



## MESSAGE FROM THE SPECIAL INSPECTOR GENERAL FOR IRAQ RECONSTRUCTION

I am pleased to submit to the Congress, Secretary Rice, Secretary Gates, and the American people the 15th Quarterly Report from the Special Inspector General for Iraq Reconstruction (SIGIR). During this quarter, I visited Iraq for the 17<sup>th</sup> time since 2004 to continue SIGIR's robust and rigorous oversight of the U.S. relief and reconstruction program in Iraq.

Two notable developments frame this Report. First, total relief and reconstruction investment for Iraq from all sources—the United States, Iraq, and other donors—passed the \$100 billion mark this quarter. Second, total attacks on Coalition forces and Iraqis dropped to their lowest levels in more than a year, primarily because of successes achieved through the surge strategy.

SIGIR's oversight team passed two noteworthy milestones this quarter. We have now produced more than 100 audits and more than 100 inspections since SIGIR began its mission more than three years ago. This collective body of work, together with the many investigations SIGIR has carried out, stand as a testament to the important benefits that focused and fair oversight can contribute to the important mission in Iraq.

This Report speaks to notable signs of success on these fronts—infrastructure outputs, the security environment, and the Commander's Emergency Response Program (CERP). On the infrastructure front, new U.S.-financed electrical projects, a drop in attacks on the electrical grid, and improved maintenance programs helped push Iraq's electricity output this quarter to its highest levels since the 2003 invasion. On the security front, increasing pressure from the surge produced a palpable drop in attacks. And on the CERP front, SIGIR's inspection teams visited four CERP projects and generally found them in good condition.

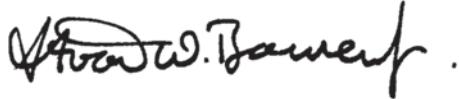
SIGIR audits and inspections this quarter report on the consequences of poor program management practices, and we continue to press for improvement. Our interim audit of DynCorp's \$1.2 billion contract to support Iraq's police training program identified serious shortcomings in the program, which is overseen by the Department of State's Bureau of International Narcotics and Law Enforcement (INL). During the course of our audit, INL demonstrated that it has taken significant steps toward rectifying these problems. SIGIR's final report on DynCorp next year will provide detailed data on the scope of the problem and the effect of the remedial measures. A SIGIR inspection this quarter uncovered problems with U.S. efforts to help Iraq mitigate risks at the Mosul Dam on the northern Tigris River. Although this project has yet to yield significant improvements, the Embassy reported that it has developed an approach that will effectively implement mitigation measures at the dam.

SIGIR's investigation division made progress this quarter on 52 current investigations, 30 of which the Department of Justice is prosecuting. To date, SIGIR's cases have resulted in 13 arrests, 5 convictions, 5 imprisonments, 2 indictments of 8 persons, and \$17.242 million in court-ordered restitutions, forfeitures, and recoveries.

Section 2 of this Quarterly Report provides details on the four chief U.S. funding streams that feed into the reconstruction program, updates Iraq's major economic indices, and reviews progress in various U.S. development programs. Section 3 summarizes every audit and inspection produced by SIGIR this quarter, and Section 4 provides an overview of other agency work on Iraq.

SIGIR remains dedicated to providing the most comprehensive and effective oversight of the use of taxpayer dollars for Iraq's relief and reconstruction. I am particularly grateful for the quiet bravery and determined commitment of SIGIR's auditors, investigators, and inspectors in Iraq who, along with their military and civilian counterparts, continue to carry out their important mission under dangerous conditions.

Submitted October 30, 2007.

A handwritten signature in black ink, reading "Stuart W. Bowen, Jr." with a period at the end. The signature is written in a cursive, flowing style.

Stuart W. Bowen, Jr.  
Special Inspector General for Iraq Reconstruction