

# U.S.-FUNDED PROGRAMS IN IRAQ

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## THE U.S. MISSION IN IRAQ

The 104-acre Chancery Compound in Baghdad's International Zone is the largest U.S. embassy in the world.<sup>95</sup> Three consulates managed by the Department of State (DoS) extend the Embassy's diplomatic presence to the provinces. The facility for the U.S. consulate in Kirkuk was closed this quarter, with that consulate's operations and personnel now colocated with the Erbil consulate's staff at the Erbil Diplomatic Support Center. The third consulate is in Basrah.<sup>96</sup>

The U.S. government's footprint in Iraq includes other sites that the Office of Security Cooperation-Iraq (OSC-I) manages in Baghdad, Tikrit, Taji, Besmaya, and Umm Qasr. DoS has slated all OSC-I sites for transition to Government of Iraq (GOI) control by the end of FY 2013,<sup>97</sup> by which time essential OSC-I personnel are expected to move from the Security Assistance Annex (formerly called Union III) to the Chancery Compound. Other OSC-I personnel may be located at GOI-controlled operating sites around Iraq, if a permanent OSC-I presence at those sites is required.<sup>98</sup> For more on the OSC-I transition, see the Defense Programs subsection later in this Report.

The U.S. Mission in Iraq is now led by Ambassador Robert Stephen Beecroft, who was sworn in as U.S. Ambassador to Iraq in a ceremony at the Embassy on October 11. On September 22, less than two weeks after President Barack Obama announced his intent to nominate Beecroft to be the U.S. Ambassador to Iraq, the U.S. Senate confirmed the nomination. A career member of the Senior Foreign Service, Beecroft had served as Deputy Chief of Mission at U.S. Embassy-Baghdad since July 2011 and as Chargé d'affaires since June 2012. Prior to his assignment in Baghdad, he was the U.S. Ambassador to Jordan from 2008 to 2011. Earlier in his career, he held posts at the U.S. embassies in Saudi Arabia and Syria.<sup>99</sup>

### U.S. Government and Contractor Personnel

In his Senate confirmation hearing, Ambassador Beecroft said that he was continuing the "glide path process" that his predecessor, Ambassador James Jeffrey, began early in 2012. He stated, "We have already made significant cuts in our staffing and contractor support and will further reduce our footprint without compromising our mission and security." According to the Ambassador, the U.S. Mission has reduced personnel by more than 2,000 since the beginning of the year. "We're now somewhere between 13,000 and 14,000 personnel in Iraq, down from over 16,000."<sup>100</sup>

However, U.S. Embassy-Baghdad reported to SIGIR that 16,035 personnel were supporting the U.S. Mission in Iraq at the end of this quarter:<sup>101</sup>

- 1,075 U.S. government civilian employees, 55 of whom were "3161" temporary hires

DoS has slated all OSC-I sites for transition to Government of Iraq control by the end of FY 2013.



Grant House at the U.S. consulate in Erbil, September 2012.

Data supplied by the Embassy shows that the number of security contractor personnel dropped by one-third over the quarter.

- 14,960 contractor personnel (U.S., Iraqi, and third-country nationals), 3,836 of whom were providing security services

OSC-I reported that 240 military personnel were also supporting U.S. efforts in Iraq.<sup>102</sup>

Table 3.1 compares the personnel levels reported to SIGIR at the end of last quarter with the levels

reported this quarter. According to the data provided by the Embassy, the total number of contractor personnel appears to have increased by almost 9% over the three-month period.

The Embassy explained that the number of contractors in July was actually higher than reported because the July figure omitted local-national employees of contractors. Data supplied by the Embassy also shows that the number of security contractor personnel dropped by one-third over the quarter. The Embassy said there were two reasons for this decrease:<sup>103</sup>

- The Regional Security Office has been actively working to reduce the number of private security contractors by 20%.
- The closure of U.S. facilities in Kirkuk and at the Baghdad Police Annex, as well as the hiring of local nationals in Erbil, has lessened the need for security contractors.

According to the Synchronized Predeployment and Operational Tracker (SPOT) database, 12,661 employees of U.S.-funded contractor personnel and grantees supported U.S. government agencies in Iraq as of October 8, 2012.<sup>104</sup> This number seems consistent with the personnel level reported by Ambassador Beecroft, but it is about 2,300 less than the number reported to SIGIR by the Embassy. SPOT is the common database designated by DoS, the Department of Defense (DoD), and the U.S. Agency for International Development (USAID) to be used as the system of record for statutorily required contract, funding-instrument, and personnel information in Iraq and Afghanistan. All three agencies have issued directives requiring contractors to enter mandated information.<sup>105</sup> For the SPOT data on contractors and grantees, by agency and national origin, see Table 3.2. SIGIR cannot explain the discrepancy between the SPOT data and the Embassy data.

Further reflecting the difficulty in pinning down personnel numbers in Iraq, OSC-I reported to SIGIR on October 2, 2012, that it had functional oversight of 6,200 military, DoD civilian, and

TABLE 3.1  
U.S. GOVERNMENT AND CONTRACTOR PERSONNEL IN IRAQ, AS REPORTED BY EMBASSY AND OSC-I, 7/2012 VS. 10/2012

CATEGORY	TYPE	7/1/2012	10/1/2012	QUARTERLY CHANGE
U.S. Government Employees	Civilian	1,235	1,075	-160
	Military	178	240	62
	<b>Subtotal</b>	<b>1,413</b>	<b>1,315</b>	<b>-98</b>
Contractors	Program Support	8,035	11,124	3,089
	Security	5,737	3,836	-1,901
	<b>Subtotal</b>	<b>13,772</b>	<b>14,960</b>	<b>1,188</b>
<b>Total Personnel</b>		<b>15,185</b>	<b>16,275</b>	<b>1,090</b>

Note: U.S. government civilian personnel include permanent and temporary ("3161") employees.

Sources: U.S. Embassy-Baghdad, responses to SIGIR data calls, 7/6/2012, 10/1/2012, and 10/5/2012; OSC-I, responses to SIGIR data calls, 7/17/2012 and 10/2/2012.

TABLE 3.2  
CONTRACTOR AND GRANTEE PERSONNEL IN IRAQ, AS REPORTED BY SPOT DATABASE, 7/2012 VS. 10/2012

AGENCY	NATIONALITY	7/2/2012	10/8/2012	QUARTERLY CHANGE
Department of Defense	U.S.	2,331	2,218	-113
	Iraqi	1,919	1,690	-229
	Third-Country	4,637	4,495	-142
	<b>Subtotal</b>	<b>8,887</b>	<b>8,403</b>	<b>-484</b>
Department of State	U.S.	2,206	2,040	-166
	Iraqi	58	48	-10
	Third-Country	1,201	2,066	865
	<b>Subtotal</b>	<b>3,465</b>	<b>4,154</b>	<b>689</b>
Other Civilian	U.S.	66	59	-7
	Iraqi	1	1	0
	Third-Country	58	44	-14
	<b>Subtotal</b>	<b>125</b>	<b>104</b>	<b>-21</b>
<b>Total Personnel</b>		<b>12,477</b>	<b>12,661</b>	<b>184</b>

Sources: DoD, OUSD(AT&L), SPOT Program Support, responses to SIGIR data calls, 7/2/2012 and 10/15/2012.

contractor personnel as of the end of the quarter.<sup>106</sup> But on October 15 (perhaps partly as a result of the closure of facilities in Kirkuk), OSC-I revised this number to 4,339.<sup>107</sup> In contrast, the SPOT report said that there were more than 8,400 DoD contractors in Iraq as of October 8.<sup>108</sup>

## From LOGCAP to BLISS

This quarter, DoS announced its intention to award a new contract as early as April 2013 for the provision of life-support, logistics, operations, and maintenance services at U.S. Embassy-Baghdad and other U.S. diplomatic posts and facilities in Iraq. The services to be provided under the proposed Baghdad Life Support Services (BLISS) contract would replace those currently provided under DoD's Logistics Civil Augmentation Program (LOGCAP) and by the Defense Logistics Agency, such as:<sup>109</sup>

- food service operations, including all aspects of menu design; forecasting of requirements; ordering of food from local, regional, and worldwide providers; dry and cold storage operations; ice production; and bulk water
- firefighting operations, including crash and rescue at heliports
- maintenance of chemical latrines and hand-washing stations
- medical waste handling and disposal, including incinerator operations
- medical laundry services
- recreation services
- postal and delivery services
- badging and vehicle placards
- bulk-fuel operations, including inventory control/oversight from local sources, ordering, receipt management, and project management

The services provided under the contract would support civilian U.S. government personnel, military units, and authorized contractors who support the Chief of Mission.<sup>110</sup>

## Oversight of Reconstruction Projects after Closure of ISPO

The Iraq Strategic Partnership Office (ISPO), which superseded the Iraq Transition Assistance Office in May 2010 and was responsible for overseeing various reconstruction projects funded by the Iraq Relief and Reconstruction Fund (IRRF) and the Economic Support Fund (ESF), dissolved on August 1, 2012. ISPO's three remaining employees transferred into the Embassy's Economic Section, which now provides overall direction for ongoing projects that had been under ISPO's purview. The Economic Section is responsible for formally transferring IRRF-funded and ESF-funded assets to the GOI's Ministry of Planning and for determining if any ongoing projects should be descoped or terminated.<sup>111</sup>

Day-to-day oversight of individual ongoing projects is the responsibility of the Middle East District (MED) of the U.S. Army Corps of Engineers (USACE).<sup>112</sup> USACE reported that the closing of ISPO has not affected its responsibilities relative to ongoing and planned ESF-funded activities in Iraq, but that its staff in MED's Iraq Area Office and in Winchester, Virginia, now coordinate DoS-funded work in Iraq with staff in the Economic Section.<sup>113</sup>

While the Economic Section is responsible for the formal transfer of assets at the national level, USACE is responsible for local transfer of a completed project to the GOI end user. In accordance with USACE policy on warranty and transfer, the Iraq Area Office intends to conduct warranty inspections four and nine months after completion of construction. According to USACE, these inspections are not mandatory, but the Iraq Area Office's goal is to perform them at the required intervals, subject to security conditions at the time of the scheduled inspections and the availability of contractor security teams or Iraqi quality-assurance personnel to make the visits. USACE reports that it has not been funded to conduct sustainment site visits on completed projects, except as part of the warranty inspection process.<sup>114</sup>

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For details on recently completed and ongoing ESF-funded reconstruction projects, see the Defense Programs subsection of this Report.

## Strategic Framework Agreement

The Embassy reported that three meetings were held this quarter as part of the ongoing implementation of the U.S.-Iraqi Strategic Framework Agreement (SFA). Signed by the United States and the GOI in November 2008, the SFA provides the basis for the bilateral relationship between the two countries. Issues covered by the SFA include political relations and diplomacy, defense and security, trade and finance, energy, judicial and law-enforcement issues, services, science, culture, education, and the environment. The joint U.S.-GOI Higher Coordinating Committee has overall responsibility for the SFA, while the work of implementing the agreement is managed by seven sector-specific Joint Coordinating Committees (JCCs).<sup>115</sup>

The Political and Diplomatic JCC met at the Iraqi Ministry of Foreign Affairs in Baghdad on September 2, led by the Iraqi Foreign Minister Hoshiyar Zebari and Ambassador Elizabeth

Jones, the U.S. Assistant Secretary of State for Near Eastern Affairs. The delegations discussed international efforts to address the ongoing crisis in Syria and explored areas of potential cooperation, particularly on humanitarian issues and technical advice on border security. Both sides said they remained fully committed to “a Syrian-led political transition leading to a pluralistic political system representing the will of the Syrian people.” On other topics, the U.S. representatives reiterated that the United States is committed to working with both Iraq and Kuwait to resolve remaining issues relating to the UN Chapter VII sanctions imposed on Iraq in the wake of its 1990 invasion of Kuwait, and they pledged to assist Iraq in implementing its 2013 provincial and 2014 national elections.<sup>116</sup>

The Embassy also reported that two JCC working groups met in Baghdad this quarter. A working group of the Energy Cooperation JCC met on July 30 to review ongoing developments in Iraq’s oil and gas sector (including the status of efforts to remove bottlenecks that are preventing oil exports from keeping pace with production increases), and a Defense and Security Cooperation JCC working group met on September 17.<sup>117</sup>◆

The U.S. representatives pledged to assist Iraq in implementing its 2013 provincial and 2014 national elections.

## CIVILIAN PROGRAMS

### Department of State

#### Bureau of International Narcotics and Law Enforcement Affairs

The Bureau of International Narcotics and Law Enforcement Affairs (INL) supports rule-of-law programs designed to assist the GOI's law-enforcement entities, courts, and anticorruption institutions. As of September 30, 2012, \$1.31 billion of the International Narcotics Control and Law Enforcement (INCLE) account had been appropriated and \$1.16 billion had been obligated for programs in Iraq, over 85% (\$989 million) of which had been expended.<sup>118</sup>

As of September 30, INL reported that it had 105 personnel in Iraq, including 31 Iraqis.<sup>119</sup> Table 3.3 provides information on their assignments.

#### Police Development Program

The INL Police Development Program (PDP) is intended to help Iraq improve its capabilities to fight crime and terrorism while promoting the rule of law and respect for human rights. In partnership with

the GOI, the PDP seeks to prepare the Ministry of Interior (MOI) and Iraqi police forces to take the lead role in maintaining Iraq's internal security.<sup>120</sup>

INL's original plan for the PDP envisioned a program with 350 expert advisors.<sup>121</sup> However, in response to SIGIR audits, the findings of the first six-month program review, and the desires of the MOI, the PDP was re-scoped, and a new program (referred to unofficially as PDP 2) was developed.<sup>122</sup>

The reduced requirements for the PDP left FY 2012 INCLE funds available for expenditure in FY 2013 and a reduced need for additional funding in FY 2013. INL initially requested \$703.1 million for the PDP in FY 2013 but notified the Congress this quarter that it had reduced its requirement to \$149.6 million—21% of the originally planned amount.<sup>123</sup>

As of September 30, INL reported it had 69 PDP staff working in Baghdad and Erbil—35 temporarily hired DoS personnel (so-called 3161s) serving as expert advisors, 7 Department of Homeland Security (DHS) employees, and 27 contractors.<sup>124</sup> That is a reduction from 62 advisors, 10 DHS employees, and 36 contractors at the end of the last

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TABLE 3.3  
INL PERSONNEL WORKING IN IRAQ, AS OF 9/30/2012

CATEGORY	TYPE	JUSTICE PROGRAMS	POLICE DEVELOPMENT PROGRAM	CORRECTIONS PROGRAM	INL MANAGEMENT AND STAFF	TOTAL	CHANGE FROM LAST QUARTER
U.S. Government Employees	Temporary Hire (3161)	1	35	–	7	43	-30
	Permanent Hire	3	7 <sup>a</sup>	–	12	22	-11
	<b>Subtotal</b>	<b>4</b>	<b>42</b>	<b>–</b>	<b>19</b>	<b>65</b>	<b>-41</b>
Contractors	U.S.	6	2	1	–	9	-11
	Iraqi	5	25	–	1	31	-19
	<b>Subtotal</b>	<b>11</b>	<b>27</b>	<b>1</b>	<b>1</b>	<b>40</b>	<b>-30</b>
<b>Total Personnel</b>		<b>15</b>	<b>69</b>	<b>1</b>	<b>20</b>	<b>105</b>	<b>-71</b>
<b>Change from Last Quarter</b>		<b>-2</b>	<b>-31</b>	<b>–</b>	<b>-17</b>		

<sup>a</sup>7 DHS personnel implement PDP programming via an interagency agreement (IAA) between DoS and the Department of Homeland Security. Other agencies implementing INL programs via IAAs, including the Department of Justice and Department of the Treasury, are included.

Sources: INL, responses to SIGIR data call, 9/27/2012 and 10/1/2012.

quarter.<sup>125</sup> The PDP has been reducing the number of advisors through attrition as individual appointments expire. INL had 21 expert advisors working in Baghdad and an additional 14 working in Erbil as of September 30, 2012. For the PDP 2, which began on October 1, 2012, INL has planned for 18 advisors and 4 support personnel at each of the program’s two locations.<sup>126</sup>

In response to a specific request from Principal Deputy Minister of Interior Adnan al-Asadi, the PDP 2 in Baghdad concentrates on five areas:<sup>127</sup>

- antiterrorism/organized crime (which includes cyber crime and criminal intelligence)
- forensic evidence (which includes DNA and other crime evidence)
- information technology and communications (which addresses crime database management and emergency response/communications)
- post-blast analysis and explosive ordnance (which includes explosive detection)
- border security

The PDP in Erbil works with the MOI for the Kurdistan Regional Government (KRG) to address many of the same issues, including criminal investigations, forensic evidence, information technology (IT) and communications, and border security. It also focuses on the areas of operations support and public safety (including community policing and civil disturbance response).<sup>128</sup>

According to INL’s Assistant Chief of Mission for Iraq, Deputy Minister Asadi agreed to INL’s preliminary plans for the PDP 2 in a July 19 meeting.<sup>129</sup>

**Facilities for Police Training**

INL handed over the Baghdad Police Academy Annex (BPAX) to the MOI on September 15, 2012. This facility had been intended to provide the housing and supporting structure for the original, more expansive PDP. INL reported that, as of September 30, 2012, the PDP had spent \$253.4 million on facility improvements at four locations, including BPAX.<sup>130</sup> Figure 3.1 provides a breakdown of spending by location.

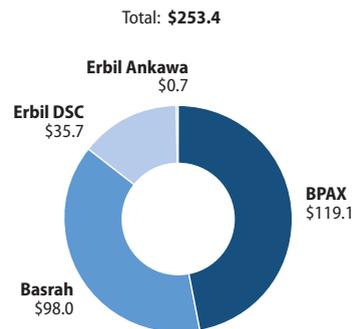
This quarter, the PDP began conducting its training at a facility in the International Zone (IZ). INL has identified several additional training sites in Baghdad, most of which are in or near the IZ. According to INL, the DoS Regional Security Office (RSO) is conducting security assessments of the first three of these sites. INL also reported that it is continuing to follow up with the MOI on Deputy Minister al-Asadi’s offer for the MOI to provide a venue within the IZ for INL training activities.<sup>131</sup>

**Recent PDP Activities**

According to INL, the PDP conducted 384 separate engagements this quarter—16% fewer than last quarter—including these reported activities:<sup>132</sup>

- In Baghdad, the PDP had 154 engagements with the MOI and others, including consultation with the European Union Integrated Rule of Law Mission for Iraq (EUJUST LEX) and EU member states to coordinate police training efforts. The PDP has completed a joint curriculum-development project for the Baghdad Federal Investigative Training Center, handing over a 12-week investigations training course. This course will be delivered in a train-the-trainer

FIGURE 3.1  
U.S. FUNDING FOR INL FACILITIES IN IRAQ  
\$ Millions



**Note:** Numbers affected by rounding. Although INL reported \$48.63 million expended for facilities in Basrah, SIGIR Audit 12-020, “Iraq Police Development Program: Lack of Iraqi Support and Security Problems Raise Questions about the Continued Viability of the Program,” found that \$98 million had been spent to prepare facilities for PDP training.

**Source:** INL, response to SIGIR data call, 10/1/2012.

INL handed over the Baghdad Police Academy Annex to the MOI on September 15, 2012.

format by EUJUST LEX, Iraqi, and U.S. trainers beginning in October 2012.

- In Erbil, the PDP had 230 engagements, including regular meetings with KRG representatives and EU member states to ensure that KRG priorities are reviewed and used to align PDP objectives.

## Monitoring and Evaluation

INL reported that its Monitoring and Evaluation (M&E) team, which comprises two personnel (one in Baghdad, the other in Erbil), this quarter produced a quarterly review of the PDP for April 1–June 30, 2012. However, according to INL, the report contains sensitive source information that has not been approved for public release.<sup>133</sup>

## Anticorruption Initiatives

INL manages its transparency, accountability, and public-integrity efforts through the Anti-Corruption Coordination Office (INL/ACCO). INL/ACCO is staffed by two Foreign Service Officers, a contract program assistant, a contract linguist/cultural advisor, and three positions for local hires (not all positions were filled this quarter). INL reported that it will continue to evaluate staffing levels to ensure they are commensurate with the level of anticorruption programming.<sup>134</sup>

ACCO's programs mainly support Iraq's efforts to implement a national anticorruption strategy that will help it to comply with its commitments under the UN Convention Against Corruption (UNCAC), which it ratified in 2008, and to make progress in the areas of transparency and good governance. ACCO consults with the Commission of Integrity (COI) and supports other Iraqi agencies both at the federal and regional level.<sup>135</sup>

INL-funded support for the COI through the Department of Justice (DoJ) **International Criminal Investigative Training Assistance Program** (ICITAP) concluded, as scheduled, at the end of September 2012.<sup>136</sup> From October 2004 through the end of the program, INL provided \$16.18 million to fund ICITAP advisor support, training,

and information technology and surveillance equipment for the COI. ICITAP reported that COI personnel trained in the Biometrics Data Collection System by ICITAP in 2007 have now used photo, voice, iris-pattern, and fingerprint technology to process all 2,190 COI employees. The system will continue to be used to vet new COI employees. ICITAP transitioned its training activities to the United Nations Office on Drugs and Crime (UNODC), which will focus on providing additional specialty training in financial crimes investigation techniques and asset-recovery procedures.<sup>137</sup>

More than \$21 million in ACCO programs remain ongoing:

- The **Anti-Corruption Investigative Training Program** for Iraqi Inspectors General (IGs) works to improve administrative organization within the Iraqi IG offices and provides for the extension of these offices to the provinces. INL provided \$6.0 million (\$5.61 million in direct costs and \$392,000 in management support) for the United Nations Development Programme (UNDP) to provide skills assessment, training, manuals, and a secure IT communication system through the program, which is expected to run through September 2014.<sup>138</sup>
- **COI Financial Investigative Training and Asset Recovery Program** activities have been implemented by UNODC since September 2010, funded by \$4.0 million from INL. The program has offered training programs to build the COI's capacity to conduct financial crimes investigations and recover assets in partnership with foreign jurisdictions. The program was extended until December 2012 to allow completion of activities.<sup>139</sup>
- INL has supported the DoJ's Office of Overseas Prosecutorial Development and Assistance (OPDAT) in providing **Anti-Money Laundering Training and Assistance** to the COI with INCLE and Nonproliferation, Anti-terrorism, Demining and Related Program (NADR) funds totaling \$3.17 million since September 2010. The program (expected to run through September 30, 2013) funds the OPDAT

More than \$21 million in ACCO programs remain ongoing.

Resident Legal Advisor, who provides training, mentoring, and guidance to the GOI to enhance its capability to combat money laundering and terrorist financing.<sup>140</sup>

- Since September 2010, INL has funded the **Financial Crimes Training Program**, implemented by the Department of the Treasury's Office of Technical Assistance (OTA), with \$1.9 million of the INCLE. The program (expected to run through October 2013) funds an OTA resident advisor, who provides training assistance to enhance the COI's capacity to prevent, detect, investigate, and prosecute government corruption and related serious financial crimes.<sup>141</sup>
- The **English as a Second Language Project** (also called *Tumoooh*) began in September 2011, funded by INL with \$1.5 million of the ESF. UNDP implements the program, which is expected to run through September 2013. The program screens COI, IG, and Higher Judicial Council (HJC) personnel for placement into classes it will conduct to help participants improve their English language proficiency and their ability to work with international colleagues. As of June 2012, the COI had put forward 36 candidates; 32 qualified to take intermediate to advanced courses. Of 20 IG candidates, 9 qualified to participate. The HJC was expected to submit 30 candidates, with the top 15 scores advancing for training.<sup>142</sup>
- INL provided \$1 million to Revenue Watch International to provide support for the Iraq **Extractive Industry Transparency Initiative**, which aims to promote transparency and combat corruption in the oil, gas, and mining industries.<sup>143</sup>

### Other INL Activities

INL supported the HJC in FY 2012 through grant and program activities, including:<sup>144</sup>

- two grants—\$4.5 million to the National Center for State Courts for improving court administration and \$1.4 million to the Institute for International Law and Human Rights for data archiving

- three UN programs—\$3.8 million to UNDP for data management, \$3.2 million to UNDP for increasing judicial capacity, and \$1 million to the United Nations Educational, Scientific and Cultural Organization (UNESCO) for media outreach (with the UNESCO grant remaining in abeyance because of that organization's recognition of the Palestinian Authority as a member state)

INL also assisted in developing Iraq's capacity to establish a national substance-abuse training, research, and treatment center in Baghdad and conducted epidemiological studies to determine the nature and extent of substance abuse in Iraq. INL reported that it intends to broaden its programmatic base by extending support for substance-abuse treatment services into three other provinces and introducing drug-use prevention programs in two provinces.<sup>145</sup>

### Office of Weapons Removal and Abatement

Since 2003, \$234 million has been invested in Iraq by the United States for the clearance and removal of landmines, unexploded ordnance, and excess conventional weapons and munitions. The Office of Weapons Removal and Abatement manages the Conventional Weapons Destruction (CWD) program in Iraq. As of September 30, 2012, approximately \$22 million in NADR-funded contracts were ongoing, employing 609 program personnel (98% Iraqi) and 177 security contractors. The eight CWD contracts in Iraq are intended to promote risk education and assistance to victims, restore access to land and infrastructure, and provide subject-matter experts to conduct an assessment of Iraq's mine-action capabilities. These contracts are currently scheduled to end between December 2012 and August 2013.<sup>146</sup>

### Office of Export Controls Cooperation

The DoS Bureau of International Security and Nonproliferation Office of Export Controls

As of September 30, 2012, approximately \$22 million in NADR-funded contracts were ongoing, employing 609 program personnel and 177 security contractors.

Cooperation (ISN/ECC) works with the GOI to develop trade controls that meet international standards. These programs are designed to assist the GOI in controlling its borders and managing customs efforts. ISN/ECC launched a bilateral program for Export Controls and Related Border Security (EXBS) with Iraq in October 2010, and the GOI passed a nonproliferation law in February 2012, which serves as a basis for strategic trade controls in Iraq.

DoS reported that the U.S. government is now working with the GOI to deploy the TRACKER licensing software system to improve Iraq's ability to control exports of sensitive items. The EXBS program will also work with border security agencies to strengthen their border security capabilities by conducting training designed to detect and interdict weapons-related goods and technologies.<sup>147</sup>

At U.S. Embassy-Baghdad, one Foreign Service Officer in the Political-Military Affairs Section works directly with this issue, supported by the Political-Military team at the Embassy and by one ISN/ECC program manager in Washington, D.C. Upcoming events being planned this quarter include:<sup>148</sup>

- training for 10 Iraqis in Amman, Jordan, on international legal treaties and conventions to combat corruption, organized criminal organizations, risk assessments, and trends in anticorruption investigations
- an October workshop in Amman for 13 GOI export-licensing officers on the seven major steps in licensing
- training in November in the United States for five Iraqis at the University of Georgia's Export Control Academy

As of September 30, ISN/ECC had obligated approximately \$4.0 million and expended \$2.6 million of NADR funding through the EXBS program during FY 2009–FY 2012. No funds have been obligated for FY 2013.<sup>149</sup>

## Bureau of Population, Refugees and Migration

Nearly \$1.76 billion has been allocated to the DoS Bureau of Population, Refugees and Migration (PRM) for programs to support Iraqi refugees and internally displaced persons (IDPs) since 2003. More than \$1.50 billion, or 85%, of this total came from Migration and Refugee Assistance (MRA) and Emergency Refugee & Migration Assistance funds, with the remainder coming from the IRRF and ESF. As of September 30, 2012, \$1.60 billion had been obligated, and \$1.59 billion had been expended.<sup>150</sup>

PRM reported that its final allocation of FY 2012 MRA funds for Iraq activities totaled \$249.4 million, down from the \$256.4 million reported in July, because funds were shifted to support the Syrian crisis. Of this amount, \$248.60 million had been obligated and \$116.1 million had been expended as of the end of September 30, 2012.<sup>151</sup> The President's FY 2013 MRA request of \$476.8 million for the Near East region includes funding to support the needs of Iraqi refugees, IDPs, and returnees to promote Iraqi stabilization. The President's request did not specify the amount of MRA funding for Iraqis.<sup>152</sup>

## Current Efforts in Iraq

This quarter, PRM continued to provide support for voluntary returns and reintegration, improved access to basic services, and basic humanitarian assistance. U.S. funds support UN High Commissioner for Refugees (UNHCR) programs implemented in coordination with Iraq's Ministry of Displacement and Migration (MoDM) to aid Iraqi refugees returning from Syria and other countries. U.S. funds help rebuild and rehabilitate shelters, improve water and sanitation systems, and increase returnees' access to MoDM benefits.<sup>153</sup>

PRM also provided assistance for the growing number of Syrian refugees in Iraq. With PRM funds, UNHCR is providing the largest refugee camp, the Domiz camp in Dahuk, with tents, hygiene kits, non-food items, and education

PRM also provided assistance for the growing number of Syrian refugees in Iraq.

assessments. At al-Qaim camp in Anbar, UNHCR is using PRM funding to supply tents for shelter and educational purposes.<sup>154</sup>

During this quarter, 19 projects implemented by nongovernmental organizations (NGOs) and collectively supported by approximately \$37.6 million in FY 2011 MRA funds were completed; and 19 NGO projects together received approximately \$34.7 million in new FY 2012 funds. Of the 19 projects that received FY 2012 funds, 14 provide health, educational, and other types of humanitarian support to Iraqi refugees in Jordan, Syria, Lebanon, and Turkey. The other five projects in Iraq support refugees and IDPs in the areas of gender-based violence, mental health, capacity building, education, livelihoods, and nutrition.<sup>155</sup>

For details on the recent influx of returnees and Syrian refugees in Iraq, see the Governance subsection in Section 4 of this Report.

**Iraqi Refugees and SIV Holders in the United States**

PRM has assisted Iraqi refugees to resettle in the United States since October 2006. As of September 30, 2012, more than 73,000 Iraqis

had settled in the United States through the U.S. Refugee Admissions Program (USRAP). This quarter, more than 5,900 Iraqis resettled as refugees under the program, with the largest number resettling in California.<sup>156</sup>

From October 1, 2006 through September 30, 2012, the United States issued more than 11,300 Special Immigrant Visas (SIVs) to Iraqis under the Interpreters and Translators Program and the Iraqi SIV program. This quarter, 520 SIVs were issued. Section 1059 of the National Defense Authorization Act for FY 2006 (P.L. 109-163) authorizes up to 50 SIVs annually to Iraqi translators who have worked directly with U.S. forces or for U.S. Embassy-Baghdad. Section 1244 of the National Defense Authorization Act for FY 2008 (P.L. 110-181) allows a maximum of 5,000 SIVs per year to Iraqi nationals who have worked for or on behalf of the U.S. government in Iraq and have experienced an ongoing threat as a consequence of that employment.<sup>157</sup>

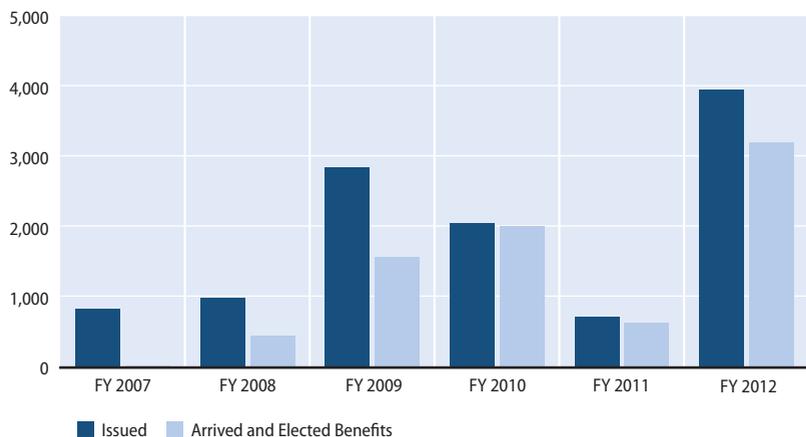
As of September 30, 2012, more than 8,000 Iraqi SIV holders had entered the United States and elected to receive resettlement and placement benefits. Of that total, 2,627 were admitted this year between April 1 and September 30, bringing the FY 2012 total to 3,193. DoS only tracks the arrivals of SIV holders who seek benefits through PRM.<sup>158</sup> Figure 3.2 compares SIV issuances with SIV arrivals since FY 2007.

The SIV program under Section 1244 of P.L. 110-181 is set to expire on September 30, 2013. According to PRM, the DoS Bureau of Legal Affairs is clearing draft legislation to extend this program for five additional years. The proposed legislation would require SIV applicants to complete the one year of qualifying service by September 30, 2013, with the application window open until September 30, 2017, and provisions for a one-year extension. The SIV program under Section 1059 of P.L. 109-163 does not expire.<sup>159</sup>

In July, the Government Accountability Office (GAO) released a report on the U.S. refugee resettlement program, citing the challenges host

As of September 30, 2012, more than 8,000 Iraqi SIV holders had entered the United States and elected to receive resettlement and placement benefits.

**FIGURE 3.2**  
**SIV ISSUANCES AND IRAQI ARRIVALS IN THE UNITED STATES, FY 2007–FY 2012**



**Note:** These numbers include both the Iraqis receiving SIVs on the Interpreters and Translators Program under Section 1059 and the Iraqi SIV Program under Section 1244.

**Sources:** PRM, responses to SIGIR data calls, 4/13/2012, 4/16/2012, 6/29/2012, 9/25/2012, and 10/15/2012.

communities face in receiving refugees. GAO found that refugees can bring cultural diversity and economic growth, but they can also strain community resources, including shelter, schools, healthcare providers, and assistance programs. GAO recommended that PRM provide additional guidance to resettlement agencies and settlement coordinators to encourage input from community stakeholders before making placement decisions. Additionally, although PRM provides cultural orientation and limited English language training programs, GAO noted that PRM does not currently measure refugee integration as a program outcome.<sup>160</sup>

## **Bureau of Democracy, Human Rights and Labor**

The DoS Bureau of Democracy, Human Rights and Labor (DRL) provided more than \$585.6 million over the last six years to administer foreign assistance programs that are intended to support Iraqi governance, human rights, and civil society. According to DRL, it has not yet received the \$22.8 million of FY 2012 ESF funds requested for its Iraq programs. DRL requested \$17.4 million for FY 2013.<sup>161</sup>

As of September 30, 2012, DRL had 44 ongoing contracts, grants, or cooperative agreements, collectively valued at \$114.5 million, to help promote human rights and democracy in Iraq. Forty projects are funded by the ESF, and four are funded by the Human Rights and Democracy Fund. The largest ongoing project this quarter continued to be a \$14 million ESF grant intended to strengthen Iraqi political institutions, a project expected to be completed by the end of 2012. Eleven new grant projects began this quarter, including projects to address gender-based violence, assist the media with legal and regulatory reform, and combat torture. All current projects are scheduled to be completed by the end of 2014.<sup>162</sup>

Additionally, DRL assists the Secretary's Office of Global Women's Issues (S/GWI) with its grant management and programming. DRL

has collaborated with S/GWI to implement the Secretary's War Widows Program in Iraq. Initiated in 2009, this program provides grants to support Iraqi widows with legal assistance, livelihood assistance, literacy training, and human rights education. Currently, DRL and S/GWI are funding six grants under this program, collectively valued at \$6.8 million.<sup>163</sup>

## **U.S. Agency for International Development**

Current USAID programs seek to strengthen civil society and increase civic participation, implement reforms to encourage private sector-led economic growth, support the development of good governance and democratic institutions, support ethnic and religious minorities, and provide solutions for the reintegration of internally displaced persons.<sup>164</sup> As of September 30, 2012, USAID had been allocated \$2.93 billion in ESF funding to support reconstruction and development projects,<sup>165</sup> and USAID's Office of Foreign Disaster Assistance (OFDA) had contributed more than \$450 million to humanitarian assistance programs in Iraq.<sup>166</sup>

USAID reported this quarter that its updated Country-wide Development Strategy for Iraq had been put on hold pending agreement among internal stakeholders about the strategy. USAID's current goal is to complete the strategy by March 2013.<sup>167</sup> The new strategy will update and replace USAID's 2010–2012 strategy, which focused on helping Iraq become a sovereign, stable, and self-reliant country.<sup>168</sup> In July, USAID stated that the updated strategy was scheduled to be completed by the end of 2012.<sup>169</sup>

## **ESF Programs**

As of September 30, 2012, USAID's active ESF programs had a combined contract ceiling of \$1.45 billion; almost \$1.07 billion had been obligated to these programs, and \$764.8 million had been expended. Included in these totals is the \$323 million

USAID reported this quarter that its updated Country-wide Development Strategy for Iraq had been put on hold pending agreement among internal stakeholders about the strategy.

This quarter, USAID signed three MOUs securing the GOI's commitment of financial participation of \$75.7 million.

third phase of the Community Action Program (CAP III), which concluded on September 30, 2012. Several other ESF-funded programs are approaching their scheduled end. During the quarter, USAID obligated \$27.8 million and expended \$65.4 million across its 14 active programs.<sup>170</sup>

Figure 3.3 provides a program-by-program breakdown of unexpended funds for these programs. Figure 3.4 shows the percentage of each program's contract ceiling that has been expended in relation to where the program stands as a percentage of its potential contract life.

USAID received \$521.6 million in FY 2010 and FY 2011 ESF funding for Iraq. As of September 30, 2012, it had obligated nearly all of the FY 2010 and FY 2011 funds, for a combined total of \$516.9 million in obligations.<sup>171</sup> USAID had expended \$251.3 million of these funds, leaving nearly \$265.6 million in unexpended obligations.<sup>172</sup> USAID reported that unexpended obligations from all fiscal-year appropriations were approximately

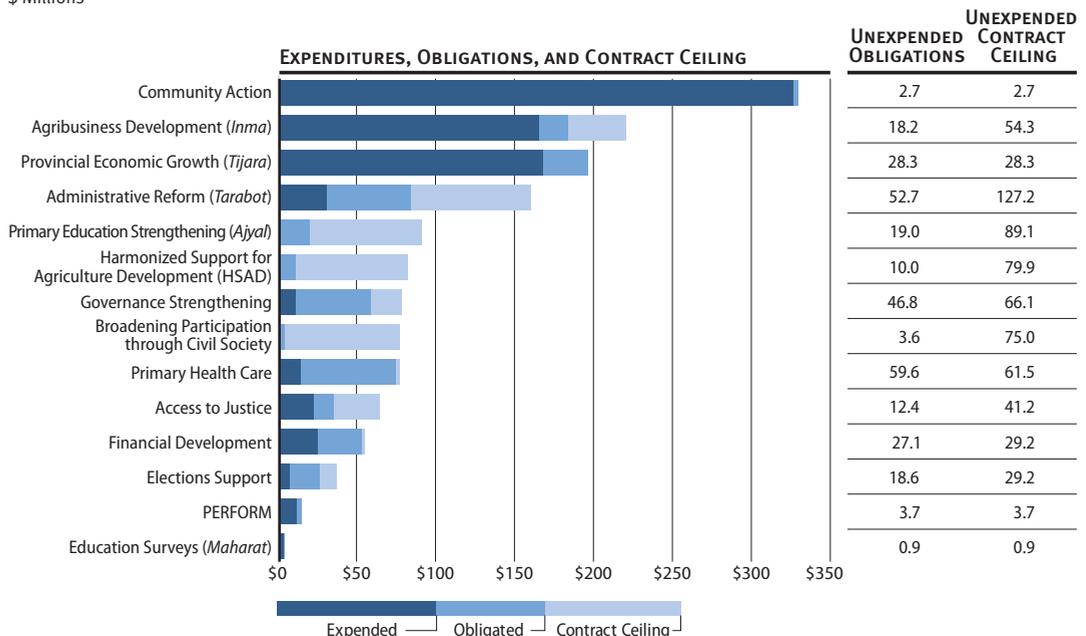
\$324.7 million. See Table 3.4 for the status of all fiscal-year ESF funds. According to USAID, no FY 2012 ESF funds have been allocated to its Iraq programs.<sup>173</sup>

**GOI Cost Sharing**

This quarter, USAID signed three memorandums of understanding (MOUs) securing the GOI's commitment of financial participation of \$75.7 million—\$6.1 million for the *Tarabot* Administrative Reform Project, \$2.8 million for the *Maharat* education program, and \$66.8 million for the *Ajyal* education program. MOU language indicated the GOI's financial participation may take the form of either cash or in-kind contributions; however, USAID stated the GOI's contributions will be in-kind.<sup>174</sup> Table 3.5 shows the GOI cost-sharing requirements for ongoing ESF programs, as determined by USAID.

Based on DoS guidance, USAID reported that 5 of its 13 active ESF programs require cumulative

FIGURE 3.3  
STATUS OF ACTIVE USAID ESF-FUNDED PROGRAMS, AS OF 9/30/2012  
\$ Millions



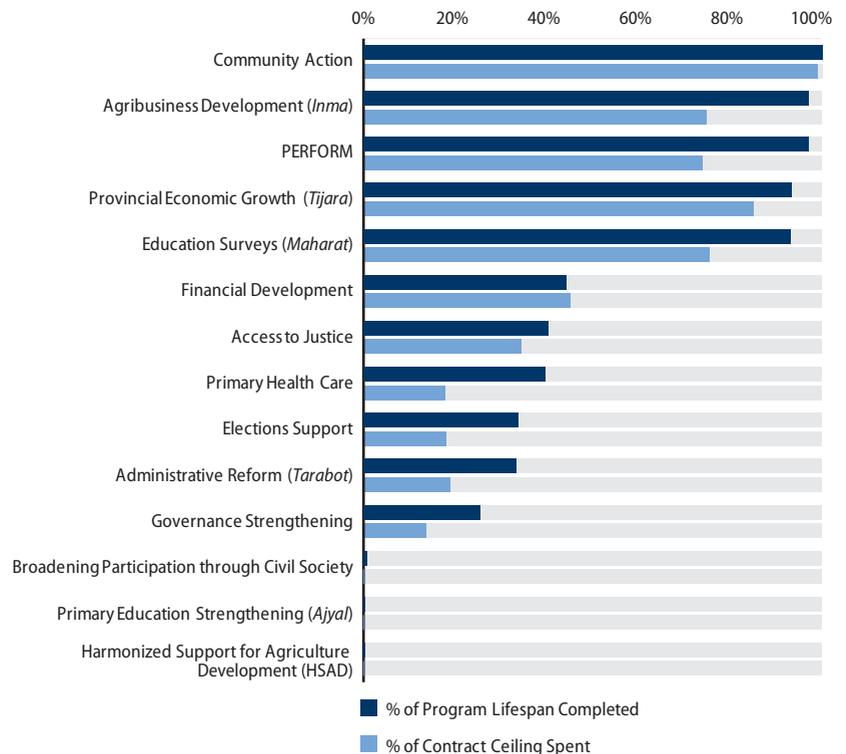
Source: USAID, response to SIGIR data call, 10/2/2012.

# U.S.-FUNDED PROGRAMS IN IRAQ

cash or in-kind GOI financial participation of at least \$242.7 million. Last quarter, USAID reported that it had secured cost-sharing MOUs with the GOI in the amount of \$83.1 million and was seeking a cost-sharing agreement for several exempted programs.<sup>175</sup> As of September 30, of the \$242.7 million required in GOI financial contributions for its programs, USAID had secured MOUs committing the GOI to contribute \$158.8 million (65%).<sup>176</sup> According to USAID, the GOI contributed \$80 million to all donor development projects in 2012; of this amount, \$30 million (38%) supported USAID programs.<sup>177</sup>

With regard to securing GOI financial participation for exempted programs, USAID previously reported it had secured a \$7 million cost-share agreement with the GOI for the Financial Development Project. According to USAID, the understanding with the GOI was that a large percentage of this amount was to be earmarked for refurbishing a previously damaged building in which to house the Banking Studies Center. However, the GOI later decided to use a different location that does not require refurbishment. USAID reported that it has identified other activities with the GOI that will meet the cost-share target. USAID stated that there has been “considerable” cost sharing with the

FIGURE 3.4  
ACTIVE USAID PROGRAMS, % OF CONTRACT CEILING SPENT VS. % OF PROGRAM LIFESPAN COMPLETED, AS OF 9/30/2012



Source: USAID, response to SIGIR data call, 10/2/2012.

TABLE 3.4  
STATUS OF USAID ESF FUNDING, BY FISCAL YEAR, AS OF 9/30/2012  
\$ Millions

APPROPRIATION	ALLOCATED	OBLIGATED	EXPENDED	QUARTERLY CHANGES	
				OBLIGATIONS	EXPENDITURES
FY 2003	16.4	16.4	16.4		
FY 2006	483.4	473.4	463.2		8.2 (2%)
FY 2007	1,114.9	1,112.9	1,100.7	2.8 (0%)	
FY 2008	381.4	381.4	380.4		
FY 2009	410.4	403.3	367.5	-3.0 (-1%)	7.7 (2%)
FY 2010	242.0	239.2	184.8	-2.8 (-1%)	33.1 (22%)
FY 2011	279.6	277.7	66.4	30.9 (13%)	27.3 (70%)
<b>Total</b>	<b>2,928.0</b>	<b>2,904.2</b>	<b>2,579.5</b>	<b>27.8 (1%)</b>	<b>76.3 (3%)</b>

Note: Data not audited. Numbers affected by rounding.

Sources: NEA-I, responses to SIGIR data calls, 6/28/2012 and 10/2/2012.

TABLE 3.5  
GOI COST-SHARING REQUIREMENTS FOR ONGOING ESF PROGRAMS, AS DETERMINED BY USAID  
\$ Millions

PROGRAM	U.S. FUNDING			GOI CONTRIBUTION		
	TOTAL U.S. CONTRIBUTION	ESTIMATED SECURITY COSTS <sup>a</sup>	NET PROGRAM COSTS	EXEMPTED COSTS <sup>b</sup>	REQUIRED GOI COST SHARE <sup>c</sup>	GOI COMMITMENTS
Provincial Economic Growth ( <i>Tijara</i> )	192.5	48.1	144.4	144.4	–	–
Agribusiness Development ( <i>Inma</i> )	169.8	42.5	127.4	127.4	–	–
Administrative Reform ( <i>Tarabot</i> ) <sup>d</sup>	156.0	39.0	117.0	–	117.0	26.1
Primary Education Strengthening ( <i>Ajyal</i> )	89.1	22.3	66.8	–	66.8	66.8
Harmonized Support for Agriculture Development (HSAD) <sup>f</sup>	80.0	20.0	60.0	–	–	–
Governance Strengthening	78.0	19.5	58.5	58.5	–	–
Broadening Participation through Civil Society	75.0	18.8	56.2	56.2	–	–
Primary Health Care	74.9	18.7	56.1	–	56.1	56.1
Financial Development <sup>e</sup>	53.3	13.3	40.0	40.0	–	7.0
Access to Justice	43.7	10.9	32.8	32.8	–	–
Elections Support	35.6	8.9	26.7	26.7	–	–
PERFORM - Monitoring & Evaluation	14.3	3.6	10.8	10.8	–	–
Education Surveys ( <i>Marahat</i> )	3.7	0.9	2.8	–	2.8	2.8
<b>Total</b>	<b>1,065.9</b>	<b>266.5</b>	<b>799.5</b>	<b>496.8</b>	<b>242.7</b>	<b>158.8</b>

<sup>a</sup>An estimated 25% of all program costs go to security, which DoS guidelines exclude from the GOI's financial participation.

<sup>b</sup>DoS guidelines allow exemptions from mandatory GOI cost-sharing requirements for projects that do not benefit the central government, that support the private sector, or that address issues of democracy and human rights or community assistance. Projects that assess the effectiveness of U.S. government programs are also exempted.

<sup>c</sup>GOI cost share has been committed as in-kind contributions, such as land or equipment.

<sup>d</sup>USAID secured \$24.0 million GOI cost-share commitments for this program—all in-kind contributions, such as land or equipment.

<sup>e</sup>USAID secured a \$7.0 million GOI cost-share commitment for this exempted program—all in-kind contributions, such as land or equipment.

<sup>f</sup>USAID stated that a portion of this project requires cost-sharing. The portion that works with the public sector will require cost-sharing and is being negotiated with the MoA. The private-sector portion is exempt from cost-share requirements.

**Note:** Numbers affected by rounding. USAID reported it is considering seeking a GOI cost-sharing commitment for the following exempted programs: Governance Strengthening, Access to Justice, and Elections Support.

**Sources:** USAID, responses to SIGIR data calls, 7/10/2012, 10/2/2012, 10/9/2012, and 10/15/2012.

USAID's overall staffing levels in Iraq will be reduced so that the agency can better respond to other countries in need of development and humanitarian assistance.

GOI through its training programs. According to USAID, the GOI's cost-share contribution for this program totaled approximately \$1.3 million in staff time devoted to program activities.<sup>178</sup>

**Program Implementation and Oversight**

This quarter, USAID stated that its Iraq office responsible for overseeing the agency's programs throughout the country is continuing to downsize as the number and size of its development assistance programs decrease. According to USAID, the GOI has the ability to fund its own development programs; therefore, USAID's current effort is to provide technical assistance to help

the GOI implement their own programs. As a result, USAID's overall staffing levels in Iraq will be reduced so that the agency can better respond to other countries in need of development and humanitarian assistance.<sup>179</sup>

Although USAID's current allocation for its Iraq office is 145 positions,<sup>180</sup> the actual number of people in the office has been lower. As of September 30, USAID reported 95 personnel in its Iraq office, which included 31 U.S. government employees and 64 contractors (4 U.S. citizens, 30 Iraqis, 29 third-country nationals, and 1 private security contractor).<sup>181</sup> USAID primarily utilizes the local Iraqi staff as field monitors responsible for

providing routine reporting and frequent on-site verification of program activities.<sup>182</sup> The 30 Iraqis currently working for USAID is double the number of Iraqis working for USAID a year ago.<sup>183</sup>

USAID also reported that, as of September 30, 2012, the implementing partners for its ESF-funded programs employed at least 1,209 program personnel and an additional 582 security contractors, for a total of 1,791 contractor personnel. These numbers did not change from the previous quarter; however, USAID is anticipating a significant change in personnel due to the end of the CAP III program (which employed more than 700 people) and the award of three new programs this quarter.<sup>184</sup>

Seven out of eight implementing-partner program personnel this quarter were Iraqis. The use of local Iraqis to execute programs in the field lessens the problems encountered by U.S. personnel—specifically, the difficulty in traveling through an increasing number of Iraqi-controlled checkpoints and the lengthy process for obtaining Iraqi visas.<sup>185</sup>

## Monitoring and Evaluation

In August, USAID issued a 90-day no-cost extension for its \$14.3 million **Performance Evaluation and Reporting for Results Management (PERFORM)** program.<sup>186</sup> The program, which began in October 2009, was designed to provide monitoring and evaluation services of USAID's ESF and OFDA programs in Iraq. According to USAID, PERFORM has conducted 10 evaluations of USAID programs, undertaken three sector assessments, and monitored both ESF and OFDA projects in the last three years. The PERFORM program was originally scheduled to end in August 2012, but USAID said it extended the period of performance to enable the contractor to complete activities that had already been started. As of September 30, more than \$3.7 million in funds obligated to this contract had not been expended.<sup>187</sup>

In July, the USAID Office of the Inspector General (USAID OIG) issued a report on the results of its audit to determine whether PERFORM improved program management and oversight

of USAID's Iraq programs. This audit examined evaluation, monitoring, and assessment projects completed and in progress during the first two years of the PERFORM program, from October 2009 to September 2011. According to the audit, PERFORM had several weaknesses:<sup>188</sup>

- USAID did not fully use PERFORM's services, instead making other arrangements, which resulted in inadequate program monitoring.
- Some statements of work (SOWs) issued for the program and some evaluation reports were technically flawed, weakening their credibility and usefulness.
- USAID did not manage the program effectively, contributing to unsatisfactory, late reports.
- USAID did not completely implement recommendations from a prior USAID OIG audit of PERFORM's predecessor program.

USAID OIG's report made five recommendations to correct deficiencies within the PERFORM program, including the recommendation that USAID establish and implement procedures to periodically test and document implementing partners' reported performance data. USAID agreed with the recommendation and stated that both USAID and PERFORM had hired additional Iraqi field monitors who will be responsible

Seven out of eight implementing-partner program personnel this quarter were Iraqis.



Iraqi field monitors for the PERFORM program conduct routine site visits. In this case, a field monitor visited a farm to determine if the owner had sufficient irrigation and fences to support the *Inma*-provided plants. (USAID photo)

for performing routine, periodic validation of implementing partner data quality.<sup>189</sup>

This quarter, USAID reported that it was preparing a new performance-management program to replace the expiring PERFORM. According to USAID, the new program will use Iraqi field monitors to perform routine data quality assessments, checklists in the preparation of evaluation SOWs, and updated procedures to ensure objectivity and independence of evaluation teams.<sup>190</sup>

### New Programs

USAID launched three new multiyear programs at the end of September 2012, with a total contract ceiling of \$244 million. The three programs support USAID's effort to improve governance and strengthen government administrative services.<sup>191</sup>

The five-year, \$89.1 million **Primary Education Strengthening Project**, called *Ajyal* (Arabic for "generations") is being implemented by Creative Associates International, Inc. The goal of the program is to improve the GOI's delivery of quality primary education by improving teacher skills. This is to be accomplished by building the capacity of Teacher Training Institutes and supporting the school management capabilities of the Ministry of Education. According to USAID, school enrollment rates, particularly among girls and other disadvantaged children, have declined over the past 10 years. The program will give specific attention to girls and Iraq's most vulnerable children. USAID obligated \$19 million for the program this quarter—the largest new obligation to any of its Iraq programs.<sup>192</sup>

The five-year, \$80 million **Harmonized Support for Agriculture Development** program, called HSAD (Arabic for "harvest"), is being implemented by the International Center for Agricultural Research in the Dry Areas (ICARDA). USAID this quarter obligated \$10 million in support of this program. According to USAID, significant inefficiencies in the agricultural sector—resulting from outdated, inefficient, or inappropriate policies—have resulted in the inability of domestic

USAID launched three new multiyear programs at the end of September 2012, with a total contract ceiling of \$244 million.



The new Primary Education Strengthening Project will focus on increasing the availability of quality primary education to females. (USAID photo)

producers to supply domestic food needs, 80% of which are met through imports. USAID stated that the Ministry of Agriculture (MoA) requested its assistance to revitalize agricultural production by resolving the major policy constraints and supporting development of efficient policies based on international best practices.<sup>193</sup>

The goal of three-year, \$75 million **Broadening Participation through Civil Society** program is to strengthen Iraq's transition to a participatory democracy by increasing citizen input into Iraq's social and political development. This program is a successor to the CAP III program. USAID reported that it awarded this contract to one of its CAP III implementing partners, Mercy Corps, which has re-hired some staff formerly assigned to CAP III.



The Marla Ruzicka Iraqi War Victims Fund assisted an Iraqi man, paralyzed from the waist down after a Coalition bombing, to open a meat shop, which allowed him to generate income for his family. (USAID photo)

This program will continue to implement the Marla Ruzicka Iraqi War Victims Fund.<sup>194</sup>

## Close-out of CAP III

The **Community Action Program**, USAID's longest-running development program in Iraq, came to an end on September 30, 2012. Begun in May 2003, the three-phase, nearly \$728 million program was designed to develop the ability of Iraqi citizens to effectively address pressing community needs through organized democratic processes. From October 2008 to September 2012, the \$323 million CAP III focused on building skills and cooperation between constituencies and their local representative and executive governments. Also within CAP III was the **Marla Ruzicka Iraqi War Victims Fund**, which provided financial assistance to Iraqis harmed by Coalition forces.

CAP III was implemented by four USAID implementing partners—Mercy Corps, International Relief and Development, Cooperative Housing Foundation International, and Agricultural Cooperative Development International and Volunteers in Overseas Cooperative Assistance—each responsible for a designated geographic area of responsibility, together covering 15 of Iraq's 18 provinces.<sup>195</sup> With \$18.7 million expended this quarter, CAP III continued to be the USAID program in Iraq with the highest quarterly expenditures.<sup>196</sup>

This quarter, PERFORM completed its end-of-project performance evaluation of CAP III's final year to determine if the program had met intended goals and outcomes and identify lessons learned for the implementation of future projects. The evaluation concluded that CAP III contributed to increased participation in collective community actions and enabled targeted communities to better articulate their needs and mobilize resources within and outside the community to solve common problems. The CAP III contribution most frequently mentioned by Iraqi government program participants was the CAP-provided infrastructure projects; however, some mentioned

increased engagement with local constituencies as an important result of CAP III.<sup>197</sup>

PERFORM identified some issues with the Marla Ruzicka Iraqi War Victims Fund—primarily that many war victims had difficulties providing the required eligibility documentation. In addition, PERFORM determined that the local Iraqi NGOs were ill-equipped to replace CAP III's implementing partners for the continued administration of the Marla Ruzicka Iraqi War Victims Fund. PERFORM stated that the local Iraqi NGOs would need additional financial support to administer this program at the conclusion of CAP III.<sup>198</sup>

The lessons learned to be applied to future USAID work with Iraqi communities and local governments were to increase and promote community engagement and participation, continue diverse training approaches, and secure Iraqi government buy-in and participation.<sup>199</sup>

## Recent Activities for Continuing Programs

In addition to the three new programs awarded in September, USAID has nine ongoing development programs that work toward goals set in three areas—capacity building, economic growth, and democracy and governance.<sup>200</sup>

### Capacity Building

The four-year, \$156.7 million **Administrative Reform Project**, called *Tarabot* (Arabic for “linkages”), has three core components—civil service reform, national policy management, and administrative decentralization. This quarter, the USAID mission director signed an MOU with the Office of the Prime Minister of Iraq officially launching USAID's participation in the Iraq Solution for Regulatory and Administrative Reform (ISRAR). ISRAR's charter includes review and elimination of unnecessary regulations that hinder business and private investment. ISRAR working groups are to draw from both the GOI and the private sector to produce reform recommendations that would make it easier to start new businesses, obtain

The Community Action Program, USAID's longest-running development program in Iraq, came to an end on September 30, 2012.

construction permits, and facilitate regional and international trade. Next quarter, USAID anticipates signing more MOUs with the GOI at both the national and provincial levels to support activities under *Tarabot*.<sup>201</sup>

In Basrah province this quarter, the Basrah Contracts Director in the Governor's Office agreed to begin using indicators, developed by *Tarabot* and based on international best practices, to measure and report on the province's performance in procurements. According to USAID, the province will now implement a procurement plan for its upcoming capital investments, in line with guidance from the Ministry of Planning.<sup>202</sup>

The five-year, \$117 million **Governance Strengthening Project** aims to increase the capacity of provincial governors and provincial and local councils to better respond to the needs of Iraqi citizens. A goal of this program is to improve budget accountability and transparency. In recent meetings with SIGIR, a GOI official praised the program's new approach to budgeting (via the zero-based budgeting system).<sup>203</sup>

This quarter, the implementing partner conducted a comprehensive assessment of the provincial budgeting process and of the usage of the Governorate Accounting and Project Information Tracking System (GAPTIS) in the 15 provinces. USAID reported that it shared the assessment's key findings and recommendation with the UNDP and the Ministry of Planning. According to USAID, the next step is for USAID and the Ministry of Planning to identify how to integrate the objectives of GAPTIS with the existing Iraq Development Management System, a bilingual Web-based application that manages the whole cycle of government and donor-funded development projects in Iraq. This system allows ministries to plan, manage, and monitor the full lifecycle of capital investment projects in an online environment.<sup>204</sup>

The four-year, \$74.8 million **Primary Health Care Project in Iraq** works with the Ministry of Health to strengthen primary healthcare services. This quarter, USAID reported that program staff



A USAID workshop focusing on emergency obstetrics and newborn care provided at the Erbil Maternity Hospital. (USAID photo)

conducted site visits to the Ministry of Health, the provincial Departments of Health, and 125 participating primary healthcare centers to provide on-the-job training, technical assistance, and coaching.<sup>205</sup> In addition, USAID signed an MOU this quarter with the KRG's Ministries of Health and Planning to improve primary health care throughout the Kurdistan Region. USAID had previously signed an MOU with the GOI in September 2011. Thus, the program will now operate in all of Iraq's 18 provinces.<sup>206</sup>

The year-long, \$3.7 million **Education Survey Project**, called *Maharat* (Arabic for "skills"), works with the Ministry of Education to administer education surveys to improve the quality of primary schools and is scheduled to end in November 2012. This quarter, the implementing partner provided draft executive summaries for the completed Early Grade Reading and Mathematics Assessment surveys. Once the implementing partner completes the final reports, USAID stated it will present them to the Ministry of Education at an education policy workshop, scheduled for November. According to USAID, the baseline data established by the program on reading and math abilities of early-grade students will assist the Ministry of Education in measuring progress in the future.<sup>207</sup>

In recent meetings with SIGIR, a GOI official praised the program's new approach to budgeting.

## **Economic Growth**

The five-year, \$192.5 million **Provincial Economic Growth Program**, *Tijara* (Arabic for “trade”), has been conducting activities to promote economic growth and employment in Iraq by increasing private-sector access to finance—in particular, for micro, small, and medium enterprises.<sup>208</sup> About \$16 million was expended on *Tijara* this quarter, second only to CAP III in expenditures for USAID programs in Iraq.<sup>209</sup>

As this program approaches its January 2013 closure, USAID identified the program’s most significant accomplishments:<sup>210</sup>

- created and supported two non-banking financial institutions, eight indigenous microfinance institutions, and eight small-business development centers throughout Iraq
- cumulatively disbursed almost \$1.17 million among almost 300,000 Iraqi people (17% women) by enhancing their access to finance and thereby creating more than 350,000 direct and indirect jobs
- assisted the GOI in preparing Iraq’s Initial Goods Offer and the Initial Services Offer to be submitted to the World Trade Organization and also provided support to top-level GOI bodies on legal and regulatory reforms, including company law, industrial licensing, import licensing,

investment law, bankruptcy law, and business closing regulations

USAID’s *Tijara* program, along with the World Bank and the United Nations Industrial Organization, supports the GOI’s efforts to develop specific reform plans for state-owned enterprises to make them more attractive commercial investment targets. This quarter, the state-owned enterprise working group within the Prime Minister’s Task Force for Economic Reform selected 30 enterprises and allocated \$65 million from the GOI budget to ministries to engage international consultants in developing the necessary reform plans.<sup>211</sup>

The five-year, \$53.3 million **Financial Development Program** focuses on the continued capacity building of Iraq’s financial sector to international standards, with an emphasis on private banks. According to USAID, the program is currently undergoing a mid-term evaluation that will inform USAID on how to improve the program’s effectiveness.<sup>212</sup>

This quarter, USAID reported that the Central Bank of Iraq (CBI) announced its goal to develop infrastructure for a retail payment system in Iraq and invited concerned parties to combine efforts to achieve this goal. In support of this effort, the Financial Development Program completed a review of regulations and an “instructions” document needed to govern payment service providers, banks, and mobile network operators in the operation and use of a potential retail payment system infrastructure. The program also worked with the CBI on a request for proposal to implement this system.<sup>213</sup>

The **Agribusiness Development Program**, *Inma* (Arabic for “growth”), focuses on increasing the competitiveness of Iraqi agriculture by demonstrating the potential for profitable, commercial agribusiness enterprises. This five-year, \$215.9 million program is scheduled to end in November 2012.<sup>214</sup>

This quarter, USAID reported that the cumulative results of this five-year program included

According to USAID, the program is currently undergoing a mid-term evaluation that will inform USAID on how to improve the program’s effectiveness.



This Iraqi woman received \$550 under the *Tijara* poverty lending initiative to expand her tailoring business. (USAID photo)

\$172.6 million in direct sales by Iraqi enterprises initiated and supported by *Inma* and the employment of 15,121 people. One of *Inma*'s most significant accomplishments reported by USAID was the increase of annual fish production from 5,000 metric tons in 2006 to 80,000 metric tons in 2012. As the program concludes, USAID is focused on intensive training and development programs with the MoA staff to further strengthen Iraq's agriculture sustainability and food security.<sup>215</sup>

#### ***Democracy and Governance***

The three-year, \$35.6 million **Elections Support Project** provides technical assistance, mentoring, and training to the Independent High Electoral Commission (IHEC). This quarter, USAID reported that the program, through its implementing partner, the International Foundation for Electoral Systems (IFES), focused on planning future capacity-building activities, strategizing with counterparts, and working on the planning and development of a nationwide survey gauging public opinion and knowledge of the electoral process in Iraq, as well as a civic- and voter-education sub-grants program. In addition, the Elections Support Project continued its support for the inclusion of women at IFES-facilitated training courses. According to USAID, through mid-August 2012,

USAID signed an MOU with the GOI's Council of Representatives to launch a joint program to improve access to the Iraqi legal system for vulnerable and disadvantaged populations.



*Inma* livestock harvesting specialist demonstrating international meat cuts at Blann butcher shop in Dahuk, Iraq. (USAID photo)

nearly one quarter of attendees at the formal training courses were women. USAID stated that its support of gender inclusion will help to ensure the sustainability of efforts to include women in top-level positions at the IHEC.<sup>216</sup>

To date, USAID believes IFES support to the IHEC's Public Outreach Department is the most significant development of the Elections Support Project. According to USAID, this program, through weekly meetings with IHEC officials, has strengthened the IHEC's capacity to manage affairs with key electoral stakeholders.<sup>217</sup>

The \$62.9 million **Access to Justice Program** supports the growth of local and national institutions that provide information and legal assistance to vulnerable populations, including women, widows, orphans, and persons with disabilities.<sup>218</sup> According to USAID, since 2011, the Access to Justice Program has supported 38 grants to raise awareness of vulnerable populations regarding their legal rights and access to state offered services. The grantees have used various radio, TV, brochures, booklets, and workshops to provide this information.<sup>219</sup>

This quarter, USAID signed an MOU with the GOI's Council of Representatives to launch a joint program to improve access to the Iraqi legal system for vulnerable and disadvantaged populations. In addition, USAID reported that the Access to Justice Program launched a survey to assess the knowledge of targeted vulnerable groups about their legal rights, related services offered by the state, and ways to access those services. The survey comprised 15,200 interviews in more than 76 districts in Iraq. The final survey results are scheduled to be presented in an upcoming conference with officials from the Ministries of Labor and Social Affairs, Human Rights, and Interior, as well as the Council of Ministers, and Council of Representatives. The objective of the conference is to secure GOI buy-in on ways to improve the current situation of vulnerable groups in Iraq.<sup>220</sup>



Access to Justice Project conducting survey interviews with Iraq's vulnerable populations. (USAID photo)

## Foreign Disaster Assistance

Last quarter, USAID reported that OFDA's three active FY 2011-funded programs in Iraq—two humanitarian assistance programs and a monitoring and evaluation program—were scheduled to conclude by September 30, 2012. This quarter, USAID stated the three OFDA programs were in various stages of its standard 90-day closeout process.<sup>221</sup>

According to USAID, even as the programs conclude, OFDA's implementing partners are still active in Iraq. For example, one implementing partner this quarter held a workshop on advanced information management for members of Governorate Emergency Cells (GECs)—governmental coordination structures established to deal with emergency situations, primarily targeting refugee and internally displaced populations. USAID reported this workshop

helped increase the capacities of GEC members to collect, process, analyze, and report information.<sup>222</sup>

Since 2003, OFDA has contributed more than \$450 million toward humanitarian assistance programs in Iraq; of this amount, USAID reported that OFDA expended \$261 million in International Disaster Assistance funds from FY 2007 through FY 2012. According to USAID, OFDA did not commit any FY 2012 funding toward new or existing Iraq programs, but did commit more than \$133,000 in administrative costs for the year, as of September 30, 2012. Even though OFDA does not have staff presence in Iraq and its remaining active programs are concluding, USAID maintains that OFDA has the ability to respond rapidly to potential emergencies in Iraq through established working relationships with relief agencies on the ground.<sup>223</sup>

OFDA did not commit any FY 2012 funding toward new or existing Iraq programs.

## Other Civilian Agencies

Table 3.6 highlights activities conducted this quarter by the many other U.S. civilian agencies working in Iraq, including:

- Department of Justice
- Department of Homeland Security
- Department of the Treasury
- Department of Transportation
- Department of Commerce
- Department of Agriculture
- Export-Import Bank
- Overseas Private Investment Corporation ♦

TABLE 3.6  
STAFF LEVELS AND SELECTED ACTIVITIES REPORTED BY OTHER CIVILIAN AGENCIES, 7/1/2012–9/30/2012

AGENCY	ACTIVITIES THIS QUARTER
<b>DEPARTMENT OF JUSTICE (DoJ)</b> STAFF: 9	OPDAT continued advising the GOI on combating money laundering and terrorist financing. ICITAP trained and mentored COI investigators with an emphasis on better case preparation and compliance with the UNCAC until the program concluded on September 30, 2012. An ICITAP advisor facilitated specialized training from outside sources to enhance the investigative capacity of the COI. ICITAP training functions transitioned to INL-funded UNODC, UNDP, and OPDAT programs. In preparation for the program's end, ICITAP advisors secured partnerships with U.S. agencies and the international community to meet COI's specialized training needs. ICITAP supported the development of COI's Foreign Affairs Office to serve as a single point of contact to seek new training opportunities.
<b>DEPARTMENT OF HOMELAND SECURITY (DHS)</b> STAFF: 15	U.S. Customs and Border Protection (CBP) established strategic partnerships with the GOI and KRG Ministries of Interior and reintroduced sustainable training curricula at the Baghdad International Airport (BIAP) and Erbil International Airport. CBP held four training sessions at Baghdad International Airport, instructing 19 Iraqi civil customs officers in basic customs operations. This quarter, 33 Iraqi civil customs officers completed CBP's Leahy vetting process, and another 40 officers await Leahy vetting and CBP training. The Leahy amendment to the Foreign Assistance Act of 1961 requires DoS to vet its assistance to foreign security forces to ensure that recipients have not committed gross human rights abuses. CBP conducted four training sessions in the Kurdistan Region, training 69 Passport Police officers and KRG MOI officials. As of September 30, 2012, 89 officers had completed the Leahy vetting process, and an additional 138 were pending vetting.
<b>DEPARTMENT OF THE TREASURY</b> STAFF: 8	An advisor from the OTA now sits on a task force created by Prime Minister al-Maliki in September to combat money laundering and the financing of terrorism. The initiative draws on the COI, Iraqi Federal Investigative Information Agency, MOI Intelligence and Economic Crimes, Ministry of Foreign Affairs, Ministry of Finance (Customs), and Money Laundering and Reporting Office. OTA's Revenue Team has been advocating the implementation of self-assessment (taxpayer self-filing), encouraging key members of the Council of Ministers to endorse it since 2010. In August, the Committee of Economic Affairs in the Council of Ministers issued Order Number 479, which mandated the adoption of self-assessment by the General Commission of Taxes for large taxpayers.
<b>DEPARTMENT OF TRANSPORTATION (DoT)</b> STAFF: 3	DoT transferred to Iraqi ownership and control a computer-based train control project, which had been completed in 2011. DoT's aviation advisor assisted the Iraqi Civil Aviation Authority for compliance with international standards as prescribed by the International Civil Aviation Organization. The maritime/ports advisor provided training to its Iraqi counterparts to improve operational efficiency.
<b>DEPARTMENT OF COMMERCE</b> STAFF: 4	Commerce reported that a U.S. security equipment company signed a distribution agreement with an Iraqi company based on information provided by the U.S. Commercial Service under its International Partner Search service. Also, a U.S. small-and-medium enterprise, new-to-market industrial case company made a direct sale to an Iraqi company as a result of "B2B matchmaking" by the U.S. Commercial Service. In addition, Commerce advocated for U.S. companies bidding on GOI tenders.
<b>DEPARTMENT OF AGRICULTURE (USDA)</b> STAFF: 7	USDA continued to implement capacity-building programs in animal health, water and soil resources, and agricultural extension and education. USDA implemented two U.S.-based Cochran training programs—Meat and Poultry Inspection and Crop Residue Management—as well as two Borlaug Fellowships in soil analysis. The Foreign Agriculture Service (FAS) ended U.S. government employee and U.S. citizen contractor presence in September 2012, reorganizing activities under FAS/Cairo.
<b>EXPORT-IMPORT BANK (Ex-Im)</b> STAFF: 0	The Ex-Im Bank reasserted that, despite potential demand for procurement of U.S. goods and services by Iraqi public and private sector entities, the lack of viable financing structures will continue to constrain expansion of Ex-Im Bank activity in the market over the short to medium term. This quarter, Ex-Im held discussions with Department of Commerce representatives to identify channels to originate smaller private- and public-sector transactions that could be structured for financing without sovereign guarantees. Ex-Im officials also met with U.S. project developers on glass production, housing, and general construction.
<b>OVERSEAS PRIVATE INVESTMENT CORPORATION (OPIC)</b> STAFF: 0	OPIC reported no new loans or guaranties to U.S. businesses this quarter. In 2010, OPIC provided \$90 million for the Iraqi limited liability company al-Tamweel al-Sareé Limited to support the expansion of its small-and-medium-enterprise and microfinance portfolios in Iraq and extend the work of the U.S.-based Cooperative Housing Foundation's Access to Credit Services Initiative in Iraq. This quarter, OPIC reduced the size of the loan by \$25 million. As of September 30, 2012, OPIC has not dispersed any funding in support of this project.

Note: Data not audited. Staff numbers reflect those based in Baghdad, including U.S. nationals, third-country nationals, and locally employed Iraqis.

Sources: DoJ, response to SIGIR data call, 10/1/2012; DHS, responses to SIGIR data call, 10/1/2012 and 10/7/2012; Treasury, responses to SIGIR data call, 10/1/2012 and 10/16/2012; DoT, response to SIGIR data call, 10/1/2012; Commerce, responses to SIGIR data call, 10/1/2012 and 10/7/2012; USDA, response to SIGIR data call, 10/1/2012; Export-Import Bank, response to SIGIR data call, 9/5/2012; OPIC, response to SIGIR data call, 10/2/2012, and information provided to SIGIR, 10/5/2012; INL, response to SIGIR data call 10/1/2012.

## DEFENSE PROGRAMS

### Office of Security Cooperation-Iraq

OSC-I just completed its first year as the hub for managing a wide range of security assistance and security cooperation activities. At the end of the quarter, OSC-I was managing 172 cases funded by the GOI through the Foreign Military Sales (FMS) program. Twenty additional cases have been requested by the GOI and have received U.S. approval. Another 74 GOI-requested cases are in various stages of response by the U.S. government. The value of current and proposed cases now totals \$19.1 billion.<sup>224</sup>

OSC-I currently manages five sites in Iraq under COM authority. These sites include facilities for processing FMS cases, sustainment and support centers, live-fire ranges, and training centers.<sup>225</sup> Three of the sites are undergoing U.S.-funded facility upgrades to correct security deficiencies inherited when OSC-I assumed control on October 1, 2011, but the upgrades have been beset by delays. This quarter, the scheduled completion dates for overhead covers at Besmaya and Tikrit were pushed out six months, to April 2014,<sup>226</sup> and completion of physical security facilities at Umm Qasr slipped three months.<sup>227</sup> Because these upgrades might not be completed until after the OSC-I sites are transitioned to GOI control, OSC-I “is evaluating whether these improvements are prudent given the timeline for normalization of the sites.”<sup>228</sup>

A recently announced project at another OSC-I operational site—a \$2.7 million project at OSC-I’s logistics and sustainment center in Taji—may serve as the prototype for future OSC-I operations on a GOI-managed base where a continuing presence is deemed necessary. This recently started project will reduce OSC-I’s footprint at Taji and is intended to make living conditions safer.<sup>229</sup>

This quarter, OSC-I closed its training operations in Kirkuk and relocated to Tikrit. Activities moved included flight training, as well as maintenance training activities and contractor logistics support for aircraft sustainment.<sup>230</sup> The remaining five OSC-I sites are reportedly to be transferred to the GOI during 2013,<sup>231</sup> although DoD has noted that a schedule for the transition is “pre-decisional” and that “OSC-I cannot anticipate what will be decided at much higher levels of government.”<sup>232</sup> The OSC-I Chief, however, anticipates a “glide down” reduction of at least a third of U.S. military personnel in the coming two years, but an intra-agency debate about the future of the office has suggested a staff reduction by as much as 75% in FY 2014.<sup>233</sup> The fluidity of the status of OSC-I, including its funding status pursuant to the continuing appropriations resolution, suggests that the transition process may occur faster and more steeply than indicated in earlier planning scenarios.

### An Evolving FMS Business Model

After the transition of U.S. operating sites to the GOI, OSC-I anticipates that it will support its security assistance activities either through the Embassy’s Operations and Maintenance Support Services and BLISS contracts (if a permanent presence is required) or through one-day trip visits using a hub-and-spoke model (if a permanent presence is not required).<sup>234</sup>

According to OSC-I, once sites are transferred to the GOI, contractor requirements and the costs associated with staffing cases and delivering security assistance equipment will rise because the U.S. government will no longer be bearing life-support and security expenses.<sup>235</sup> For planning purposes, the Defense Security Cooperation Agency (DSCA) has estimated that the annual cost per contractor for life support and security will be \$250,000—costs

The fluidity of the status of OSC-I suggests that the transition process may occur faster and more steeply than indicated in earlier planning scenarios.

that will need to be built into FMS letters of offer and acceptance (LOAs).<sup>236</sup>

The reduced scope of OSC-I operations and the transition of operational sites to GOI control will change the way that FMS cases—both current and future—are managed. From the contractor perspective, OSC-I appears to be transitioning out of the business of contractor support, and the speed and scope of change in operations for private companies may be considerable.<sup>237</sup>

- **Cost management of current cases.** The majority of current cases, including several expansive ones like the delivery of 18 F-16s, do not have separate funding for contractor life support or security costs that reflect OSC-I's transition. Cases whose delivery schedules mature as OSC-I minimizes or eliminates its operational footprint are going to face challenges that are currently unfunded and have yet to be addressed.<sup>238</sup> OSC-I notes that it will support existing contracts until FMS cases are complete “or have been modified to support the transition strategy.”<sup>239</sup>
- **Future case costs.** Cases in development will need to include more realistic life-support and security-related costs that are tailored to the specific cases. Whether these new costs are prohibitive or reduce the cost-competitiveness of the FMS system remains to be seen, but DSCA's flat rate of \$250,000 per person per annum (based on current security assistance trainer costs) does not appear to take into account costs outside of the current U.S. government-funded security umbrella. These costs may be materially different when they are managed directly by contractors (as opposed to the U.S. government) and will vary widely based on where in Iraq the services are being executed and the duration of the services being provided. Without a task-specific rate for life support and security, these estimates built into future cases may prove to be artificially low (or, in some instances, possibly too high).<sup>240</sup>
- **Exposure to GOI incorporation, import, and revenue taxes.** Although not directly related to the transition process, OSC-I's movement away

from contractor support will likely accelerate the removal of operating waivers that currently benefit FMS contractors. As OSC-I is “normalized” (reducing the U.S. government presence and direct management), navigating uncertain Iraqi business processes and limited infrastructure (such as the absence of bonded freight forwarders) will fall directly to contractors. Planning for these changes (and their possible disruptions to FMS cases) is seen as significant.<sup>241</sup> In a recent example of this, the GOI's interpretation of the customs levy waiver on June 30, 2012, led to all inbound FMS shipments being held up and resulted in unplanned storage costs. An early September 2012 Council of Ministers declaration that GOI ministries (and by inference, FMS customers) were exempt from the customs levy appears to have provided administrative relief. But OSC-I reported that, as of late September, there was little movement of FMS cargo.<sup>242</sup>

### Engagements with GOI Officials

Under the FMS program, OSC-I manages both the obligation of U.S. funds to support the GOI's security capacity and GOI purchases of military equipment and services. Concomitant to these program responsibilities, OSC-I has assumed an even broader responsibility of managing a wide range of relationships with the GOI—from facilitating OSC-I contractor work authorizations and visas<sup>243</sup> to tracking and managing security-contractor incidents.<sup>244</sup> This quarter, the OSC-I Chief reported that these wide-ranging responsibilities included negotiations with GOI officials to get contractors operating a convoy out of a jail in Diyala province.<sup>245</sup>

OSC-I's “Iraqi Leader Engagements” are the most frequent form of interaction with GOI officials and are regularly used in the development of FMS cases. These engagements may begin as early as the process for developing a GOI Letter of Request (LOR) and continue through the delivery and execution of an FMS case. OSC-I's Strategic Advisor Group provides military-to-military liaison to

Whether these new costs are prohibitive or reduce the cost-competitiveness of the FMS system remains to be seen.

build partner capacity in the Ministry of Defense (MOD), promote military education, and encourage and coordinate regional engagements and security cooperation.<sup>246</sup>

Recent security cooperation activities included a joint training exercise with U.S. and Iraqi Special Forces.<sup>247</sup> Other directed in-country training and assistance activities included U.S. Navy sailors training with the Iraqi Navy and U.S. military advisors providing direct support (through the MOD) to the Iraqi Army's ground force commander and the Iraqi Air Force's commander.<sup>248</sup>

Regional Iraqi Security Forces (ISF) training activities facilitated by OSC-I this quarter included:<sup>249</sup>

- an international mine countermeasures exercise in Bahrain
- a search-and-rescue and search-and-seizure exercise in Kuwait
- F-16 mechanics maintenance training at the Royal Jordanian Air Academy
- professional military education, comprising M1A1 and artillery advanced gunner courses, an artillery leaders course, battle-staff training, doctrine development, artillery and armor school curriculum development, cadre and instructor training, and institutional advising and training for the Iraqi Army at Iraqi and U.S. institutions

## FMS Training Activities

The largest ongoing FMS training activities coordinated by OSC-I, as of September 30, 2012, were the War Fighter Focus (WFF) program and two aviation pilot and maintainer programs, valued collectively at \$279.3 million (including unexercised options):<sup>250</sup>

- More than 4,400 Iraqi Army personnel received WFF training this quarter in Erbil, Taji, and Besmaya.
- 13 prospective F-16 pilots are receiving training in the United States, and 359 Iraqi Air Force maintainers began training in Jordan.
- 7 prospective C-130 pilots, 16 maintainers, and 1 loadmaster are training at U.S. locations.



Iraqi student pilots prepare their T-6 Texan II training aircraft for takeoff at al-Sahra Airfield in Tikrit. (DVIDS photo)

## Iraq Security Forces Fund

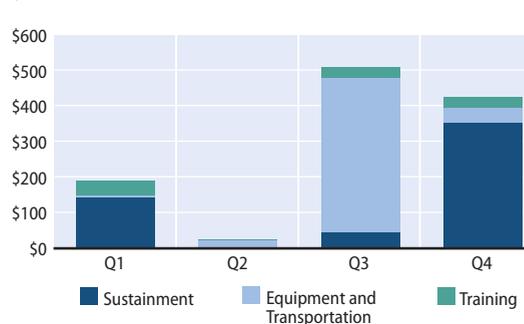
As of September 30, 2012, the final tranche of appropriated ISFF funds expired for obligation to new projects.<sup>251</sup> OSC-I obligated 99.2% of FY 2011 ISFF funding by the end of the fiscal year. The \$9.0 million that was unobligated was the result of funds returned in September from implementing agencies or contracts as unexecutable.<sup>252</sup>

According to the Office of the Secretary of Defense (Comptroller), \$425.7 million (37%) of the FY 2011 ISFF was obligated this quarter. Illustrating the time constraints that OSC-I had in managing the final ISFF appropriation, 80% (or \$929.0 million) of the FY 2011 ISFF was obligated in the final two quarters.<sup>253</sup> For quarterly

OSC-I obligated 99.2% of FY 2011 ISFF funding by the end of the fiscal year.

FIGURE 3.5

### OBLIGATIONS OF FY 2011 ISFF, BY QUARTER AND SUB-ACTIVITY GROUP, 10/1/2011–9/30/2012



Sources: OUSD(C), responses to SIGIR data calls, 1/6/2012, 4/2/2012, 7/12/2012, and 10/2/2012.

TABLE 3.7  
FINAL FY 2011 ISFF SPEND PLAN VS. OBLIGATIONS,  
BY SUB-ACTIVITY GROUP, AS OF 9/30/2012  
\$ Millions

	FINAL PLAN	OBLIGATIONS	% DIFFERENCE
Sustainment	554.7	557.6	0.5%
Equipment and Transportation	485.7	480.8	-1.0%
Training	113.5	107.0	-5.8%
Related Activities	1.0	0.6	-41.0%
<b>Total</b>	<b>1,155.0</b>	<b>1,146.0</b>	<b>-0.8%</b>

Note: Obligations do not reflect any adjustments made during FY 2013 final report certification process.

Sources: OSC-I, "Iraq Security Forces Fund (ISFF), FY 2011 Financial Activity Plan (Spend Plan) P.L. 112-10," 6/11/2012; OUSD(C), response to SIGIR data call, 10/2/2012.

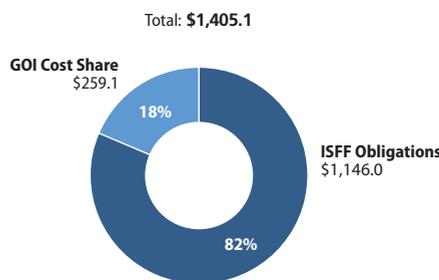
74 prospective FMS cases valued at \$10.2 billion have been requested or are in the process of being requested by the GOI.

obligations of the FY 2011 ISFF, by sub-activity group, see Figure 3.5.

OSC-I assumed responsibility for managing the ISFF in January 2012, and in June 2012 developed a spend plan for unobligated amounts of \$1.155 billion.<sup>254</sup> Of that total, the obligation of \$155 million had been contingent on a Secretary of Defense certification to the Congress that the GOI had demonstrated an institutional capability to manage the logistics, maintenance, and sustainment of U.S.-purchased equipment. The Secretary's certification of July 17, 2012, cited myriad cases and institutionalized processes as examples of the GOI's commitments to the processes that Congress had identified.<sup>255</sup>

As Table 3.7 shows, slightly more was obligated for sustainment than planned, and obligations for

FIGURE 3.6  
GOI COST SHARE OF FY 2011 ISFF-FUNDED CASES,  
AS OF 9/28/2012  
\$ Millions



Note: Numbers affected by rounding.

Source: OSC-I, response to SIGIR data call, 10/2/2012.

training were nearly 6% below plan. For the GOI cost share of FY 2011 ISFF-funded activities, see Figure 3.6.

### Status of FMS Cases

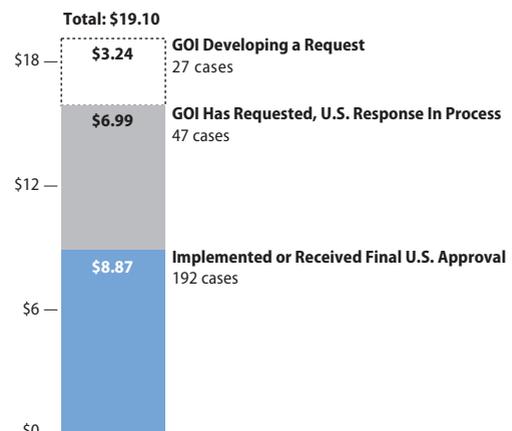
Last quarter, OSC-I reported almost \$12.0 billion in GOI and U.S. government (ISFF) commitments to FMS cases, with \$2.6 billion delivered.<sup>256</sup> This quarter, DoD was unable to provide comparable case information through the end of the quarter.<sup>257</sup>

SIGIR analysis of OSC-I's current case-management notes (where cases are almost exclusively GOI funded) indicates that 192 FMS cases valued at almost \$8.9 billion were either implemented or had received final U.S. approval as of September 30, 2012. An additional 74 prospective FMS cases valued at \$10.2 billion (notably, including the second tranche of F-16s) have been requested or are in the process of being requested by the GOI (see Figure 3.7).<sup>258</sup>

### Deliveries for Ongoing Cases

The FMS program has several large cases in various states of delivery, with activity planned for multiple

FIGURE 3.7  
CURRENT AND PROSPECTIVE FMS CASES,  
AS OF 9/30/2012  
\$ Billions



Note: Numbers affected by rounding.

Source: OSC-I response to SIGIR data call, 10/2/2012.



In August, the Iraqi Army took possession of the last of 140 M1A1 tanks purchased from the United States for \$815 million. (U.S. Army photo)



The Iraqi Air Force intends to use the C-130J aircraft for intra-theater support for its troops and for humanitarian relief operations. (Lockheed Martin photo)

years. These cases will supply spare parts, munitions, training, and contractor support logistics. This quarter, OSC-I provided the following information on three of its most prominent cases:

- **M1A1 Tanks.** On August 27, the Iraqi Army took delivery at Besmaya Combat Training Center of the final nine M1A1 tanks (of 140 tanks purchased by the GOI for a total of \$815 million through the FMS program). The Iraqi Army showcased its armor and infantry battlefield coordination in a live-fire exercise with the tanks on August 29.<sup>259</sup> OSC-I is currently working to prepare an LOA for a \$200 million case that would supply the GOI with M1A1 simulators, and it anticipates a forthcoming GOI request for M1A1 sustainment contractor logistics support.<sup>260</sup>
- **C-130J Program.** The test flight of the first of six C-130J Super Hercules for the Iraqi Air Force was completed in early September 2012. The Iraqi Air Force intends to use the C-130J for intratheater support of its troops and humanitarian relief operations. These transport aircraft will provide Iraq interoperability with U.S. and NATO forces. The first C-130J for Iraq is scheduled for delivery later this year.<sup>261</sup> Support equipment for the aircraft is being assembled and prepared for a move to Iraq pending the completion of warehouses that are under construction.<sup>262</sup> To support continuity in the C-130J

program, the GOI has submitted an LOR for flight simulators.<sup>263</sup>

- **F-16 Aircraft.** The current case involving 18 F-16s provides for the purchase of aircraft, ancillary systems, training, sustainment, and logistics. Delivery of the aircraft is being preceded by training and base preparations. As of the end of September, 13 pilots were training in the United States, with an additional 14 expected to begin training next quarter, with a goal of 27 trained pilots when the aircraft are delivered to Iraq by March 2016. More than 350 aircraft maintainers are also undergoing training. A recent amendment to the F-16 case provides for the evaluation of alternative basing sites for the delivered aircraft, and in late September the GOI changed its base of choice for the initial delivery of the F-16 from al-Asad to Balad.<sup>264</sup> A second case involving the purchase of 18 additional F-16s is proceeding, and an LOA is expected to be submitted to the GOI next quarter.<sup>265</sup>

## Letters of Offer and Acceptance Developed This Quarter

Cases for which LOAs were developed by the U.S. government this quarter included a variety of equipment purchases and training activities:<sup>266</sup>

- **Radars for Tikrit Air Base.** The \$60 million case would provide upgrades to the Tikrit airfield to support the near-term basing of multiple aircraft. Equipment would include an airport

The first C-130J for Iraq is scheduled for delivery later this year.

GOI officials have become frustrated that the \$850 million in FMF funding allocated by DoS for FY 2012 has not yet been released.

surveillance radar, a radar simulator, an instrument landing system, an airfield lighting system, spare and repair parts, and support equipment. Personnel and equipment training would be included.<sup>267</sup>

- **Engineering and training services at Umm Qasr.** The \$38 million, three-year case would include repair and maintenance training for various classes of ships and patrol boats supporting Iraqi naval security.<sup>268</sup>
- **Upgrades to Warsaw Pact helicopters.** The \$15 million case would upgrade the communications and missile defenses of Mi-17 and Mi-8 helicopters. DSCA reported that complementary Russian contractor logistics support for the aircraft is anticipated.<sup>269</sup>
- **Firefinder radars.** The estimated \$428 million case would provide two variants of the Firefinder mobile radar system, associated data systems, spare parts and repair equipment, and training. This case is intended to significantly reduce the vulnerability of the ISF to indirect-fire attacks and provide it with the information to respond to such attacks.<sup>270</sup>

#### GOI Letters of Request Issued This Quarter

This quarter, the GOI submitted LORs for several potential cases, including:<sup>271</sup>

- **Chemical, biological, radiological, and nuclear vehicles and decontamination equipment**—30 Stryker vehicles (estimated at \$25 million) equipped for chemical, biological, radiological, and nuclear uses
- **M1A1 tank basic ammunition**—\$40 million worth of 120mm ammunition

#### Foreign Military Financing Program

Acting as the DSCA's agent in Iraq, OSC-I is charged with administering Foreign Military Financing (FMF) grants (and potentially loans) to help Iraq purchase U.S.-produced weapons, defense equipment, defense services, and military training. As the security situation in Iraq worsened and the window of availability for the ISFF closed, OSC-I

told SIGIR that the GOI's interest in FMS "skyrocketed."<sup>272</sup> The surge in GOI LORs over the past two quarters—which has exceeded available ISFF—is indicative of the prospective use of the FMF.

According to OSC-I, GOI officials have become frustrated that the \$850 million in FMF funding allocated by DoS for FY 2012 has not yet been released in response to the surge in GOI case requests. Specifically, OSC-I has noted that the unavailability of FMF may be affecting the logistics support for several Iraqi Air Force platforms.<sup>273</sup> Moreover, it estimates that LOAs for a wide variety of Air Force, Army, and Navy cases exceed the amount made available for the FMF in FY 2012.<sup>274</sup>

The cumulative value of LORs under consideration by the GOI for possible request to apply for FY 2013 FMF exceeds the Administration's \$911 million FY 2013 FMF request for Iraq.<sup>275</sup> Given the GOI's efforts to address its security situation—and the lag in the availability of FMF for use to equip, sustain, and train the ISF—OSC-I believes that the U.S. security assistance programs are not meeting GOI expectations and needs.<sup>276</sup>

#### U.S. Army Corps of Engineers

As of September 30, 2012, USACE was managing 30 ongoing projects in Iraq with a total contract value of \$309.1 million—17 projects for OSC-I (\$265.7 million), and 13 for DoS (\$43.4 million). USACE's Iraq Area Office was staffed by 8 U.S. government employees—2 military and 6 civilians—down from 10 at the end of last quarter. One civilian employee was still working in the Tikrit Project Office, but USACE reported that the Tikrit location may be closed by the end of this calendar year and certainly will be closed by April 2014, when USACE's largest ongoing project—which includes the installation of protective overhead covers at the former Camp Speicher in Tikrit—is now expected to be completed. Almost all on-site construction management support for USACE projects is provided by Iraqis supplied through USACE's

# U.S.-FUNDED PROGRAMS IN IRAQ

TABLE 3.8  
ONGOING USACE PROJECTS, AS OF 9/30/2012  
\$ Millions

CUSTOMER AGENCY	FUNDING SOURCE	PROJECT	PROVINCE	CONTRACT AWARD DATE	SCHEDULED COMPLETION DATE	CONTRACT AMOUNT	AMOUNT PAID	UNEXPENDED CONTRACT AMOUNT
DoS	ESF	Missan Surgical Hospital	Missan	9/20/2007	12/28/2012	13.2	12.9	0.3
		Wazeriya National Training Center	Baghdad	11/17/2010	10/1/2012	8.0	7.9	–
		Falluja Sewer System House Connections & T1	Anbar	3/27/2010	5/31/2013	7.6	4.7	2.9
		Commission al-Musayab Units 9 & 10	Babylon	6/2/2010	12/31/2012	4.6	–	4.6
		Install Equipment for Basrah Children's Hospital (BCH)	Basrah	6/18/2011	11/20/2012	2.1	1.8	0.4
		Electrical Transmission Study & Master Plan	Multiple	4/13/2012	6/30/2013	1.9	0.2	1.6
		Rusafa Courthouse Inspection & Repair	Baghdad	7/31/2012	3/31/2013	1.4	–	1.4
		Procure Additional Generation Spare Parts	Multiple	4/13/2012	10/11/2012	1.2	–	1.2
		Facility Management at BCH	Basrah	11/18/2011	1/23/2013	1.1	0.6	0.5
		Procure Electrical Coil Winding Machines	Multiple	7/26/2012	11/23/2012	0.7	–	0.7
		PHC Repairs in Central Iraq	Multiple	5/2/2011	8/30/2012	0.5	0.5	–
		Falluja WWTP O&M and Training, Phase II	Anbar	1/6/2012	1/8/2013	0.5	0.3	0.2
		<b>Subtotal</b>						<b>42.7</b>
INCLE		SC/Higher Judicial Court Generators	Baghdad	7/31/2012	12/13/2012	0.7	–	0.7
		<b>Subtotal</b>						<b>0.7</b>
<b>DoS Total</b>						<b>43.4</b>	<b>28.9</b>	<b>14.5</b>

Continued on the next page

contract with Versar. At the end of September, 36 Iraqis were helping USACE oversee its projects.<sup>277</sup>

## Ongoing Projects

Approximately half of USACE's ongoing projects, both in terms of number and dollar value, were FMS cases funded by the GOI. As shown in Table 3.8, the two largest FMS projects were for the construction of 100 kilometers of roads along the Iraq-Iran border in Basrah. These projects were originally scheduled for completion in May 2012, but USACE now expects them to be completed in the first two months of 2013. USACE also reported that the contract for one of the ongoing FMS projects—the design and construction of new barracks and other facilities at an intelligence and



The \$18.6 million project to build the Directorate of Counter-Terrorism is the only ongoing FMS project managed by USACE that is jointly funded by the GOI and the U.S. government. (USACE photo)

CUSTOMER AGENCY	FUNDING SOURCE	PROJECT	PROVINCE	CONTRACT AWARD DATE	SCHEDULED COMPLETION DATE	CONTRACT AMOUNT	AMOUNT PAID	UNEXPENDED CONTRACT AMOUNT
OSC-I	FMS	Border Road Segment 2 Section B-45KM	Basrah	9/29/2010	2/10/2013	33.6	15.4	18.2
		Border Road Segment 2 Section A-50KM	Basrah	9/24/2010	1/30/2013	31.6	15.6	16.0
		Military Training Compound	Baghdad	2/28/2012	4/22/2014	23.8	1.5	22.4
		Directorate of Counter-Terrorism	Baghdad	9/28/2009	6/1/2013	18.6	11.5	7.1
		GAK D-B 2 HAWK/VBC	Baghdad	11/10/2011	4/30/2013	14.0	0.6	13.4
		Hawk Base HQ & ECP	Baghdad	12/6/2011	9/1/2013	7.8	0.5	7.2
		7th Div Enhancements al-Nukhaybe	Anbar	11/1/2010	11/2/2012	6.4	5.4	1.0
		7th Div Enhancements, H3	Anbar	11/1/2010	11/10/2012	5.2	4.5	0.6
		Intel & Mil Sec Sch (IMSS), Phase II	Baghdad	1/13/2012	8/2/2013	4.2	–	4.2
		7th Div Enhancements, Akashat	Anbar	11/2/2010	10/31/2012	4.1	3.5	0.6
		7th Div Enhancements Qasr Amij	Anbar	11/3/2010	9/23/2012	4.0	3.6	0.4
		Design/Build DFAC Hawk Base	Baghdad	1/10/2011	10/15/2012	3.7	4.2	-0.5
		GAK D-B-B1 Tikrit Base	Salah Al-Din	11/10/2011	11/3/2012	1.2	0.6	0.6
		C-130J Infrastructure PKG 1	Baghdad	6/27/2012	8/22/2013	1.0	–	1.0
<b>Subtotal</b>						<b>159.2</b>	<b>67.0</b>	<b>92.1</b>
ISFF		Federal Police Brigade Sustainment Complex	Baghdad	9/27/2008	10/15/2012	48.0	47.6	0.4
		Baghdad Police College, Phase II	Baghdad	7/10/2010	9/3/2012	3.5	2.9	0.5
		<b>Subtotal</b>						<b>51.5</b>
OMA		Overhead Cover Re-Award	Multiple	2/10/2012	4/26/2014	55.0	–	55.0
		<b>Subtotal</b>						<b>55.0</b>
<b>OSC-I Total</b>						<b>265.7</b>	<b>117.6</b>	<b>148.1</b>
<b>All Projects Total</b>						<b>309.1</b>	<b>146.5</b>	<b>162.6</b>

Note: Data not audited. Numbers affected by rounding.

Source: USACE, response to SIGIR data call, 10/1/2012.

OSC-I reported that it is reviewing the project to determine whether these investments are prudent given that the sites are slated to be turned over to the GOI by the end of September 2013.

military school in Taji—was terminated for default on September 14.<sup>278</sup>

With a value of \$55 million, the contract for overhead covers was USACE’s largest ongoing effort in Iraq. The original scope of work encompassed three locations—the Embassy Military Attaché and Security Assistance Annex (formerly called Union III) and Besmaya in Baghdad, in addition to Camp Speicher—but the annex is no longer included in the project. In July, USACE reported that it expected the work to be completed by October 2013, but the schedule has now been

extended by six months, and OSC-I reported in October that it is reviewing the project to determine whether these investments are prudent given that the sites are slated to be turned over to the GOI by the end of September 2013. The project is to be paid for with Operation and Maintenance, Army (OMA), funds.<sup>279</sup>

Construction of the \$48.0 million ISFF-funded Federal Police Sustainment Brigade complex in Baghdad continued to be the second-largest ongoing project. Once again, the schedule slipped. In April, USACE reported that it expected the project

to be completed in April; in July, the completion date was moved to the end of August; and on October 1, USACE reported that the project was scheduled to be completed on October 15. According to USACE, delays were caused by the contractor not providing sufficient funds for work on the contract, including not paying its subcontractors. USACE also reported that the GOI had not taken possession of the site, but would provide security to protect equipment and other U.S. assets until all facilities were completed.<sup>280</sup>

Of the 13 ongoing projects that USACE was managing for DoS, 12 were funded by the ESF. Work on the largest of those projects, construction of the Missan Surgical Hospital, continued to be slow, but USACE reported that it still expected to see completion by the end of 2012. USACE said that it issued a “letter of concern” to the contractor on September 10, citing lack of progress and minimal enforcement of safety and quality requirements, and that the contractor subsequently improved its performance.<sup>281</sup>

USACE expected the second-largest ESF-funded project, construction of the Wazeriya National Training Center, to be completed in October, 13 months after the originally scheduled completion date. Work on the Falluja Wastewater Treatment System, being carried out under a grant to the Ministry of Municipalities and Public Works, remained on schedule with a completion date in May 2013.<sup>282</sup>

## Completed Projects

USACE reported that it completed two projects this quarter. The first was a \$4.9 million ISFF-funded project to provide a fuel-storage facility and test lab at al-Muthana Air Base in Baghdad. The second was an ESF-funded effort to repair deficiencies at 37 primary healthcare centers that were built by the United States in southern Iraq. In July, ISPO reported that this project had an expected cost of \$450,000, but USACE reported the final cost to be \$1.3 million for the completion of repairs and testing at 14 clinics.<sup>283</sup>



Construction of the ESF-funded Wazeriya National Training Center in Baghdad began in January 2011 and was expected to be completed in October 2012. (USACE photo)

## Upcoming Projects

At the end of the quarter, USACE had 14 projects in the pre-award stage. Together, they were expected to cost almost \$330 million. Five FMS projects accounted for more than 95% of those estimated costs, with the largest being a \$225 million effort to provide infrastructure for the F-16 aircraft being purchased by the GOI. The F-16 infrastructure project had been delayed pending the GOI’s selection of the home base for the F-16s, but that obstacle was removed in late September when the GOI settled on Balad Air Base in Salah Al-Din province. The second-largest project in the pre-award stage is a \$73.5 million project to design and build a new headquarters complex for the Iraqi Navy at al-Zubair. According to USACE, the MOD has provided a letter of request for this project, but the GOI has not yet signed a letter of offer and acceptance.<sup>284</sup>

Also awaiting contract award are four ESF-funded projects that together are expected to cost \$9.9 million. Three of them, collectively valued at more than \$9.1 million, are for the purchase, installation, operation, maintenance, and training on the use of advanced medical equipment at Basrah Children’s Hospital. The other is for the procurement of spare parts for combustion-turbine generators previously installed in Iraqi power plants using U.S. government funds.<sup>285</sup> ♦

The F-16 infrastructure project had been delayed pending the GOI’s selection of the home base for the F-16s.