

SIGIR OBSERVATIONS

CONTRACTING UPDATE

PROVINCIAL SUPPORT

THE PROVINCIAL RECONSTRUCTION TEAM

PROGRAM

THE COMMANDER'S EMERGENCY RESPONSE

PROGRAM (CERP)

SECURITY

ANTICORRUPTION

THE OAT AND THE RULE OF LAW

INFRASTRUCTURE

ELECTRICITY OUTPUT BREAKS RECORDS

MOSUL DAM: A SERIOUS CONCERN

CAPACITY DEVELOPMENT

TRANSITIONING FINANCIAL RESPONSIBILITY

TO THE GOI

REASSESSING THE IFMIS

ASSESSING PROGRESS IN IRAQ

HUMAN TOLL

SECTION

1

This 15th Quarterly Report from the Special Inspector General for Iraq Reconstruction (SIGIR) contains a detailed review of SIGIR's continuing oversight of the approximately \$45.429 billion appropriated by the Congress for Iraq's relief and reconstruction. Of that amount, 74% is obligated, and 60% is expended. Since 2003, the United States, Iraq, and international donors have provided or pledged more than \$100 billion for Iraq's recovery.

This section highlights the leading issues currently confronting the relief and reconstruction effort. Section 2 updates the use of U.S. appropriations supporting that effort, reports on Iraq's

major economic indices, and addresses U.S. development work in selected sectors. Section 3 reviews SIGIR's oversight work executed this quarter, including seven audits, six inspections, and progress on a variety of investigations.

This Quarterly Report marks a notable milestone: SIGIR has now produced more than 100 audits and more than 100 inspections on Iraq reconstruction since beginning oversight in late January 2004. Other agencies have produced 191 audit and inspection reports over a slightly longer span. Section 4 of this Report highlights the oversight work accomplished this quarter by other agencies in Iraq.

CONTRACTING UPDATE

In the July 2007 Quarterly Report, SIGIR published the first in a series of focused financial reviews of large contracts funded by the Iraq Relief and Reconstruction Fund (IRRF). That audit reviewed Bechtel's \$1.2 billion program, which was managed by the U.S. Agency for International Development (USAID). The problems SIGIR identified were emblematic of many of the challenges presented by contracting in Iraq.

This quarter, SIGIR issued the next installment in this series, an interim review of DynCorp's \$1.2 billion contract to support Iraq's civilian police training program. The interim report identified serious shortcomings in the financial controls and program management practices of the DynCorp contract. The Depart-

ment of State's (DoS) Bureau of International Narcotics and Law Enforcement (INL) manages this contract.

INL currently has several responsive initiatives underway to remedy the problems SIGIR identified, including reconciling invoices and validating records. But SIGIR's findings underscore the risks of fraud, waste, and abuse that weak governmental contract oversight can create.

SIGIR continues work on focused financial reviews of other large IRRF contracts, including those with Parsons International, Research Triangle Institute (RTI), and FluorAMEC. The Parsons report is scheduled for release before the end of 2007.

SIGIR's auditors completed two important audits of the IRRF this quarter, one on contract closeout procedures and the other on unliquidated obligations (or unspent funds). The latter audit found that, with respect to more than \$2 billion in unexpended IRRF dollars, the Department of Defense (DoD), DoS, and USAID should improve the use of the remaining funds by better documenting results and expediting the de-obligation of funds for use on other projects. The Congress has authorized IRRF funds obligated under existing contracts to be de-obligated for other uses.

SIGIR's contract closeout review looked at whether agencies have developed effective procedures for closing their IRRF contracts. SIGIR found that the agencies generally have good processes for addressing the large number of outstanding contracting actions. Estimates for the time required to close out the largest IRRF contracts range up to 15 years.

In June 2007, SIGIR released a performance audit of KBR's life-support contract with the U.S. Embassy in Iraq, finding significant shortfalls. This quarter's update on that review reports that the U.S. government agencies involved have made major improvements in contract oversight, including implementing a quality assurance program and tightening accountability for fuel, dining, and billeting services. Similarly, the

contractor made significant improvements in its operations since SIGIR's June report. These collective improvements will save taxpayer dollars.

Now that the United States has substantially completed most IRRF infrastructure programs financial aid for Iraq's recovery is weighted toward support for Iraq's civil and military security forces. To date, the Congress has appropriated \$13.94 billion to the **Iraq Security Forces Fund** (ISFF), of which \$7.23 billion has been expended. SIGIR currently has oversight of FY 2006 appropriations to this fund. Section 2 of this Report provides detailed data on the ISFF. SIGIR will issue audits and inspections of the ISFF in 2008.

Two other funds provide significant U.S. aid to Iraq: the **Commander's Emergency Response Program** (CERP), managed by DoD, with appropriations to date amounting to \$2.3 billion, and the **Economic Support Fund** (ESF), managed by the DoS, with appropriations amounting to \$3.27 billion. SIGIR has oversight of FY 2006 appropriations to both of these funds. Section 2 includes reviews of how DoD and DoS manage these funds. SIGIR previously audited and inspected CERP and ESF programs, and further audit and inspection work on these funds appears in this Report.

PROVINCIAL SUPPORT

This quarter, SIGIR and the Congress focused significant attention on the Provincial Reconstruction Team program (PRT) in Iraq. SIGIR issued a significant audit in mid-October and testified twice before the Congress on PRTs.

The Provincial Reconstruction Team Program

The PRT program is the most important governance capacity-building program that the United States now manages in Iraq. The effort has evolved and expanded considerably since its inception two years ago. Today, it is an essential element in the U.S. civil-military stabilization and rehabilitation effort.

Over the past year, SIGIR released three audits of the PRT program. The first, issued in October 2006, found weak coordination of personnel and security requirements between DoD and DoS. The July 2007 update to that original review reported significant improvement in civil-military integration. This quarter's audit, a comprehensive look at the expanding program, finds that PRTs across Iraq are making incremental progress in developing the capacity of the provincial and local councils to govern their jurisdictions and manage local relief and reconstruction programs. But Iraq's complex and overlapping sectarian, political, and ethnic conflicts, as well as the challenging security situation, continue to limit the PRTs' progress.

The newest PRT audit also reveals that:

- PRT officials have mixed judgments on the effectiveness of provincial governments to govern, but they noted incremental improvement from last year.
- PRT officials consider rule of law to be the most problematic core function.
- Iraq's provincial councils have limited ability to manage and sustain infrastructure projects, and they are not sufficiently budgeting for operations and maintenance requirements.
- Except for notable improvements in Anbar and Diyala province, there has been sporadic progress in reconciliation efforts at the local and provincial level.

SIGIR's audit identifies four significant continuing challenges facing the PRT program:

1. improving integration of civilian and military resources and chains of command
2. ensuring the mobility and safety of PRT personnel in an unstable security environment
3. coordinating reconstruction programs with counterinsurgency operations
4. employing and deploying appropriately skilled personnel, including Arabic speakers

The "civilian surge" is slated to fill most PRT slots with personnel who have expertise in governance, economics, rule of law, and related

disciplines. Military members currently occupy most of the PRT positions. Section 3 of this Report contains an executive summary of the PRT audit.

The Commander's Emergency Response Program (CERP)

SIGIR's August 2006 Lessons Learned Report on Contracting and Procurement recommended expanded use of the CERP and other quick-response reconstruction funding programs. Since that report's release, CERP's role has continued to grow. It now serves as a major source of funding for DoD-managed reconstruction projects. Streamlined contracting made the CERP an agile and useful tool for field commanders seeking to meet locally identified needs.

DoS recently implemented a CERP-like program called the Quick Response Fund (QRF), using ESF money. PRT team-leaders can now draw on the QRF in the same way that field

commanders have drawn on the CERP.

Although the CERP was originally designed to provide field commanders with flexible funding to rapidly execute local projects, the program now also supports larger reconstruction efforts. For example, CERP projects include dredging the Port of Umm Qasr (estimated at more than \$30 million) and building a bridge in Baghdad (estimated at more than \$7 million). As the IRRF program draws down, CERP increasingly serves as a vehicle for finishing IRRF programs and projects.

This quarter, SIGIR completed the first inspections of CERP-funded projects and found generally good quality and outcomes of the four projects visited. For details on these inspections, see Section 3. SIGIR will issue its third CERP audit by the end of this year.

SECURITY

The average number of reported daily attacks on Coalition personnel dropped this quarter to its lowest level since June 2006; the average number of attacks on Iraq's civilians also declined. In addition, security conditions notably improved in two of Iraq's most violent provinces—Anbar and Diyala.

Notwithstanding this important progress on the security front facilitated by the surge, the overall security situation in Iraq still hampers recovery and reconstruction efforts. Attacks on infrastructure continue to adversely affect the availability of essential services.

As SIGIR has previously reported, insurgent attacks on reconstruction projects have slowed the pace of infrastructure rehabilitation and lim-

ited the capacity of project managers to conduct quality-control checks. The security situation similarly affects SIGIR's oversight operations in Iraq. For example, increased insurgent activity in the Mosul area this past August prevented SIGIR's team from visiting one of the construction sites selected for inspection. The UN recently reported that Mosul is now second to Baghdad in the number of reported attacks.¹

The Coalition's military posture will change over the next several quarters. That develop-

ment, in conjunction with issues arising from the management of private security contractors in Iraq and the requirement that Iraq's security forces achieve a reasonably independent operating capability by next summer, will directly affect the security environment in Iraq over the next nine months. These changes will concomitantly affect the capacity of the United States to continue effective relief and reconstruction programs and projects.

ANTICORRUPTION

The Inspector General (IG) testified this quarter before the House Oversight and Governmental Affairs Committee on the status of corruption within the Government of Iraq (GOI). As the IG reported to the Committee, corruption in Iraq is a "second insurgency" that exerts a corrosive force on Iraq's fledgling democracy.

Iraq's three primary anticorruption agencies have seen a significant increases in their caseloads this year. The number of cases at the Commission on Public Integrity (CPI) has risen 70%, and the Board of Supreme Audit (BSA) reported that its referrals to the CPI have more than doubled.

SIGIR sees four major challenges facing Iraq's anticorruption institutions:

- **Security:** Threats to Iraq's anticorruption personnel severely limit the transparency of

government activities. More than 30 members of the CPI staff have been killed since 2003, as have the former president of the BSA and several Iraqi IGs. Judges and judicial investigators are also subject to regular intimidation.

- **Support:** The BSA, CPI, and Iraqi IGs continue to suffer from a lack of consistent political support and funding from the GOI. The CPI, in particular, is at a critical juncture after the departure this quarter of its Commissioner, Judge Rahdi al Rahdi.
- **Rule of law:** Iraq's citizens do not trust the government's anticorruption institutions to prosecute cases effectively and fairly. This lack of faith is aggravated by the shortage of reliable judges and the increased pressure from an overcrowded prison system.

- **Capacity:** Iraq's anticorruption agencies face significant capacity and resource shortfalls. Also, none of these agencies have training facilities.

Earlier this year, the GOI created the Joint Anti-Corruption Council, which is charged with coordinating anticorruption efforts. But the corruption problem in Iraq remains daunting.

The Office of Accountability and Transparency (OAT) and the Rule of Law

In January 2007, the Chief of Mission in Iraq created the Office of Accountability and Transparency (OAT), in response to a recommendation in SIGIR's October 2006 anticorruption audit. The OAT thereupon took charge of enhancing U.S. efforts to bolster Iraqi anticorruption efforts and made good progress during the first quarter of 2007, securing the appointment of senior consultants for the IGs and the BSA. (The CPI already had a senior consultant.) However, the initial director of OAT departed, as did his successor, and an acting director is now in place.

This personnel turnover has hampered OAT's development.

Coordinating U.S. anticorruption efforts in Iraq within and among various U.S. agencies continues to be a challenge. There remains a requirement to better coordinate among the Economic Section's anticorruption plans, the MNF-I's rule-of-law programs, OAT's operations, the Rule of Law Coordinator's initiatives, and the Embassy's other rule-of-law projects carried out by USAID. The continuing ambiguity in lines of responsibility underscores the need for creating an integrated anticorruption strategy.

The Iraq Study Group recommended that DoJ take a larger role in rule-of-law efforts, which should subsume the mission of helping Iraq fight corruption. In response, the Chief of Mission appointed a DoJ attorney as the rule-of-law coordinator. But the coordinator's reach into managing anticorruption strategy requires better definition.

INFRASTRUCTURE

Electricity Output Breaks Records

Average electricity production this quarter reached its highest level since 2003, setting a post-war record of 4,550 MW per day. The improvement stems from:

- efficiencies arising from U.S.-and Iraq-funded operations and maintenance programs
- the activation of new generation capacity
- the reduction in attacks on power-lines and repair teams, especially in the Baghdad area, due to the surge of U.S. forces in Iraq

A SIGIR inspection of the **Qudas Power Plant** this quarter found that the \$238 million project's two main objectives (turbine restoration and plant capacity expansion) had been achieved. Moreover, SIGIR found that U.S. government efforts to support sustained operations at the plant were effective and that the GOI had demonstrated active intent to assume the long-term responsibility for sustaining operations. The Qudas plant, a key part of the electrical reconstruction program, is one of the more successful electric projects SIGIR has visited.

Mosul Dam: A Serious Concern

SIGIR inspectors visited the **Mosul Dam** this quarter, which lies on the Tigris River in northern Iraq. Iraq completed the dam in 1984, having built it on soluble soils subject to erosion; the movement of these soils creates cavities beneath the dam and its banks that must be grouted.

These conditions have existed since the dam was constructed, and the Iraqi Ministry of Water and Resources has implemented risk-reduction measures over the past 25 years, including a continuous grouting program to fill the cavities in the foundation strata.

In 2005, the U.S. government partnered with the GOI to initiate several improvements to mitigate the dam's problems. This quarter, SIGIR inspected the \$27 million project to improve the dam's grouting system. SIGIR's inspection concludes that the project, now two years old, has yet to significantly improve the basic grouting capability of the Ministry of Water and Resources at the dam.

The Ministry continues its current grouting operations at the dam, but full implementation of the enhanced grouting operation would augment these efforts. The Embassy's Iraq Transition Assistance Office (ITAO) has finalized a detailed "Post-Delivery Support Plan" that will help the Ministry with the equipment and materials required to improve the current grouting operations.

CAPACITY DEVELOPMENT

SIGIR continues to review the important work by U.S. agencies to develop the GOI's capacity to operate at all levels—national, regional, and local. But U.S. capacity-building efforts have been limited by the lack of a designated lead agency to manage the programs and the continuing need for an overarching integrated strategic plan. A GAO report released this quarter underscores these challenges. SIGIR is planning an audit for 2008 that will update previous capacity-building reviews.

SIGIR's newest PRT audit renewed continuing concerns about Iraq's capacity to sustain U.S. reconstruction projects. One PRT team leader characterized the problem as a future "train wreck" unless steps are taken now to begin budgeting and deploying the systems necessary to sustain new construction. The DoS Coordinator for Economic Transition Initiatives commendably has prioritized this issue and is working with the GOI to improve budget planning to ensure sustainment of completed projects.

Budget execution—the expenditure of Iraqi funds by the various ministries and provinces—continues to be a focus of capacity development efforts. According to the latest U.S. Benchmark Assessment Report, issued on September 14, 2007, the GOI has allocated its \$10 billion capital budget for 2007. This assessment report noted: "Both the ministries and provinces are executing a greater percentage of much larger capital budgets, which significantly increases ministry and provincial expenditures on an absolute dollar

basis." Concerns remain, however, about how much of its capital budget the GOI will actually execute by the end of 2007.

One notably salutary development regarding budget execution was the creation of the Procurement Assistance Center (PAC) by the Ministry of Planning and Development Cooperation. Staffed by a team of Iraqi and international experts in procurement, the PAC helps the GOI improve budget execution by training personnel, improving procurement processes, and providing enabling technology. Integrated support for the PAC comes from ITAO, the DoD Task Force To Improve Business and Stability Operations, and the Joint Contracting Command-Iraq/Afghanistan (JCC-I/A).

Transitioning Financial Responsibility to the GOI

Iraq's national budget now funds almost all initiatives across GOI ministries, with the exception of those within the Ministry of Defense and the Ministry of Interior. In 2006, the Ministry of Interior received 41% of its funding from the United States, with 59% coming from the GOI budget. In 2007, the GOI's share of the Ministry of Interior's funding increased to 67%. The reverse trend exists for Ministry of Defense; the U.S. share of Ministry of Defense funding increased in 2007 to 47%, up from 31% in 2006. See Figure 1.1.

As total U.S. support for relief and reconstruction efforts decreases, the GOI must

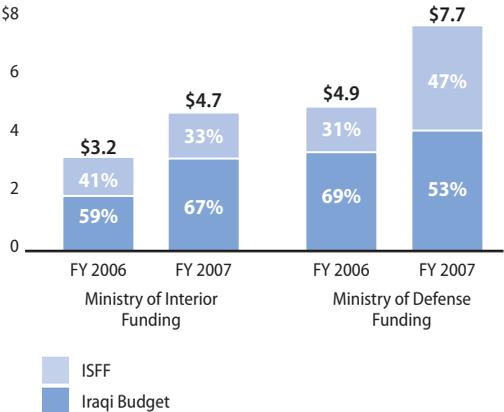
budget to sustain programs previously funded by U.S. dollars. The need for this shift in responsibility was emphasized this quarter in letters sent to the Ministries of Defense and Interior by the Commander of the Multi-National Security Transition Command-Iraq (MNSTC-I). Those letters notified both ministries that the Coalition would terminate U.S. funding for life-support contracts for Iraqi police and army training and operations facilities on September 30, 2007. MNSTC-I reports that the terminations occurred as planned.

Reassessing the IFMIS

The United States is reassessing a project to develop and fund a new Iraq Financial Management Information System (IFMIS). Begun in 2004, the IFMIS project was intended to improve financial management within the GOI. Inadequate planning, coordination problems with the GOI, and security issues have plagued the project since its inception.

This quarter, SIGIR issued an interim letter to the Embassy recommending that any further U.S. investment in this project be contingent on more GOI support as well as a full independent assessment of the proposed system.

Figure 1.1
MINISTRY OF INTERIOR AND MINISTRY OF DEFENSE INVESTMENTS FROM U.S. AND IRAQ
 \$ Billions, Percentage of Monies Allocated to the Ministries
 Source: MNSTC-I, Response to SIGIR Data Call (9/19/2007)



Note: Numbers are affected by rounding.

ASSESSING PROGRESS IN IRAQ

SIGIR and other members of the Iraq Inspectors General Council, which SIGIR created in 2004, have conducted more than 290 audits on the U.S. reconstruction program in Iraq. This quarter, a number of agencies issued reports on Iraq that contain noteworthy assessments, including:

- *The Report of the International Commission on the Security Forces of Iraq*, September 6, 2007 (The Jones Report): addresses the readiness of the Iraqi Security Forces to assume responsibility for maintaining the territorial integrity of Iraq, examining their ability to provide security throughout the nation and to end sectarian violence.
- *Iraq: Statistical Appendix*, IMF Country Report No. 07/294, August 2007: provides a comprehensive almanac of background information on gross domestic product, prices, government expenditures, exchange rates, taxes, interest rates, balance of payments, oil production and exports, cement production, and other topics.
- *Stabilizing and Rebuilding Iraq: Serious Challenges Confront U.S. Efforts To Build the Capacity of Iraqi Ministries*, GAO-08-124T: discusses U.S. efforts to develop ministerial

capacity, the key challenges to these efforts, and the extent to which the U.S. government has an overall integrated strategy.

- *The 1035 Report on Improving Interagency Support for United States 21st Century National Security Missions and Interagency Operations in Support of Stability, Security, Transition, and Reconstruction*, June 2007: a DoD report that assesses the capacity of the U.S. government to provide civilian support to interagency contingency operations.

On August 29, 2007, the Secretary of the Army created the Special Commission for Army Contracting to review the contracting lessons learned from recent operations in Iraq and Afghanistan and make recommendations that will help the Army achieve greater effectiveness, efficiency, and transparency in future operations. SIGIR met with the Commission shortly after its formation, providing insights gained from SIGIR's lessons learned on contracting in Iraq.

The status of the benchmarks set by the Congress in Public Law 110-28 was updated this quarter. For a comparison of the benchmark assessments, see Table 1.1.

COMPARISON OF U.S. STATUTORY BENCHMARKS

U.S. P.L. 110-28 "BENCHMARK"	ICI COMMITMENTS BY THE GOI	PRESIDENT'S PROGRESS REPORT ^a	GAO ^b
Constitutional review completed (i)	An inclusive constitutional review. (3.1.2)	Satisfactory: Constitutional Review Committee formed.	Not met: No amendments passed and no referendum scheduled.
De-Ba'athification legislation enacted (ii)	De-Ba'athification Committee will be restructured and divested of its political aspects. (3.3.11)	Satisfactory: Laws not passed but progress made.	Not met: Laws drafted.
Hydrocarbon law implemented (iii)	Develop an energy sector that meets Iraq's needs and maximizes the benefits of hydrocarbons for all Iraqis, reinforcing national unity and institutions. (4.5)	Unsatisfactory: progress toward enacting and implementing law is unclear.	Not met: 3 of 4 components drafted, none under consideration.
Creating semi-autonomous regions (iv)	No comparable benchmark.	Satisfactory: Laws passed with a delayed effective date.	Partially met: Law enacted, elections slated for 2008.
Provincial election laws enacted and date set (v)	The GOI will set a date for governorate and municipal elections for early to mid 2007. (3.1.2)	Mixed: Although a commission has been established, other key elements are lagging.	Not met: Commission law enacted and implemented; supporting laws not enacted.
Addressing amnesty (vi)	Proposed law and a series of confidence-building measures for a Disarmament, Demobilization, and Re-Integration (DDR) program, including an amnesty program consistent with accepted norms of transitional justice and appropriate to the Iraqi context. (3.2.3)	No Assessment: "No assessment can be made until the necessary preconditions have been reached for granting general amnesty."	Not met: No law drafted.
Legislation for militia disarmament, ISF accountable to central government (vii)	Create political agreement and the legislative framework necessary for the disbanding of militias, including legislation to control the possession and proliferation of weapons. (3.2.3)	No assessment: "No assessment can be made until the necessary preconditions have been reached for implementing a strong militia disarmament program."	Not met: No law drafted.
Baghdad security plan committees established (political, media, economic services) (viii)	Conduct outreach programs to ensure support and implementation of the Baghdad and Basrah security plans. (3.2.1)	Satisfactory: Operationalization of non-kinetic policies and services in support of Baghdad Security Plan.	Met: Committees established.
3 trained and ready brigades to support the Baghdad Security Plan (BSP) (ix)	Operation BSP—specific benchmark.	Satisfactory: Performance is leading to growing confidence in ISF's counterinsurgency experience.	Partially met: Forces provided some of limited effectiveness.
Security officers with tactical and operational independence from political interference (x)	The effective enforcement of state authority will require de-politicized, impartial, accountable, transparent, and professional security forces, including the military and police. The government recognizes the important and urgent need to translate these principles into practical programs in the organization and operations of its security forces. (3.2.1)	Mixed: PM and others working to curb sectarian violence. Unsatisfactory progress at eliminating political intervention throughout the chain of command.	Not met: Political intervention continues.
Ensure ISF provide even-handed enforcement of law (xi)	The government will work with international partners to develop well-trained, disciplined, and capable Iraqi security forces that fully understand and respect human rights and the rule of law. (3.2.1)	Mixed: The Iraqi Army has made progress in even-handed law enforcement. Some elements of the Iraqi Police still act with a sectarian bias.	Not met: ISF continue to be engaged in sectarian-based abuses.
Assuring the BSP eliminates safe havens for "outlaws" (xii)	Operation (BSP)—specific benchmark.	Satisfactory: In accordance with assurances Coalition forces conduct operations in all areas.	Partially met: Militia infiltration of ISF enables some safe havens.
Sectarian violence reduced. (xiii)	As a priority of the GOI, a Disarmament, Demobilization, and Re-integration (DDR) program, aimed at the dissolution and re-integration of militias. (3.2.3)	Mixed: sectarian violence reduced but militia control over local security is unsatisfactory.	Not met: Militias control some local security; unclear where sectarian violence has decreased.
A plan for joint security stations in Baghdad neighborhoods (xiv)	Operation (BSP)—specific benchmark.	Assessment: "The Government of Iraq has made satisfactory progress toward establishing the planned Joint Security Stations in Baghdad neighborhoods."	Met: 32 of 34 stations established.
Increasing the number of independently capable ISF (xv)	Developing and sustaining ISF to targeted and authorized strengths and capabilities with the aim of achieving self-sufficiency. (3.2.1)	Mixed: There is progress in development and operations of ISF but increasing the number of independently operating ISF units is unsatisfactory.	Not met: Number of independently operating units has declined.

COMPARISON OF U.S. STATUTORY BENCHMARKS

U.S. P.L. 110-28 "BENCHMARK"	ICI COMMITMENTS BY THE GOI	PRESIDENT'S PROGRESS REPORT ^a	GAO ^b
Protection for the political rights of minority parties (xvi)	The government of Iraq will continue its efforts to expand the range of participation for groups interested in the [National Reconciliation] initiative, regardless of their ideological or political orientation, [including] establishment of inclusive, legitimate, and sustainable political institutions. (3.1)	Satisfactory: Rights of minority political parties are protected.	Met: Legislators rights protected; minority citizen rights protected.
\$10 billion of Iraq revenues spent on reconstruction (xvii)	Commitment will ensure that legislation, regulation, systems, and processes are in place that will allow efficient and effective disbursement of budget resources. (5.3)	Satisfactory: Progress has been made as ministries and provinces are executing a greater portion of budgets than in prior year.	Partially met: Funds allocated but unlikely to be spent.
Ensuring that political authorities do not undermine or make false accusations against the ISF (xviii)	The effective enforcement of state authority will require de-politicized, impartial, accountable, transparent, and professional security forces, including the military and police. The government recognizes the important and urgent need to translate these principles into practical programs in the organization and operations of its security forces. (3.2.1)	Unsatisfactory: Evidence of government's effort to mitigate the issue, there remains much to be done.	Not met: unsubstantiated allegations continue to be made.

Notes:

- ^a The President's assessment is to be made in relation to whether "satisfactory progress" in meeting the benchmarks has been achieved (Section 1314(b)(2)(A) and (D)).
- ^b The GAO metric for benchmark assessment is whether or not the benchmark has been achieved.

TABLE 1.1

HUMAN TOLL

Security in Iraq continues to be a significant concern for Iraq's citizens, as well as reconstruction staff, management, and contractors. Reports on the security environment show a drop in attacks this quarter as a result of the U.S. troop surge.²

Notwithstanding this evident progress, the UN Assistance Mission for Iraq (UNAMI) reported recently that the “ongoing violence in Iraq poses enormous challenges to the Government of Iraq” and that “daily life for the average Iraqi civilian remains extremely precarious.”³ High-profile violent incidents related to contractor-provided security have led to U.S. and GOI reassessments of contracted security service providers.

This quarter, the level of indirect fire against the International Zone in Baghdad fell to its lowest level in a year, but there was an increase in attacks on Camp Victory.⁴ On September 11, one person was killed, and 11 were wounded in a mortar attack on that military complex, which serves as the headquarters of Multi-National Force-Iraq. On October 11, 2 people were killed, and 40 were injured in another attack on Camp Victory.

Although the overall security environment has improved recently, contractors, journalists, and Iraq's citizens continue to live and work in an environment that is, in many places, still quite dangerous:

- The Department of Labor (DoL) reported 72 new death claims this quarter for civilian contractors working on U.S.-funded projects in Iraq. Since Iraq reconstruction began, 1,073 death claims have been filed with the DoL.⁵ Reported deaths in this category were about 22% above the quarterly average.
- DoS reported that three U.S. civilians died in Iraq this quarter. Since the beginning of the U.S. reconstruction effort, 235 U.S. civilian workers have died in Iraq. Non-military U.S. citizen deaths reported this quarter were 78% below the quarterly average.⁶
- This quarter, 2 journalists were killed in Iraq; 119 Iraqi and other journalists have been killed since March 2003, and 41 media support workers have been killed in Iraq since hostilities began, including 2 this quarter.⁷
- Violence continued to force Iraqis to migrate. The UN High Commissioner for Refugees (UNHCR) estimates that one of every seven Iraqis has been displaced by the conflict in Iraq.⁸ The UNHCR noted that large numbers of Iraqis continue to flee the country,⁹ and admission into Syria and Jordan became subject to visa approval this quarter.¹⁰ Internal migration is also limited by provincial restrictions on admission of internally displaced persons (IDPs).