9/2012



Note: Monthly export volumes shown in figure are based on data provided by the U.S. Department of the Treasury and differ slightly from export volumes reported by the GOI Ministry of Oil and used elsewhere in this Report. Oil receipts exclude the 5% of total oil-export revenues that are paid in war reparations to Kuwait.

Sources: GOI, CoR, “General Budget Law for the Federal Republic of Iraq for the Financial Year 2012,” 2/23/2012, www.parliament.iq/, accessed 2/23/2012; U.S. Treasury, response to SIGIR data call, 10/16/2012.

projects \$102.3 billion in revenue, based mostly on an estimated oil price of \$90 per barrel and an estimated export rate of 2.9 MBPD. This is an increase of \$5 (6%) per barrel in price and 0.3 MBPD (12%) in export volume over the estimates used to support the 2012 GOI budget. Approximately 60% of the budget (\$71.2 billion) would be set aside for operational costs, while the remaining 40% (\$47.2 billion) would be set aside for capital expenditures. The draft budget projects a deficit of \$16.1 billion. According to the draft budget, this deficit will be covered by unspent 2012 budget allocations, internal and external borrowing, and additional oil revenues that may occur due to increases in oil prices or exports. The draft budget still must be approved by the CoR.⁸⁸ ♦

During the first nine months of 2012, the GOI received \$62.79 billion in oil receipts. This is a 12% increase from the same period in 2011.

INTERNATIONAL SUPPORT

The IMF this quarter approved a 7-month extension of its \$3.58 billion Stand-By Arrangement with the GOI.

International support for Iraq reconstruction includes bilateral and multilateral development assistance in the form of loans and grants. Donor pledges have remained unchanged since December 31, 2010, totaling \$18.02 billion: \$5.26 billion in grants and \$12.77 billion in loans. Donor commitments total \$13.75 billion: \$6.51 billion in grants and \$7.24 billion in loans.⁸⁹

Japan, the largest (non-U.S.) international donor, committed \$5.82 billion, mostly loans.⁹⁰ The European Union (EU) is the second-largest bilateral donor, with \$840 million committed through grants. The EU also committed a total of \$774 million to the International Reconstruction Fund Facility for Iraq (IRFFI), a multilateral fund established in 2003 to help donors channel resources to Iraq reconstruction efforts.⁹¹

Multilateral development assistance, in the form of loan and grant commitments from the World Bank, United Nations, and International Monetary Fund (IMF), totaled \$4.32 billion as of September 30, 2012.⁹²

The IMF this quarter approved a 7-month extension (to February 2013) of its \$3.58 billion Stand-By Arrangement (SBA) with the GOI. The SBA, effectively a lending facility, was first scheduled to expire in February 2012 and later extended through July 2012. Despite projected budget deficits, the GOI so far has not needed to draw on the SBA, mainly because it has been unable to spend large percentages of ministerial capital budgets, resulting in annual surpluses.⁹³ According to the IMF, the extension will give the GOI more time to implement the policy measures needed to complete the IMF's combined third and fourth reviews of Iraq's progress in these areas.⁹⁴

For information on the key objectives of the arrangement, see the Economy subsection of this Report.

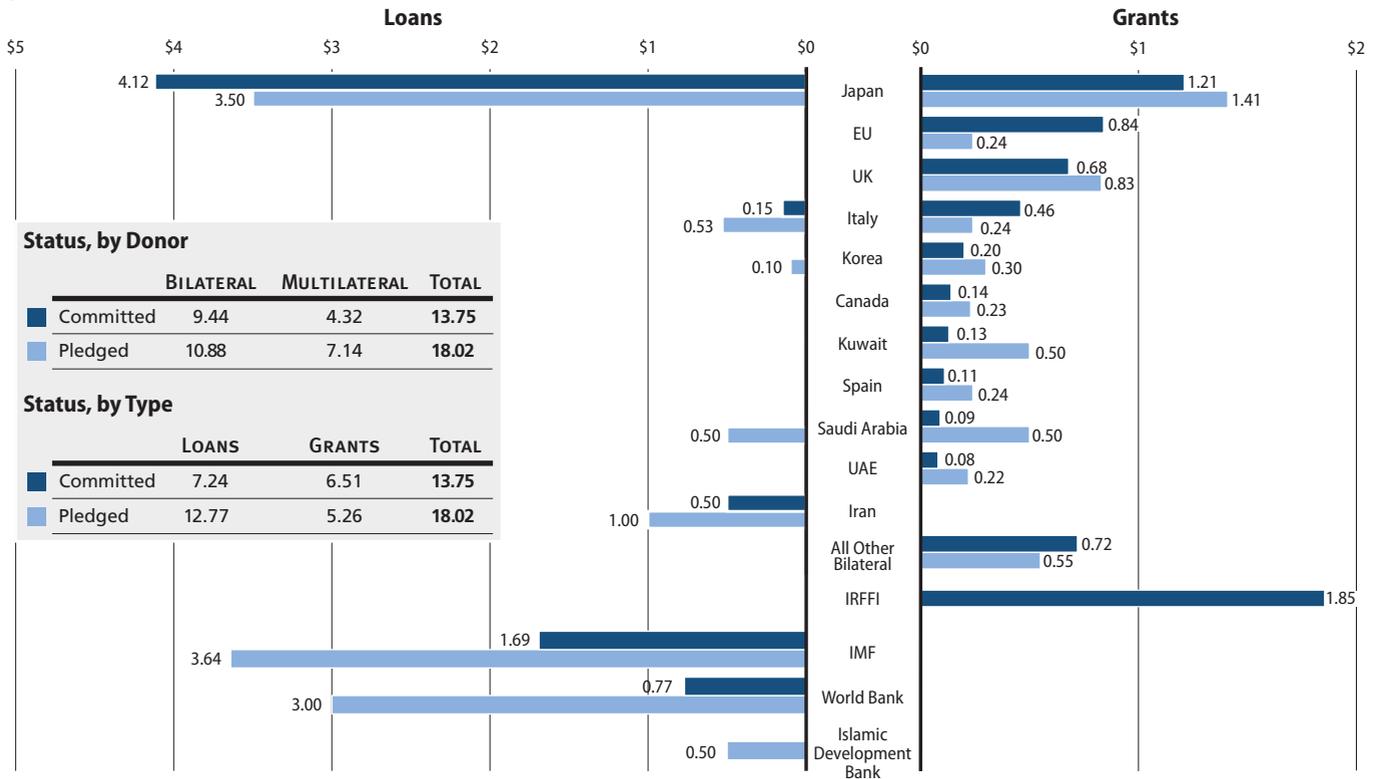
For a more comprehensive picture of pledges and commitments, by type of assistance and donor, see Figure 2.6. ♦

FUNDING FOR IRAQ RECONSTRUCTION

FIGURE 2.6

INTERNATIONAL GRANTS AND LOANS, BY TYPE OF ASSISTANCE, STATUS, AND DONOR, AS OF 9/30/2012

\$ Billions



Note: Data not audited. Numbers affected by rounding. Bilateral commitments exclude IRFFI deposits. Amounts may differ from prior quarters due to changes in foreign exchange rates.

Sources: NEA-I, responses to SIGIR data calls, 4/5/2011, 4/7/2011, and 7/12/2011; IRFFI, World Bank, "World Bank Operations in Iraq," 12/31/2011, siteresources.worldbank.org/IRFFI/Resources/DatasheetDecember2011.pdf, accessed 3/16/2012; Embassy of Japan in Iraq, press release, "Provision of Yen Loan to Iraq," 5/29/2012, www.iraq.emb-japan.go.jp/Press_Releases/Press_release_2012_No13.html, accessed 6/26/2012.