1. $18.439 billion represents the amount appropriated by Congress for Iraq programs in IRRF 2 under P.L. 108-106, enacted in November 2003. Congress had initially appropriated $18.649 billion to IRRF 2, but also earmarked that $210 million be transferred to other accounts for programs in Jordan, Liberia, and Sudan. Of the remaining $18.439 billion, the Administration transferred out of the IRRF to other accounts roughly $562 million for Iraq-related programs that could be implemented only in other accounts, such as a $352 million Iraq bilateral debt forgiveness program to the United States that required funding in a Treasury account. Congress was notified of all transfers out of the IRRF. In addition, in FY 2006 appropriations, Congress earmarked that $9.95 million be transferred into the IRRF from the DoS Economic Support Fund account.

2. These figures do not add up to 100% because of rounding and administrative costs.


6. PCO-I (Iraq) ceased operations on October 14, 2006 (in conjunction with the change of command), and PCO-W (Washington D.C.) will cease operations in May 2007. The succession orders were signed by Assistant Secretary of the Army (ALT) Bolton on October 13, 2006.

7. All IRRF 2 financial data in Section 2 is derived from the DoS Iraq Weekly Status report. At the time of publication, the financial data in these status reports was the most accurate and current information available on IRRF 2 funding.


14. NEA, response to SIGIR, January 16, 2007, and GRD-PCO, response to SIGIR, January 17, 2007, note that 4,500 MW represents the peak pre-war generation capacity and that published generation-capacity numbers have ranged from 4,200-4,500 MW. GRD-PCO reports U.S. projects as having added or restored 2096 MW to Iraq’s generation capacity and state that the planned U.S. goal is 2555 MW.


16. GRD-PCO response to SIGIR, January 20, 2007, notes that the “Average daily load served is a better measure of how much power is produced for the national grid because it measures generation over a period of time rather than peak produced during the day. Average daily load served does not measure distribution or how much power reaches the consumer.”

18. GRD-PCO response to SIGIR, January 20, 2007, notes that hours of power outside Baghdad were 13.5 hours this quarter. GRD-PCO also indicates that pre-war national estimates average 13-15 hours of power per day.


21. GRD-PCO, response to SIGIR, January 20, 2007, reports that at the end of this quarter, $144 million in unobligated IRRF 2 GRD funds remain. Of this amount, $143 million is budgeted as a contingency for ongoing projects. The purpose is to cover the costs of in-scope contract modifications, claims and close-out costs. These funds are essential to ensure the completion of ongoing work and cover contractor closeout claims in the future. Without access to these funds, ongoing projects are at significant risk of incompletion and cancellation.

22. GRD-PCO, response to SIGIR, January 20, 2007, reports that all projects are started except one transmission project and three small distribution projects that are scheduled to start in January 2007. There are 528 IFFR 2 active GRD projects and 298 (56%) have been completed. All but one project in this sector is expected to be complete by the end of 2007; completion of the remaining project is expected by April 2008.

23. GRD-PCO, response to SIGIR, January 20, 2007, notes that project start is defined as project awarded and the contractor beginning to design, procure equipment, subcontract and conduct, geotechnical surveys and other pre-mobilization work. Others define project start when the contractor has a continued presence at the project site. While more applicable to bricks-and-mortar type work, much of electricity work is done prior to site mobilization.

24. GRD-PCO, response to SIGIR, January 20, 2007, reports that it is managing approximately $14.4 million of CERP FY 2006 funds allocated to the electrical commodity.

25. GRD-PCO, response to SIGIR, January 19, 2007, notes that a discrepancy may exist in total and completed projects because GRD-PCO and SIGIR have different definitions of “project start.”


33. GRD-PCO, response to SIGIR, January 20, 2007, reports that the 6,000 MW goal is the current U.S. goal. With the remaining IRRF 2 work, non-IRRF funded work and GOI efforts, the forecast is to achieve or surpass 6,000 MW by the end of 2007.

34. Megawatt hour is the measure of electricity generation over time. For example, a generator with a capacity of one megawatt produces one megawatt hour when it runs consistently for one hour.
43. GRD-PCO, response to SIGIR, January 20, 2007.
44. IRMO electricity expert, response to SIGIR, December 27, 2006.
45. IRMO electricity expert, response to SIGIR, December 27, 2006.
47. IRMO electricity expert, response to SIGIR, December 21, 2006.
49. USAID electricity expert, response to SIGIR, December 31, 2006.
57. IRMO electricity expert, response to SIGIR, December 27, 2006.
58. USAID electricity expert, response to SIGIR, December 31, 2006.
60. IRMO electricity expert, response to SIGIR, December 27, 2006.
62. IRMO compiles Station Performance statistics in spreadsheet format. This figure is the average of the daily fuel shortage amounts reported in the Station Performance spreadsheet.
64. IRMO electricity expert, response to SIGIR, December 27, 2006.
68. IRMO, response to SIGIR, January 19, 2007.
69. USEIA, response to SIGIR: “…reporting 2.17 million BPD overstates the amount of Iraqi oil available to world oil markets and for Iraqi oil revenues.” EIA states that adding a net (or re-injection) number would be a better way of reporting production and estimating the potential for oil revenues. EIA uses net production estimates for its reporting of Iraqi production.
71. IRMO oil expert, response to SIGIR, January 2, 2007.
72. GRD-PCO, response to SIGIR, December 29, 2006. The last construction projects are Qarmat Ali pressure maintenance in Basrah. GRD-PCO oil sector has proposed converting the last five cluster pump stations to Engineering and Procurement, with final installation of pumps by the South Oil Company. If approved, the last construction project is estimated to finish in May 2007, otherwise July 2007.
73. On October 11, 2006, GRD-PCO commented on project assessments by region: “When the projects were set up, PIJV had a northern office in Kirkuk and a southern office in Basrah. In general, the Kirkuk office handled PIJV’s northern Projects (NP), and the Basrah office handled southern projects (SP). Where the project was located was secondary to which office handled it. Some projects in the Basrah area were handled by the Kirkuk office.”
75. GRD-PCO, response to SIGIR, January 6, 2007, p. 9.
76. GRD-PCO, response to SIGIR, December 29, 2006.
78. IRMO oil expert, response to SIGIR, January 19, 2007. IRMO notes that the IMF confirmed to IRMO that it was not concerned about the immediate replacement of the export metering at ABOT for the Stand-By Arrangement. The IMF focus under the SBA is on the metering system in the production and transportation areas.
81. GRD-PCO, response to SIGIR, January 6, 2007, p. 9. IRMO notes that it is unclear whether this project will be completed because of de-obligation requirements to cover contractor liability costs.
82. IRMO, response to SIGIR, January 19, 2007.
83. GRD-PCO, response to SIGIR, January 6, 2007, p. 10.
84. GRD-PCO, response to SIGIR, January 6, 2007, p. 10.
86. Al-Khayat, Faleh, “Iraqi ‘missing barrels’ increase to 140,000 b/d in third quarter; Production from the south of Iraq rockets, but analysts believe the increase cannot be justified,” Platts Oilgram News, November 6, 2006, Volume 84, Number 213, p. 2.


88. GRD-PCO, response to SIGIR, January 6, 2007, p. 10.

89. USACE-GRD, Bi-Weekly Situation Report, November 13, 2006, p. 11.

90. IRMO, Action Memorandum, “Recommended Solutions to Relieve the Ministry of Oil from Hampering Budgetary, Spending, and Procurement Constraints,” July 29, 2006, p. 3.


103. GRD-PCO, response to SIGIR, November 30, 2006.


133. GRD-PCO, response to SIGIR, October 4, 2006.
136. IRMO, Information Memorandum from Acting IRMO Director to Deputy Chief of Mission, April, 2006.
137. GRD-PCO, response to SIGIR, October 4, 2006.
140. GRD-PCO, response to SIGIR, January 4, 2007, p. 11.
141. GRD-PCO, response to SIGIR, January 4, 2007, p. 11.
142. SIGIR Inspection PA-06-074, January 31, 2007. Government and contractor officials indicated that the failure of the clarifier tank sweep-arm was caused in part or completely by the operators of the Iraqi Waste Water Treatment Plant. It is likely that the operators were not sufficiently trained in large part because of the reduced testing period and the contractor’s quick departure from this site.
143. USAID, response to SIGIR, January 18, 2007.
144. USAID, response to SIGIR, January 18, 2007.
146. GRD-PCO, response to SIGIR, March 24, 2006.
149. Although the ideal measure for U.S. reconstruction efforts in the water and sanitation sector would be the increased number of Iraqis who have access to potable water and sanitation services after the completion of U.S. projects in this sector, the lack of comprehensive data on pre-war water access makes any comparison speculative. Consequently, efforts to accurately assess the impact of U.S. reconstruction efforts on water and sanitation services are limited. Initially, IRMO measures of U.S. reconstruction efforts overestimated the amount of potable water reaching Iraqi households, mostly because significant loss occurs when water moves from treatment plants to consumers.
150. IRMO, Water and Sanitation Metrics, response to SIGIR, December 6, 2006. IRMO defines additional system capacity—both new and rehabilitated—as “the maximum increase in system capacity over the pre-project conditions that would result if all of the post-project system capacity were utilized.” This metric is a best-case scenario and assumes that all installed system capacity can and will be used. IRMO defines maximum additional persons served considering actual conditions as “the potential beneficiaries rather than actual number of individuals who are receiving improved water or sewer services.”
151. IRMO, response to SIGIR, December 21, 2006.
153. GOI 2006 Budget.
154. GRD-PCO, SIGIR interview, November 29, 2006. GRD-PCO does not provide a definition for acceptable level of service.
156. USAID, response to SIGIR, March 24, 2006.
157. IRMO, response to SIGIR, October 12, 2006.
158. GRD-PCO, response to SIGIR, March 24, 2006.
159. GRD-PCO, response to SIGIR, June 19, 2006.
168. Provincial Reconstruction Team Assessments, October 30, 2006, MNF-I, MNC-I, NCT.
170. DCM Update, National Coordination Team PRTs, November 9, 2006.
172. USAID, SIGIR interview, December 1, 2006.
174. DoS, Section 1227 Report, October 6, 2006, pp. 13-14; the NCDP is working with $25 million in reallocated IRRF funding, and an additional $125 was received in the 2006 Supplemental; another $25 million was requested in the 2007 budget.
182. NDI, Iraq Weekly Update, December 8, 2006, p. 3.
198. USAID, SIGIR interview, December 1, 2006.
200. USAID, SIGIR interview, December 1, 2006.
207. USAID agriculture experts, SIGIR interview, June 29, 2006.
209. IRMO, response to SIGIR, October 2, 2006.
211. USAID, Agriculture Reconstruction and Development Program for Iraq—End of Project Presentation, December 18, 2006, p. 27; USAID reports that the breakdown of the value-added is as follows: $66 million from seed cleaners, $120 million from tractor rehabilitation, $61 from vet clinic rehabilitation, and $153 million from irrigation improvement.
212. USAID, Agriculture Reconstruction and Development Program for Iraq—End of Project Presentation, December 18, 2006, p. 31.
213. USAID, Agriculture Reconstruction and Development Program for Iraq—End of Project Presentation, December 18, 2006, p. 35.
216. NEA, SIGIR interview, December 20, 2006.
217. IRMO, response to SIGIR, October 17, 2006.
218. USAID, Agriculture Reconstruction and Development Program for Iraq—End of Project Presentation, December 18, 2006, p. 9, 16.
221. IRMO, response to SIGIR, October 11, 2006.


232. Ibid.


238. Ibid.


244. UNAMI, UN Human Rights Report, July 1-August 31, 2006, p. 10.


250. USAID, response to SIGIR, October 17, 2006.


252. IRMO, response to SIGIR, October 17, 2006.
256. USAID, response to SIGIR, December 29, 2006.
257. USAID, response to SIGIR, October 17, 2006.
258. USAID, response to SIGIR, December 29, 2006.
266. Izdihar, which means “prosperity” in Arabic, refers to the contractors for the private-sector development program.
268. IRMO, response to SIGIR, October 17, 2006; this training aims to teach Iraqi officials to assess, respond, draft documentation, and move forward independent of external assistance as much as possible.
269. USAID, response to SIGIR, July 18, 2006.
279. USAID, response to SIGIR, December 29, 2006.

286. IMF, First and Second Reviews Under the Stand-By Arrangement, July 17, 2006, p. 14, Table 1.


298. DoD, “Measuring Stability and Security in Iraq,” December 18, 2006, p. 23; The Office of the Secretary of Defense made this comment to SIGIR: “Decisive leadership by the Government of Iraq, supported by the United States and its Coalition partners, could mitigate further movement toward civil war and curb sectarian violence. Iraqi leaders must take advantage of the popular support for a unified Iraq and the opposition to violence to form institutions that take responsibility for Iraq’s security.”


301. This section covers IRRF- and ISFF-funding for the security and justice sector. It does not include security-related funding obligated for projects in other sectors.


305. President Bush’s address to the nation, January 10, 2007.


311.  GRD-PCO, response to SIGIR, December 18, 2006.
319.  U.S. Embassy Baghdad International Narcotics and Law Enforcement, Draft Rule of Law presentation, December 17, 2006; FY 2007 budget subject to final action by the U.S. Congress; in addition to these INL programs, an additional $8.5 million is slated for miscellaneous programs.
321.  DoS, Iraq Weekly Status, January 10, 2007, p. 8; These numbers are further broken down as approximately 132,700 soldiers, 900 Air Force personnel, and 1,100 Navy personnel.
322.  DoS, Iraq Weekly Status, January 10, 2007, p. 8; These numbers are further broken down as approximately 135,000 police officers, 24,400 National Police, and 28,900 other Ministry of Interior forces.
323.  DoD, “Measuring Stability and Security in Iraq,” December 18, 2006, p. 31. GAO reports that the Ministry of Defense does not include the numbers of troops who are absent without leave (AWOL). The Ministry of Interior includes AWOL troops, thereby overstating the number of police on duty.
362. NEA, response to SIGIR, December 14, 2006.
370. IRMS and USAID project data for December 30, 2006; many of the Equipment Procurement projects that were previously reported as IRRF 2 are currently classified as either IRRF or non-IRRF and therefore are not included in the current project totals.


375. A punch-list is a list of deficiencies identified during the pre-final or final inspection.

376. GRD-PCO, response to SIGIR, December 18, 2006.


381. GRD-PCO, response to SIGIR, January 4, 2007.


388. USAID, responses to SIGIR, December 29, 2006.


396. This report combines two subsectors of the DoS *Section 2207 Report*: Transportation and Communications, and Roads, Bridges, and Construction. For definitions of these and other sectors, see Appendix C.


398. IRMO, response to SIGIR, October 13, 2006.


400. Security upgrades include perimeter security, wharf security, and remote monitoring.


402. Ibid.
ENDNOTES

404. GRD-PCO, response to SIGIR, June 19, 2006.
408. GRD-PCO, response to SIGIR, January 17, 2007.
413. IRMO, response to SIGIR, July 20, 2006.
417. IRMO, Information Memorandum from Acting IRMO Director to Deputy Chief of Mission, April 19, 2006.
418. IRMO, response to SIGIR, October 13, 2006.
419. IRMO, Transportation Talking Points, November 2, 2006.
420. NEA, SIGIR interview, December 20, 2006.
428. GRD-PCO, response to SIGIR, October 4, 2006.
431. GRD-PCO, response to SIGIR, July 18, 2006.
432. GRD-PCO, response to SIGIR, June 19, 2006.


443. GRD-PCO, response to SIGIR, October 10, 2006.


456. The 19 permanent Paris Club members (Austria, Australia, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Italy, Japan, Netherlands, Norway, Russian Federation, Spain, Sweden, Switzerland, United Kingdom, United States) reached an agreement to forgive 80% of GOI’s debt. GOI is negotiating bilaterally with non-Paris Club countries to reduce its external debt.

457. SIGIR tracks progress in the Energy sector in its electricity, oil and gas, and water sectors of this Report.


464. World Bank, Iraq Data Sheet, December 31, 2006. Expenditures for project processing, supervision, monitoring, administration costs, and external audits total approximately $9 million, bringing total expenditures to $85.4 million.
468. Global Insight is a forecasting company that provides comprehensive economic, financial, and political coverage of countries, regions, and industries—covering over 200 countries and spanning more than 170 industries, http://www.globalinsight.com.
471. The 2006 Corruption Perceptions Index is a composite index that draws on multiple expert-opinion surveys to poll perceptions of public-sector corruption in 163 countries around the world. It scores countries on a scale from zero (the highest level of perceived corruption among public officials and politicians) to ten (the lowest levels of perceived corruption). Source: Transparency International, November 6, 2006, http://www.transparency.org/policy_research/surveys_indices/cpi.
478. The remaining three contracts were a $100,000 contract for consumable medical supplies (for expedited delivery); a $63,000 contract for copiers and printers; and a $379,000 contract for furniture assembly.
479. GRD told us that only 118 sets of consumables were ordered for the 150 PHCs due to funding constraints at the time of the order. The expectation was that the quantity of consumables procured would be sufficient for “start-up” and that the remaining consumables could be procured later when funding constraints were removed.
481. Bechtel National, Inc., a Bechtel Corporation business entity based in Frederick, Maryland, specializes in large, complex projects related to defense, energy, security, and the environment. Bechtel is a leading provider of services to the U.S. government.
482. The word disposition is broadly defined to cover various categories: transferred, lost, damaged, stolen, or destroyed (scraped) property.


485. A design-build contract places the design and building phases of a project under the same contract.

486. This official is now the USACE CFO.

487. Of the $389.2 million in expired funds, GRD controlled $385.2 million, and other agencies controlled the balance of $4 million.

488. The International Compact for Iraq is a joint GOI-UN effort launched in July 2006 to bring together the international community and multilateral organizations to spur political, economic, and social development in Iraq.


490. A cleanout is a soil (wastewater) pipe fitting and associated piping connected to a building sewer or lateral sewer line.

491. The Project and Contracting Office was transferred to the U.S. Army Corps of Engineers Gulf Region Division on December 4, 2005.

492. SIGIR uncovered this scheme to defraud the CPA of more than $8.6 million. For complete details of this conspiracy, see the SIGIR October 2006 Report, Appendix J.


494. IIGC members: SIGIR (Chair), DoS IG (Co-Vice Chair), DoD IG (Co-Vice Chair), Army IG, USAID IG, Treasury IG, DoC IG, DCAA, USAAA, GAO (observer member), USACE Chief Audit Executive (observer member).