



Regarding U.S. relief and reconstruction plans, programs, and operations in Iraq, the Special Inspector General for Iraq Reconstruction provides independent and objective:

- oversight and review through comprehensive audits, inspections, and investigations
- advice and recommendations on policies to promote economy, efficiency, and effectiveness
- prevention, detection, and deterrence of fraud, waste, and abuse
- information and analysis to the Congress, the Secretary of State, the Secretary of Defense, and the American people

Stuart W. Bowen, Jr., was appointed Inspector General in January 2004. This past August, the IG returned from his 17<sup>th</sup> trip to Iraq to review progress on the reconstruction effort.

## **\$100 BILLION, 100 AUDITS, 100 INSPECTIONS**

Two notable developments provide a backdrop for SIGIR's work this quarter. First, total relief and reconstruction investment for Iraq from all sources—the United States, Iraq, and international donors—passed the \$100 billion mark. And second, total attacks on Coalition forces and Iraqis dropped to their lowest levels in over a year, primarily because of successes achieved through the surge strategy. SIGIR's oversight team also achieved two noteworthy milestones this quarter. Both the total number of audits produced and the total number of inspections produced by SIGIR since we began our oversight mission passed the 100 mark. This collective body of published reporting, together with the many investigations SIGIR has carried out, stands as a testament to the important benefits that consistent and rigorous oversight can contribute to the important mission in Iraq.

### **SECURITY AND THE SURGE**

The average number of reported daily attacks on Coalition personnel dropped this quarter to its lowest levels since June 2006, and the average number of attacks on Iraq's civilians also declined. In addition, security conditions improved in two of Iraq's most violent provinces—Anbar and Diyala. One exception was Mosul, where violence increased this quarter. Notwithstanding the notable progress on the security front facilitated by the surge, the



The Mosul Dam.

overall security situation in Iraq still hampers reconstruction efforts, stymies Iraq's economic recovery, and impedes SIGIR's inspection work.

### **ELECTRICITY PRODUCTION BREAKS RECORDS**

Thanks to new U.S.-financed electrical projects, a drop in attacks on infrastructure, and improved maintenance programs by the Ministry of Electricity, Iraq's electrical output this quarter reached its highest levels since the 2003 invasion, averaging over 4,500 MW per day.

### **PRT PROGRESS**

In the third report on the Provincial Reconstruction Team (PRT) program, SIGIR found that PRTs are making incremental progress in developing Iraq's capacity to effectively govern and to manage reconstruction. However, Iraq's complex and overlapping sectarian, political, and ethnic conflicts, as well as the difficult security situation, continue to hinder progress in promoting economic development, rule of law, and political reconciliation.

This Report speaks to **notable signs of success** in several areas—**infrastructure outputs, security, and the CERP.**

### IRAQI ANTICORRUPTION EFFORTS

Corruption is a “second insurgency” that continues to exert a corrosive force on Iraq’s fledgling democracy. While Iraq’s three primary anticorruption agencies have significantly increased their workload, four major challenges remain: limitation of transparency due to security concerns, lack of political support and funding from the GOI, weak rule of law, and lack of capacity to carry out the mission.

### CERP INSPECTIONS SHOW SUCCESS

SIGIR completed the first inspections of projects funded by the Commander’s Emergency Response Program (CERP) and found that the quality and outcome of the projects examined was generally good. To date, the Congress has funded nearly \$2.3 billion in the CERP, accounting for approximately 16,000 projects since 2004. For FY 2007 alone, the CERP has been used to fund over 6,000 projects, at a cost of \$806 million.



A CERP-funded Road Project.

### CONCERNS ABOUT THE MOSUL DAM

A SIGIR inspection this quarter uncovered problems with U.S. efforts to help Iraq enhance its grouting operations at the Mosul Dam on the Tigris River. Although the U.S. assistance project has yet to yield significant improvements, the Embassy has developed an approach that aims to effectively augment mitigation measures at the dam.

### \$1.2 BILLION POLICE TRAINING PROGRAM NEEDS BETTER OVERSIGHT

An interim SIGIR report on DynCorp’s \$1.2 billion to support Iraq’s police training program identified serious shortcomings that existed in the program, which was overseen by the Department of State’s Bureau of International Narcotics and Law Enforcement (INL). During the course of our oversight work, INL informed SIGIR that it has taken and continues to take significant steps toward rectifying these problems.

### \$13 BILLION IN U.S. MONEY SUPPORTS IRAQI POLICE AND ARMY

This year, the most significant source of U.S. funds for Iraq has become the Iraq Security Forces Fund, managed by the Multi-National Security Transition Command-Iraq. The fund provides support to the Iraqi Ministries of Defense and Interior. This quarter, SIGIR takes an in-depth look at the degree to which U.S. funding is supporting the Iraqi security ministries.

### IFMIS SUSPENDED

A two-year effort to develop and implement the Iraq financial management information system (IFMIS) has been halted. This affects the GOI’s budget execution and inhibits transparency into budgeting activities across Iraqi agencies. A SIGIR interim report looks at the problems facing the effort and recommends a way ahead.

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