



MESSAGE FROM THE SPECIAL INSPECTOR GENERAL FOR IRAQ RECONSTRUCTION

I am pleased to present this 27th Quarterly Report to the Congress and the Secretaries of State and Defense. This quarter, SIGIR published five new audits that address a diverse array of topics, including the Department of Defense (DoD) police training program, DoD's efforts to train and equip the Iraqi Special Operations Force (ISOF), and Department of State (DoS) management of a \$50 million grant to the National Democratic Institute (NDI) to support democracy-building activities in Iraq. In addition, SIGIR issued its first evaluation report this quarter, assessing the effects of two U.S.-funded water treatment plants costing a combined \$462 million. SIGIR's investigative work also produced significant results, obtaining 7 indictments and 7 convictions since the issuance of our July Report. I am pleased to report that, on October 19, SIGIR's Investigations Directorate and its former Inspections Directorate both received an Award for Excellence from the Council of the Inspectors General on Integrity and Efficiency (CIGIE). This marks the second year in a row that CIGIE has honored SIGIR for its investigative work.

More than seven months have passed since Iraq's March parliamentary elections, but the country remains without a government. Neither incumbent Prime Minister Nouri al-Maliki—now supported, at least provisionally, by Shia cleric Muqtada al-Sadr—nor former Prime Minister Ayad Allawi—backed by many of Iraq's Sunnis—has been able to assemble the coalition needed to form a government. In an effort to break this impasse, the U.S. Embassy in Baghdad, now led by U.S. Ambassador James Jeffrey, stepped up its efforts to facilitate a compromise among the leading contenders this quarter. To date, however, no durable agreement has emerged. Against this backdrop of uncertainty, the United States is in the midst of transforming the nature of its engagement with Iraq, with DoS stepping to the fore as the preeminent face of the U.S. presence.

In the coming months, DoS will be:

- winding down the operations of the 15 remaining Provincial Reconstruction Teams (PRTs) and one Regional Reconstruction Team
- moving forward with plans to establish sizeable consulates in Erbil and Basrah and temporary Embassy Branch Offices in Mosul and Kirkuk
- taking over responsibility for training the Iraqi police from DoD
- opening an Office of Security Cooperation to manage military assistance to the Iraqi Security Forces

Executing these new missions will require more U.S. civilian personnel under Chief of Mission authority. Current projections call for a 79% staffing increase (to more than 13,500) by January 2012.

This report inaugurates a new feature, wherein SIGIR will examine in depth one significant city or province each quarter, looking at the economic, security, political, and reconstruction situation there. This quarter, SIGIR features Mosul, the capital of Ninewa province. Our "Focus on Mosul" is based on interviews conducted there in late September with more than a dozen U.S. and Government of Iraq (GOI) officials, including leaders of PRT Ninewa, the deputy provincial governor, several leaders of local state-owned enterprises, and representatives from the Ninewa Investment Commission.

In November, I will be traveling to Iraq for the 28th time, meeting with several of the key U.S. military and civilian officials who will be managing these transitions. I will also be visiting Iraq's new anticorruption academy, which is scheduled to open later this year. This facility—the first of its kind in Iraq—will partner with

the United Nations to train members of Iraq's main anticorruption agencies, including the Commission of Integrity and the Board of Supreme Audit. More than five years in the making, this academy represents a modest step forward in what promises to be a multi-generational struggle against public corruption.

Although the U.S. military mission in Iraq is drawing to a close, civilian development and diplomacy efforts will continue, with the focus turning away from "brick-and-mortar" reconstruction projects toward building the GOI's capacity for self-government. As this transition continues into 2011, SIGIR will continue with its critical oversight mission, documenting its findings to ensure that the lessons learned in Iraq will not be forgotten.

Respectfully submitted this 30th day of October 2010,

A handwritten signature in black ink, appearing to read "Stuart W. Bowen, Jr.", followed by a period.

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