The new year dawned with the formation of the new Iraqi government and is expected to close with the withdrawal of virtually all military forces, ending the United States’ almost nine-year military engagement in Iraq. Although the remaining missions of the U.S. Forces-Iraq (USF-I) under Operation New Dawn will conclude in December 2011, significant U.S. support for the overall reconstruction effort will continue as the new Government of Iraq (GOI) seeks to build on recent gains in governance, economy, and security.

The next 11 months will bring numerous transitions and transformations within the U.S. rebuilding program, whose total price tag in American tax dollars now stands at $58 billion. Notable changes include:

- By the end of January, the Department of Defense (DoD) Task Force for Business and Stability Operations (TFBSO) will conclude its current operations in Iraq.¹
- By early fall, the last Provincial Reconstruction Teams (PRTs) will shut down, transferring remaining missions to two permanent consulates and two temporary Embassy Branch Offices (EBOs).
- By October, the Department of State (DoS) will take over DoD’s police-training mission, and a new Office of Security Cooperation-Iraq (OSC-I), under the U.S. Chief of Mission authority, will assume control of most aspects of the ongoing U.S. military assistance program.

These key developments occurred this quarter:

- **Government Formation.** After nearly nine months of political negotiations, Prime Minister Nuri al-Maliki secured sufficient parliamentary support in late November to claim a second term. Under the power-sharing deal, al-Maliki’s State of Law (SoL) Coalition controls the powerful Ministries of Interior and Defense and five other cabinet posts. Former Prime Minister Ayad Allawi’s al-Iraqiya bloc has the chairmanship of the new National Council for Higher Policies (NCHP)—whose duties have yet to be defined—and 10 cabinet-level offices. The other two major blocs—the Shia Iraqi National Alliance and the Kurdistani Alliance—hold 12 and 7 cabinet seats, respectively.

  A major challenge for the new government will be managing its relationship with the anti-American cleric Muqtada al-Sadr, who returned from Iran this quarter and controls 39 seats in the Council of Representatives (CoR). This significant political power places him in a position to demand policy concessions from Prime Minister al-Maliki. In January, al-Sadr banned his ministers from meeting with any U.S. officials.²

- **Security.** In late 2010, the GOI began to dismantle some of the more than 870 checkpoints dotting Baghdad, in part because the number of reported violent incidents reached post-invasion lows. Despite this statistical good news, insurgents continued to wage a campaign of intimidation and assassination against certain GOI military and civilian personnel this quarter, killing or attempting to kill several dozen officials. Police officials were particularly singled out.

  With the end of the U.S. combat mission in Iraq last August and the scheduled departure of all U.S. troops later this year, one of the main responsibilities of Iraq’s security forces will be suppressing such violence. This quarter, several U.S. observers noted real or potential gaps in Iraqi Security Forces (ISF) capabilities that could affect its ability to lock in hard-won security gains.³

- **Essential Services.** According to a recently released DoS report, the lack of sufficient basic services will be the most likely cause of future instability in Iraq. DoS’s new “Stability Development Roadmap” analyzed public opinion data and determined that the lack of perceived improvements in Iraq’s water, sewage, and
electricity systems could lead to popular unrest—more than political or sectarian disagreements. To ameliorate part of this problem, the Ministry of Electricity (MOE) will soon release the Iraq Electricity Masterplan for improving the national grid. It anticipates that, if planned generators come into service on schedule over the next few years, Iraq should meet national electricity demand by 2014. But this hope is conditioned on implementing costly improvements to Iraq’s electrical transmission and distribution network as well as operational enhancements between the MOE and the Ministry of Oil. In December, the prime minister named former Minister of Oil Hussein al-Shahristani as Deputy Prime Minister for Energy Affairs—a new position that places him in charge of coordinating the GOI’s energy policy, historically hampered by a lack of cooperation between the operative ministries.

• **Economic Development.** Iraq’s southern oil fields continued to be the focus of international investors’ attention this quarter, with the al-Rumaila field in Basrah exceeding targets for crude production and several international oil companies increasing the size and scope of their presence in the oil-rich deserts around Basrah. GOI officials reported that they plan to explore for new oil finds in the western deserts located in the predominantly Sunni Anbar province. Several obstacles stand in the way of the effective exploitation and monetization of extant resources, including poorly maintained infrastructure, pervasive public corruption, and a set of hydrocarbon laws still greatly in need of reform.

• **Reintegration into the Global Community.** In early October, the International Monetary Fund (IMF) made an additional $741 million available for disbursement to the GOI as part of its Stand-By Arrangement with Iraq. Two months later, the United Nations Security Council (UNSC) passed three resolutions, lifting a series of sanctions that had been imposed on Iraq when it was governed by Ba’athists. One consequence of these resolutions is that Iraq is once again able to pursue, if it so chooses, a peaceful nuclear power program. Currently, the GOI is preparing to host the upcoming Arab League Summit, scheduled to take place this March in Baghdad—the first such gathering held in Iraq in more than two decades.

### **FUNDING UPDATE**

**Major U.S. Reconstruction Funds**

Since 2003, the United States has appropriated or otherwise made available $58.00 billion for reconstruction efforts in Iraq, primarily through five major funds: the Iraq Security Forces Fund (ISFF), the Economic Support Fund (ESF), the Iraq Relief and Reconstruction Fund (IRRF), the International Narcotics Control and Law Enforcement (INCLE) account, and the Commander’s Emergency Response Program (CERP).

Figure 1.1 summarizes the current status of unexpended obligations of the five major funds. For more on U.S. reconstruction funding, see Section 2 of this Quarterly Report.

**Figure 1.1**

**Unexpended Obligations: Major U.S. Funds**

<table>
<thead>
<tr>
<th>Fund</th>
<th>Obligations</th>
</tr>
</thead>
<tbody>
<tr>
<td>ISFF</td>
<td>$1.18</td>
</tr>
<tr>
<td>ESF</td>
<td>$0.46</td>
</tr>
<tr>
<td>INCRE</td>
<td>$0.16</td>
</tr>
<tr>
<td>IRRF</td>
<td>$0.35</td>
</tr>
<tr>
<td>CERP</td>
<td>$0.11</td>
</tr>
</tbody>
</table>

Total: $2.27

Note: Data not audited. Numbers affected by rounding.

SIGIR OBSERVATIONS

Status of the CERP
The CERP began as a relatively low-cost means for local military commanders to implement small reconstruction projects that could address urgent and humanitarian needs. Over the years, it grew into a $3.99 billion program that has been used for a wide variety of projects—from paying former insurgents to provide security services through the Sons of Iraq (SOI) regime to financing large-scale business development and infrastructure projects. As of January 2011, USF-I was still working to provide comprehensive updates on its use of the CERP to fund projects. Consequently, SIGIR is unable to provide a complete “project-by-project” or “category-by-category” accounting of all CERP obligations and expenditures. For an in-depth analysis of the challenges with CERP reporting data, see Section 2; and for an analysis of the CERP program since 2003, see the Insert to this Quarterly Report.

Iraq’s 2011 Draft Budget
On December 1, 2010, the Council of Ministers (CoM) approved a draft budget of $79.47 billion for 2011. The draft budget represents a 10% increase from the GOI’s 2010 base budget of $72.36 billion. The 2011 budget is based on two assumptions about oil:

- **Price.** It assumes an average price per barrel of oil of $73.00, a 17% increase from the $62.50 price assumed for the 2010 budget. As of December 31, 2010, Kirkuk crude oil was selling for $90.84 per barrel.
- **Export levels.** It estimates that Iraq’s oil exports will average 2.25 million barrels per day (MBPD). This assumption includes 150,000 MBPD in exports from the Kurdistan Region. The GOI’s 2010 budget assumed an average export level of 2.15 MBPD. The actual level in 2010 was 1.90 MBPD.

The draft budget provides for capital expenditures totaling $24.75 billion, a 22% increase over the 2010 budget. Notable planned capital expenditures for 2011 include:

- $5.94 billion for the Ministry of Oil, a 162% increase from 2010
- $3.69 billion for the provincial governments, a 69% increase from 2010
- $3.64 billion for the Kurdistan Regional Government, a 2% increase from 2010
- $3.20 billion for the Ministry of Electricity, a 38% increase from 2010

In the security sector, the draft budget provides funds to hire about 110,000 new police officers. It also sets aside $195 million for salaries and expenses relating to the Sons of Iraq program, a 448% increase from 2010 levels.

Article 39 of the draft budget allows the CoM access to $5 billion from the Central Bank of Iraq’s currency reserves. U.S. officials have privately voiced their concerns about this provision, speculating that, if this proposal were to become law, it could potentially weaken international confidence in the solvency of the Iraqi state. The CoR will decide the fate of Article 39 when it finalizes Iraq’s 2011 budget.

U.S. RECONSTRUCTION MANAGEMENT

The Department of State (DoS) continued the ongoing process of normalizing Embassy operations this quarter, proceeding with plans to close all PRTs by September 2011. The reconstruction responsibilities of the PRTs will transition to the Consulates General in Erbil and Basrah and the temporary EBOs in Mosul and Kirkuk.

DoS Defines Reconstruction Narrowly, Resulting in a Data Gap
This quarter, DoS informed SIGIR that the only U.S. government civilian employees supporting reconstruction efforts in Iraq as of December 31, 2010, were the 10 members of its Iraq Strategic
Mission authority. Current plans call for the office to have 157 full-time personnel, 118 of whom will be provided by the U.S. military. Of note, the Defense Security Cooperation Agency, which manages similar offices in 117 countries, has 723 Security Cooperation Officers stationed overseas—an average of 6.2 officers per post.

INL Police Training Mission Reduced in Scope

INL will begin implementing the PDP in mid-2011, and will take over responsibility for training Iraqi police officers from USF-I in October. This quarter, INL reported that it reduced the number of advisors it will allot to the program because of funding concerns. Although it will be unable to reach the number of MOI officials called for in the original plan, INL noted that, “this revision does not impact the overall mission or goals.”

The revised PDP does not focus on complex investigative training, but instead on developing the MOI’s leadership and management capacities, prompting some MOI officials to express concerns that urgently needed criminal investigative training has not been sufficiently prioritized.

Task Force for Business and Stability Operations Ending Iraq Mission

Since 2006, DoD’s TFBSO has operated in Iraq, focusing on rehabilitating the economy and creating jobs for the unemployed. This quarter, the Office of the Secretary of Defense reported that TFBSO plans to end its operations there on January 31, 2011.

On September 29, the Deputy Secretary of Defense notified the Congress of waivers he issued to use the CERP to fund three TFBSO contracts in excess of $2 million each. Two of the contracts were among the ten largest CERP contracts on record for Iraq:

- $9.8 million for facilitating business development opportunities in non-fuel natural resources
- $9.1 million to assist the Ministry of Industry and Minerals in restructuring its operations

Office of Security Cooperation-Iraq

On October 1, 2011, the new OSC-I will assume primary responsibility for assisting the ISF from USF-I. OSC-I will manage sales of U.S. military equipment to the GOI, operating as an office within U.S. Embassy-Baghdad under Chief of
These projects had originally been financed by U.S. Army Operation and Maintenance funds; but, after determining that this was unlawful, DoD charged these contacts to the CERP, marking what was apparently the first time that TFBSO has received CERP funding to support its operations in Iraq.26

GOVERNMENT FORMATION

Prime Minister al-Maliki Secures a Second Term
Although Prime Minister Nuri al-Maliki’s SoL Coalition won two fewer seats in the March 2010 elections than former Prime Minister Ayad Allawi’s al-Iraqiya bloc, al-Maliki outmaneuvered his predecessor in the nine months of negotiations that followed. In October, he won the support of Muqtada al-Sadr and the 39 seats his followers hold in the CoR; and in November, he provided sufficient assurances to al-Iraqiya and the Kurdistan Alliance to secure their assent to his leading a broad-based coalition government encompassing all of Iraq’s major political blocs. The deal became official on November 25, 2010, when President Jalal Talabani officially asked al-Maliki to form the new government, ending a 264-day political impasse. Figure 1.2 displays selected significant events in the process of government formation between March 2010 and January 2011.27

More Seats at the Table
The new GOI contains 42 ministerial posts, slightly more than the size of the former government.28 Newly created positions include an additional Vice President, a Deputy Prime Minister for Energy Affairs, the NCHP, and several cabinet posts. Most of these new offices, however, are essentially ministers without portfolio. Defining these positions’ responsibilities and clarifying the relationships among them will be one of the GOI’s major challenges in the coming months.29

Figure 1.2

<table>
<thead>
<tr>
<th>March</th>
<th>April</th>
<th>May</th>
<th>June</th>
<th>July</th>
<th>August</th>
</tr>
</thead>
<tbody>
<tr>
<td>Council of Representatives elections</td>
<td>IHEC announces election results</td>
<td>Prime Minister meets with al-Iraqiya representative Raﬁ al-Ensawi</td>
<td>IHEC rejects final appeals of election results</td>
<td>Chief Justice Medhat al-Mahmoud certifies election results</td>
<td>Ally of PM al-Maliki visits Grand Ayatollah al-Sistani in Najaf</td>
</tr>
<tr>
<td>African Development Bank President meets with Prime Minister</td>
<td>IHEC begins recount of 2.5 million votes cast in Baghdad province</td>
<td>Prime Minister meets with Ayad Allawi</td>
<td>Two al-Iraqiya parliamentary candidates assassinated</td>
<td>Iraq Foreign Minister calls lack of government “embarrassing”</td>
<td>Head of ISCI, al-Hakim, meets with Ahmed Chalabi</td>
</tr>
<tr>
<td>Dutch FM meets with PM</td>
<td>IHEC concludes Baghdad recount confirming initial results</td>
<td>Winning parliamentary candidate from al-Iraqiya list assassinated in Mosul</td>
<td>Minister of Electricity announces resignation</td>
<td>Former PM Allawi meets Muqtada al-Sadr in Syria</td>
<td>PM al-Maliki meets with Assistant Secretary of State Feltman</td>
</tr>
<tr>
<td>Former PM Allawi meets Chairman of the Joint Chiefs</td>
<td>Prime Minister again meets with Ayad Allawi</td>
<td></td>
<td></td>
<td>Second meeting of CoR indefinitely postponed</td>
<td>PM al-Maliki meets with Chairman of the Joint Chiefs ADM Mullen</td>
</tr>
</tbody>
</table>

Source: SIGIR analysis of GOI and U.S. government documents and open-source information in Arabic and English.
To secure a working majority in the 325-person parliament, Sol., which won 89 seats, offered prominent cabinet posts to its former rivals. Under the November agreement, each bloc submitted three candidates for the ministries it sought, and Prime Minister al-Maliki selected from those nominees. The broad power-sharing agreement resulted in the following apportionment of power:

- **State of Law.** Sol. controls 7 seats in the new cabinet, including the ministries of Defense and Interior, both of which are currently filled by the prime minister in an acting capacity. Sol. holds about 17% of the cabinet seats and 27% of the CoR (89 seats).

- **Al-Iraqiya.** Al-Iraqiya secured 10 cabinet-level positions, including the ministries of Finance, Electricity, Agriculture, and Industry and Minerals. Al-Iraqiya controls about 24% of the cabinet and 28% of the parliament (91 seats).

- **Iraqi National Alliance (INA).** This grouping of Shia parties, including the Sadrist Trend and Islamic Supreme Council of Iraq (ISCI), has at least 12 spots in the cabinet, including the ministries of Oil, Justice, and Transportation. The INA holds about 29% of the cabinet posts and 22% of the total CoR (70 seats).

- **Kurdistani Alliance (KA).** The Kurds hold 7 cabinet posts, including the ministries of Foreign Affairs and Health. The KA controls about 17% of the cabinet and 13% of the CoR (43 seats).

The remaining positions are filled by representatives from minor parties. As of January 18, the government is still being formed, and all reported positions are subject to change.

Only one female minister has been appointed to the new cabinet; she will serve as an at-large Minister of State. In the previous government, five women held cabinet seats (as of November 2010), leading notable ministries such as Environment and Human Rights. Reports in mid-January indicated that additional female members may be named in the coming weeks. Figure 1.3 shows the current makeup of the GOI.
## Figure 1.3

**Government of Iraq, as of 1/15/2011**

<table>
<thead>
<tr>
<th>Presidency Council</th>
<th>Prime Minister Office and Cabinet</th>
</tr>
</thead>
</table>
| **President:** Jalal Talabani  
Party: PUK |
| **Prime Minister:** Nuri al-Maliki  
Party: Dawa |
| **1st Vice President:**  
Party: TBD |
| **1st Deputy Prime Minister:** Salih al-Mutlaq  
Party: Iraqi National Dialogue Front |
| **2nd Vice President:**  
Party: TBD |
| **2nd Deputy Prime Minister:** Rowsch Shaways  
Party: KDP |
| **3rd Vice President:**  
Party: TBD |
| **3rd Deputy Prime Minister:** Hussein al-Shahristani  
Party: Independent |

**Cabinet-level Posts**

- **Minister of Defense:** Nuri al-Maliki (acting)  
Party: Dawa
- **Minister of Interior:** Nuri al-Maliki (acting)  
Party: Dawa
- **Minister of Foreign Affairs:** Hoshyar Zebari  
Party: KDP
- **Minister of Oil:** Abdul Kareem al-Luaibi  
Party: Independent
- **Minister of Agriculture:** Izzuldin al-Doula  
Party: al-Hadba
- **Minister of National Security:** Nuri al-Maliki (acting)  
Party: Dawa
- **Minister of Trade:** Rowsch Shaways (acting)  
Party: KDP
- **Minister of Industry and Minerals:** Ahmed al-Karbouli  
Party: Renewal List
- **Minister of Higher Education and Scientific Research:** Ali al-Adib  
Party: Dawa
- **Minister of Water Resources:** Mohaned al-Sa’adî  
Party: Iraqi National Dialogue Front, allied with the Sadrist Trend
- **Minister of Communication:** Mohamad Tawfig Allawi  
Party: Iraqi National Accord
- **Minister of Science and Technology:** Abdul-Kareem al-Sammarai  
Party: Renewal List
- **Minister of Youths and Sport:** Jassim Mohamad Jaffar  
Party: Islamic Union of Iraqi Turkoman
- **Minister of Human Rights:** Mohamad Sudani  
Party: Dawa
- **Minister of Communication:** Mohamad Tawfig Allawi  
Party: Iraqi National Accord
- **Minister of State for Tourism and Antiquities:** Liwa Smisim  
Party: Sadrist Trend
- **Minister of State for Marshes Affairs:** Hassan al-Sari  
Party: Hezbullah
- **Minister of State for Human Rights:** Hoshyar Zebari (acting)  
Party: KDP
- **Minister of State for Women’s Affairs:** Hoshyar Zebari (acting)  
Party: KDP
- **Minister of State for State of NGOs:**  
Party: TBD
- **Minister of State for Tribal Affairs:** Ali al-Sajji  
Party: Constitution
- **Minister of State for Foreign Affairs:** Ali al-Sajji  
Party: Constitution
- **Minister of State for NGOs:** TDB  
Party: TBD

### Coalition Affiliation (at time of appointment)

- **State of Law**
  - The State of Law Coalition is a Shia-Sunni political bloc led by PM Nuri al-Maliki.
- **Kurdistan Alliance**
  - The Kurdistan Alliance is a coalition of the two main Kurdish parties: the Patriotic Union of Kurdistan (PUK) and the Kurdistan Democratic party (KDP).
- **Al-Iraqiya**
  - Al-Iraqiya is a largely secular bloc led by former PM Ayad Allawi. It won the most seats in the March 2010 CoR elections.
- **Iraqi National Alliance**
  - The Iraqi National Alliance is a Shia political bloc consisting primarily of the Islamic Supreme Council of Iraq (ISCI) and the Sadrist Trend.
- **Other/Independent**
  - Includes members of various minor parties, who may from time to time ally themselves with the major blocs.

**Note:** Several of the minor party ministries often ally with the major blocs. Party affiliations shown in this figure do not necessarily represent final composition of cabinet.

# Council of Representatives

**Speaker:**
Osama al-Nujaifi  
Party: Al-Hadba

**1st Deputy:**
Qusay al-Suhail  
Party: Sadrist Trend

**2nd Deputy:**
Arif Tayfor  
Party: KDP

<table>
<thead>
<tr>
<th>Ministry</th>
<th>Minister</th>
<th>Party</th>
<th>Seat</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minister of Finance:</td>
<td>Rafi al-Eissawi</td>
<td>National Future Gathering</td>
<td></td>
</tr>
<tr>
<td>Minister of Electricity:</td>
<td>Ziad Tariq (acting)</td>
<td>National Movement for Development and Reform</td>
<td></td>
</tr>
<tr>
<td>Minister of Justice:</td>
<td>Hassan al-Shimari</td>
<td>al-Fadhila</td>
<td></td>
</tr>
<tr>
<td>Minister of Planning:</td>
<td>Nasar al-Rubaie (acting)</td>
<td>Sadrist Trend</td>
<td></td>
</tr>
<tr>
<td>Minister of Transportation:</td>
<td>Hadi al-Amiri</td>
<td>ISCI</td>
<td></td>
</tr>
<tr>
<td>Minister of Housing and Construction:</td>
<td>Mohamad al-Daraji</td>
<td>Sadrist Trend</td>
<td></td>
</tr>
<tr>
<td>Minister of Health:</td>
<td>Majid Amin</td>
<td>PUK</td>
<td></td>
</tr>
<tr>
<td>Minister of Labor:</td>
<td>Nasar al-Rubaie</td>
<td>Sadrist Trend</td>
<td></td>
</tr>
<tr>
<td>Ministry of Municipalities and Public Works:</td>
<td>Dindar Najman (acting)</td>
<td>Sadrist Trend</td>
<td></td>
</tr>
<tr>
<td>Minister of Displacement and Migration:</td>
<td>Dindar Najman</td>
<td>Islamic Coalition</td>
<td></td>
</tr>
<tr>
<td>Minister of the Environment:</td>
<td>Sargun Sliwah</td>
<td>Assyrian Democratic Movement</td>
<td></td>
</tr>
<tr>
<td>Minister of Culture:</td>
<td>Saadoun al-Dulaimi</td>
<td>Constitution Party, associated with the INA</td>
<td></td>
</tr>
<tr>
<td>Minister of State of Reconciliation:</td>
<td>Ali al-Adeib (acting)</td>
<td>Dawa</td>
<td></td>
</tr>
</tbody>
</table>

| Ministry of State of Cor Affairs: | Safa al-Safi                     | Independent                                |                       |
| Ministry of State at Large:      | Abdul-Mahdi Mutairi              | Associated with the Sadrist Trend           |                       |
| Ministry of State at Large:      | Yassin Mohammad Ahmed            | ISCI, associated with the INA               |                       |
| Ministry of State at Large:      | Bushra Saleh                     | Independent, associated with al-Fadhila    |                       |
| Ministry of State at Large:      | Salah al-Jabouri                 | Iraqi National Dialogue Front               |                       |

# National Council for Higher Policies

**NCHP Chairman:**
Ayad Allawi  
Party: Iraqi National Accord

**1st Deputy:**
TBD  
Party: TBD

**2nd Deputy:**
TBD  
Party: TBD

**3rd Deputy:**
TBD  
Party: TBD

<table>
<thead>
<tr>
<th>Ministry</th>
<th>Minister</th>
<th>Party</th>
<th>Seat</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minister of Planning:</td>
<td>Nasar al-Rubaie</td>
<td>Sadrist Trend</td>
<td></td>
</tr>
<tr>
<td>Minister of Education:</td>
<td>Mohamad Tamim</td>
<td>Iraqi National Dialogue Front</td>
<td></td>
</tr>
<tr>
<td>Minister of the Environment:</td>
<td>Sargun Sliwah</td>
<td>Assyrian Democratic Movement</td>
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<tr>
<td>Minister of State of Reconciliation:</td>
<td>Ali al-Adeib (acting)</td>
<td>Dawa</td>
<td></td>
</tr>
</tbody>
</table>

| Ministry of State of Cor Affairs: | Safa al-Safi                     | Independent                                |                       |
| Ministry of State at Large:      | Yassin Mohammad Ahmed            | ISCI, associated with the INA               |                       |
| Ministry of State at Large:      | Bushra Saleh                     | Independent, associated with al-Fadhila    |                       |
| Ministry of State at Large:      | Salah al-Jabouri                 | Iraqi National Dialogue Front               |                       |

F = Female
SIGIR OBSERVATIONS

National Council for Higher Policies
The feature that most distinguishes the current government from its predecessor is the newly created NCHP. This body, formed in an effort to placate al-Iraqiya’s leader Ayad Allawi, has no parallel in the former government, nor is it mentioned in the Iraqi Constitution. Allawi will serve as the NCHP Chairman along with three deputies, one each from SoL, the INA, and the KA. The remainder of the NCHP’s membership has not been decided, although representatives from each major political bloc will be included. While the NCHP is expected to have a voice on security, economic, energy, and governance matters, the precise scope of its powers has not been defined.33

As of mid-January, the CoR is considering a draft law delineating the NCHP’s authorities. As provided for in this bill, the NCHP would have 20 members, including the president, the vice presidents, the prime minister, the deputy prime ministers, the speaker of the CoR and his deputies, the leaders of all major political blocs, and the chairman of the Higher Judicial Council (HJC). According to the bill before the CoR, the NCHP could bind the prime minister to act according to its wishes, but only if 80% of the Council supports a decision. If the NCHP operates with 20 members, this would allow any grouping of 5 to block the issuance of a binding decision, making it difficult for the NCHP to impose its will on the prime minister.34

Near-term Priorities for the New Government
In the coming months, the new government will confront a series of pressing legislative challenges. Foremost among them are:

• appointing permanent Defense and Interior ministers and strengthening the ISF
• defining the NCHP’s powers and clarifying its relationship to the GOI’s constitutional offices and passing a final budget for 2011
• executing a smooth transition for oil revenue from United Nations (UN) to GOI control, while ensuring protection of Iraqi funds from international creditors
• creating a safe environment effectively
• conducting a national census, which this quarter was once again postponed indefinitely
• implementing the constitutionally mandated process to determine the final status of Kirkuk and its environs
• improving the capacity of GOI workers and strengthening the fight against corruption at all levels of government

SECURITY

Iraq Reports 2010 Casualty Figures
According to the GOI, more than 3,600 civilians and ISF personnel were killed in violent incidents during 2010.35 For the third consecutive month, however, December set a 2010 record for the fewest number of persons killed in attacks, down 151 from the previous month’s 2010 record low of 171.36 Figure 1.4 notes some of the major security incidents in Iraq between October 20, 2010, and January 20, 2011.

GOI Officials Targeted for Assassination
On December 29, 2010, three suicide bombers stormed a police headquarters facility in the restive northern city of Mosul, killing the local police commander, Lieutenant Colonel Shamel Ahmed al-Jabouri. A little more than two weeks later, a suicide bomber almost succeeded in killing the governor of Anbar province. MOI officials informed SIGIR that nearly 240 ISF and intelligence personnel and about 120 civilian government employees have been assassinated in recent months.37 As Table 1.1 shows, more than three dozen mid- to senior-level GOI civilian and military officials were the apparent targets of assassination attempts this quarter, continuing a disturbing trend SIGIR first reported on in January 2010.38
Christian community in Iraq also fell prey to several other violent attacks, as summarized in Table 1.2.

The UN estimates that several thousand Christians fled Ninewa and Baghdad provinces in the wake of the church massacre, seeking refuge in the Kurdistan Region and other areas of northern Iraq.41

Prime Minister: All U.S. Troops Will Be Out of Iraq by the End of the Year

This quarter, in one of his first public statements since securing a second term in office, Prime Minister al-Maliki declared that he does not intend to alter or extend the U.S.-Iraq Security Agreement (SA). He stated that he expects the United States to adhere to existing deadlines, which require all U.S. military forces to leave Iraq by December 31, 2011. As of early January 2011, USF-I had more than 49,000 troops stationed in Iraq.42

The current SA—which governs the bilateral security relationship between the two countries—expires at the end of the year. Any effort to renegotiate it would likely have to begin soon. The prime minister made no mention of holding a popular referendum on the SA, something he had promised to do by mid-2009, but he did endorse the Strategic Framework Agreement (SFA), which defines the contours of the continuing political, economic, and cultural relationship between the United States and Iraq.43

Judicial Security Remains a Problem

Unknown assailants attacked two Iraqi judges in January, killing one. Since 2003, more than 40 judges have been killed in Iraq. The HJC attempted to secure funding in the 2011 budget for an additional 4,000 judicial security personnel, but the CoM rejected the request, leaving the HJC far short of the number of trained personnel it needs to guard Iraq’s 1,260 judges.39

Violence against Christians

In the bloodiest incident of anti-Christian violence since 2003, insurgent gunmen stormed a Syriac Catholic church in Baghdad on October 31, 2010, killing more than 50 people.40 The remnant...
Table 1.1

<table>
<thead>
<tr>
<th>Targets/Victims</th>
<th>Location (Province)</th>
<th>Date</th>
<th>Circumstances</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Police lieutenant colonel</td>
<td>Salah Al-Din</td>
<td>10/19/2010</td>
<td>Bombing</td>
<td>Lieutenant colonel injured; at least 11 killed</td>
</tr>
<tr>
<td>Senior police officer</td>
<td>Salah Al-Din</td>
<td>10/19/2010</td>
<td>IED attack on residence</td>
<td>No reported casualties</td>
</tr>
<tr>
<td>Ministry of Electricity director general</td>
<td>Baghdad</td>
<td>10/25/2010</td>
<td>Attacked by gunmen using silencers</td>
<td>Director general killed</td>
</tr>
<tr>
<td>Ministry of Interior official</td>
<td>Baghdad</td>
<td>10/25/2010</td>
<td>Sticky bomb attached to car</td>
<td>MOI official killed; 3 injured</td>
</tr>
<tr>
<td>Ministry of Planning undersecretary</td>
<td>Baghdad</td>
<td>10/26/2010</td>
<td>IED attack</td>
<td>Undersecretary unharmed; 4 injured</td>
</tr>
<tr>
<td>Police colonel</td>
<td>Baghdad</td>
<td>10/28/2010</td>
<td>Sticky bomb attached to car</td>
<td>Colonel killed</td>
</tr>
<tr>
<td>ISF commander</td>
<td>Baghdad</td>
<td>10/28/2010</td>
<td>IED</td>
<td>Commander injured</td>
</tr>
<tr>
<td>Senior police officer</td>
<td>Ninewa</td>
<td>11/1/2010</td>
<td>Sticky bomb attached to car</td>
<td>Officer killed; driver injured</td>
</tr>
<tr>
<td>Local government official</td>
<td>Anbar</td>
<td>11/4/2010</td>
<td>Multiple IEDs</td>
<td>Official and driver killed</td>
</tr>
<tr>
<td>Senior national security official</td>
<td>Ninewa</td>
<td>11/16/2010</td>
<td>Residence bombed</td>
<td>No reported casualties</td>
</tr>
<tr>
<td>CoR members from al-Iraqiya bloc</td>
<td>Ninewa</td>
<td>11/19/2010</td>
<td>IED attack on motorcade</td>
<td>Members unharmed; 1 bodyguard killed</td>
</tr>
<tr>
<td>Senior passport office official</td>
<td>Anbar</td>
<td>11/22/2010</td>
<td>IED</td>
<td>Official killed</td>
</tr>
<tr>
<td>Ministry of Municipalities IG officials</td>
<td>Baghdad</td>
<td>11/22/2010</td>
<td>Ambushed by gunmen</td>
<td>2 IG officials killed; 2 injured</td>
</tr>
<tr>
<td>Iraqi Army brigadier</td>
<td>Baghdad</td>
<td>11/24/2010</td>
<td>Sticky bomb attached to car</td>
<td>Brigadier killed</td>
</tr>
<tr>
<td>Ministry of Interior colonel</td>
<td>Baghdad</td>
<td>11/24/2010</td>
<td>Ambushed by gunmen</td>
<td>Colonel injured</td>
</tr>
<tr>
<td>Police brigadier</td>
<td>Baghdad</td>
<td>11/28/2010</td>
<td>Ambushed by gunmen</td>
<td>Brigadier killed</td>
</tr>
<tr>
<td>Sunni Endowment official</td>
<td>Baghdad</td>
<td>11/28/2010</td>
<td>IED</td>
<td>Official injured</td>
</tr>
<tr>
<td>Ministry of Health official</td>
<td>Baghdad</td>
<td>12/1/2010</td>
<td>Sticky bomb attached to car</td>
<td>Official injured</td>
</tr>
<tr>
<td>Ministry of Human Rights official</td>
<td>Baghdad</td>
<td>12/1/2010</td>
<td>Ambushed by gunmen</td>
<td>Official killed</td>
</tr>
<tr>
<td>Local government official</td>
<td>Wasit</td>
<td>12/1/2010</td>
<td>Ambushed by gunmen</td>
<td>Official unharmed; 2 injured</td>
</tr>
<tr>
<td>Senior police officer</td>
<td>Tameem</td>
<td>12/1/2010</td>
<td>IED attack on motorcade</td>
<td>Officer unharmed</td>
</tr>
<tr>
<td>Thi-Qar provincial intelligence officer</td>
<td>Baghdad</td>
<td>12/3/2010</td>
<td>Ambushed by gunman</td>
<td>Officer injured</td>
</tr>
<tr>
<td>Commission of Integrity official</td>
<td>Diyala</td>
<td>12/14/2010</td>
<td>Sticky bomb attached to car</td>
<td>Official unharmed</td>
</tr>
<tr>
<td>Former Ministry of Electricity official</td>
<td>Baghdad</td>
<td>12/16/2010</td>
<td>Ambushed by gunman</td>
<td>Former official killed</td>
</tr>
<tr>
<td>President of Mosul University</td>
<td>Ninewa</td>
<td>12/20/2010</td>
<td>Ambushed by gunman</td>
<td>President seriously injured</td>
</tr>
<tr>
<td>Intelligence officer</td>
<td>Baghdad</td>
<td>12/20/2010</td>
<td>Ambushed by gunman</td>
<td>Officer killed</td>
</tr>
<tr>
<td>Shia Endowment official</td>
<td>Baghdad</td>
<td>12/21/2010</td>
<td>Ambushed by gunman</td>
<td>Official injured</td>
</tr>
<tr>
<td>Ministry of Health official</td>
<td>Baghdad</td>
<td>12/22/2010</td>
<td>Ambushed by gunman</td>
<td>Official killed</td>
</tr>
<tr>
<td>Iraqi Army brigadier</td>
<td>Baghdad</td>
<td>12/23/2010</td>
<td>Ambushed by gunmen using silencers</td>
<td>Brigadier killed; 1 injured</td>
</tr>
<tr>
<td>Police colonel</td>
<td>Baghdad</td>
<td>12/23/2010</td>
<td>Ambushed by gunmen</td>
<td>Colonel injured</td>
</tr>
<tr>
<td>Ministry of Interior official</td>
<td>Baghdad</td>
<td>12/26/2010</td>
<td>Automobile attacked by gunmen</td>
<td>Official and driver injured</td>
</tr>
<tr>
<td>Ministry of Foreign Affairs official</td>
<td>Baghdad</td>
<td>12/28/2010</td>
<td>IED attack on automobile</td>
<td>Official injured</td>
</tr>
<tr>
<td>Criminal court judge</td>
<td>Baghdad</td>
<td>12/29/2010</td>
<td>Sticky bomb attached to car</td>
<td>Judge injured</td>
</tr>
<tr>
<td>Mosul police commander</td>
<td>Ninewa</td>
<td>12/29/2010</td>
<td>Multiple suicide bombers attacked HQ</td>
<td>Police commander killed</td>
</tr>
<tr>
<td>Ministry of Interior lieutenant colonel</td>
<td>Baghdad</td>
<td>1/1/2011</td>
<td>Automobile attacked by gunmen</td>
<td>Lieutenant colonel killed</td>
</tr>
<tr>
<td>Sunni Endowment official</td>
<td>Diyala</td>
<td>1/2/2011</td>
<td>Multiple IEDs</td>
<td>Official seriously injured</td>
</tr>
<tr>
<td>Ninewa provincial council chairman</td>
<td>Ninewa</td>
<td>1/2/2011</td>
<td>Multiple IEDs</td>
<td>IEDs dismantled prior to detonation; chairman unharmed</td>
</tr>
<tr>
<td>Ministry of Interior brigadier</td>
<td>Baghdad</td>
<td>1/3/2011</td>
<td>Ambushed by gunman</td>
<td>Brigadier injured</td>
</tr>
<tr>
<td>Local security official</td>
<td>Tameem</td>
<td>1/5/2011</td>
<td>IED</td>
<td>Official injured</td>
</tr>
<tr>
<td>Chief of Police</td>
<td>Anbar</td>
<td>1/10/2011</td>
<td>IED</td>
<td>Chief and several associates killed</td>
</tr>
<tr>
<td>Provincial governor</td>
<td>Anbar</td>
<td>1/17/2011</td>
<td>Suicide bomber</td>
<td>Governor unharmed; several injured</td>
</tr>
</tbody>
</table>

Note: This table provides examples of assassinations, attempted assassinations, and other small-scale acts of violence that appear to have been aimed at specific persons or groups this quarter. It does not purport to be all-inclusive, nor presume to imply the attackers’ respective motives.

Source: SIGIR analysis of GOI and U.S. government documents and open-source information in Arabic and English.


**TABLE 1.2**

<table>
<thead>
<tr>
<th>DATE</th>
<th>INCIDENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>10/31/2010</td>
<td>Gunmen linked to al-Qaeda in Iraq storm Syriac Catholic church in Baghdad, killing approximately 50.</td>
</tr>
<tr>
<td>11/10/2010</td>
<td>Bombs and mortars strike Christian homes in Baghdad, killing at least 3 and wounding more than 20.</td>
</tr>
<tr>
<td>11/15/2010</td>
<td>Gunmen in eastern Mosul kill at least 7, including 2 Christians.</td>
</tr>
<tr>
<td>11/22/2010</td>
<td>Gunmen in Mosul kill 2 Iraqi Christians, who were brothers.</td>
</tr>
<tr>
<td>11/30/2010</td>
<td>Gunmen in eastern Mosul kill 1 Christian.</td>
</tr>
<tr>
<td>12/14/2010</td>
<td>A group of armed men abduct a female Christian student in Mosul.</td>
</tr>
<tr>
<td>12/30/2010</td>
<td>At least 10 bombs detonate near the homes of Christian families in Baghdad, killing 2 and wounding about 20.</td>
</tr>
</tbody>
</table>

Source: SIGIR analysis of GOI and U.S. government documents and open-source information in Arabic and English.

### Doubts Surround ISF’s Ability To Meet Minimum Essential Capabilities

One of USF-I’s main goals in 2011 will be working with ISF to help it achieve the “Minimum Essential Capability” (MEC) it needs to effectively provide for Iraq’s internal and external defense. Iraq is making some security investments of its own, but a recent report by DoD’s Office of Inspector General cautioned that the ISF’s logistics system remains beset by myriad challenges. USF-I echoed these concerns, noting that additional investments will have to be made to ensure that the ISF achieves MEC prior to December 2011. U.S. assistance in the form of ISFF for 2011 was authorized at $1.5 billion, instead of the $2.0 billion level requested by DoD.

### Sons of Iraq

This quarter, SOI members continued to be targeted by insurgent forces, with 17 reported killed in October and November. At least 387 SOI personnel have been reported killed since October 2009. To date, GOI ministries have hired just over 39,000 SOI members, out of approximately 95,000. As a SIGIR audit released this quarter found, the GOI has long struggled to keep up with paying SOI salaries on a monthly basis. Recently, however, GOI officials reported some progress in making timely payments. For more on the SOI program, see Sections 4 and 5 of this Quarterly Report.

### Muqtada al-Sadr’s Reemergence

On January 5, 2011, Shia cleric Muqtada al-Sadr’s plane landed in the holy city of Najaf, marking his first official appearance in Iraq since 2007 and his official return to the Iraqi political scene. Al-Sadr, who rose to prominence as the scion of a well-respected family of Shia religious leaders, leads a political organization that has managed to transform itself from rebellious radicals to influential power brokers, controlling 39 seats in the new CoR. In his first public address after returning to Najaf, al-Sadr urged his followers to resist the United States, although stopping short of more violent rhetoric. He also denounced Iraqi-on-Iraqi violence and expressed conditional support for Prime Minister al-Maliki’s government.

### ENERGY

#### Oil: Production and Exports

This quarter, Iraq’s crude oil production averaged 2.40 MBPD, constituting a 3% increase over last quarter, but 1% less than in the final quarter of 2009. Exports averaged 1.95 MBPD this quarter, a 4% increase from the previous quarter and 2% higher than the same quarter in 2009. No oil was officially exported from the Kurdistan Region, continuing a trend that began in 2009.

#### International Oil Companies Report Progress

In 2009, the Ministry of Oil awarded 10 service contracts to international firms, giving them the right to develop major oil fields in partnership with Iraq’s state-owned oil companies. The Anglo-Chinese consortium developing the al-Rumaila field reported its highest average daily production level since beginning operations there last year. The GOI is also planning to explore for new fields, announcing in early January that it is beginning preparations for a fourth licensing auction to award oil and gas exploration contracts. For a
Electricity Supply
This quarter, Iraq’s electricity supply averaged 6,339 megawatts (MW), a 3% decline from last quarter’s record high, but a 7% increase over the last quarter of 2009. Iraq is increasingly reliant on power supplied by privately owned power plants. Before 2008, no privately owned power plants operated in Iraq. But by 2010, four privately owned plants accounted for 13% of Iraq’s electricity supply. In December, the GOI announced that it will conduct a bidding round for private investors where it will auction the right to build four new power plants that, when completed, would add 2,750 MW of nameplate capacity to the national grid. For more on Iraq’s electricity sector, see Section 4 of this Quarterly Report.

UN Security Council Votes To End Some Sanctions on Iraq
In mid-December, the UNSC passed three related resolutions, lifting most of the remaining restrictions imposed on Iraq during the 1990s:
• UNSC Resolution (UNSCR) 1956—extends protection of Iraqi oil revenues from international creditors until June 30, 2011, giving the GOI more time to develop a mechanism to replace the Development Fund for Iraq (DFI), which has shielded oil revenues since 2003. The GOI plans to develop a vehicle to succeed the DFI which would be overseen by the Committee of Financial Experts (COFE), led by the President of Iraq’s oldest financial oversight institution, the Board of Supreme Audit. COFE will replace the International Advisory and Monitoring Board for Iraq.
• UNSCR 1957—ends remaining trade sanctions limiting the importation of sensitive materials, including certain chemicals and nuclear materials. As a result, Iraq is now able to engage in civilian nuclear activities, such as the development of nuclear power plants. Iraq’s Acting Minister of Electricity greeted the UN’s decision with approval, voicing his support for the resumption of a peaceful Iraqi nuclear program. Potential international partners were quick to take notice of opportunities in this area, with French officials already expressing interest in cooperating with Iraq on nuclear energy projects.
• UNSCR 1958—terminates all activities relating to the Oil for Food program.

ECONOMY
The IMF estimates that increased economic activity in the hydrocarbon sector will cause the growth rate of Iraq’s gross domestic product to surge from a reported 2.6% in 2010 to 11.5% in 2011 and 11% in 2012, placing Iraq among the world’s fastest growing economies. For purposes of comparison, the IMF forecast 2011 growth rates of 9.6% for the People’s Republic of China and 8.4% for India.

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Largest U.S.-controlled Detention Center To Become Business Center
On December 29, 2010, USF-I officially transferred Camp Bucca to the GOI. Formerly the largest U.S. detention facility in Iraq, Camp Bucca is currently being converted to civilian use by a U.S.-Iraqi consortium that won the right to build and manage...
Minister of Oil Discusses Iraq’s Future with SIGIR

On November 8, 2010, the Inspector General met with then-Deputy Minister of Oil for Extraction Affairs Abdul Kareem al-Luaibi at his office in Baghdad. Six weeks after this meeting, al-Luaibi, a long-serving Ministry of Oil technocrat, was chosen to lead the ministry in the new government. In the course of his wide-ranging discussion with the Inspector General, then-Deputy Minister al-Luaibi discussed:

- **Future Prospects for Iraq’s Oil Sector.** The Deputy Minister reported that Iraq’s dealings with international oil companies (IOCs) have gone better than anticipated. He also reported that Iraq intends to reach average production levels of 3.26 MBPD by December 2011, with exports climbing to 2.3 MBPD. As for the long term, he stated that current projections call for average production to gradually rise to 12 MBPD.

- **Basrah Pipeline and Offshore Oil Terminals.** One of the new government’s priorities will be completing the ongoing refurbishment of its pipeline network and the offshore oil terminals off the coast of the southern port of Umm Qasr. Plans call for three new GOI-financed undersea pipelines: al-Faw peninsula to the al-Basrah Oil Terminal (ABOT), ABOT to the Khawar al-Amaya Oil Terminal (KAAOT), and ABOT to offshore single-point mooring stations. The successful completion of the Basrah pipeline projects should increase Basrah’s export capacity to 4.5 MBPD. The GOI also plans to conduct extensive repairs to KAAOT, portions of which have collapsed into the Persian Gulf due to disrepair.

- **Oil Storage Capacity.** Fighting on the al-Faw peninsula during the Iran-Iraq War destroyed much of Iraq’s capacity to store oil, and efforts to restore this capacity are only now beginning to take shape. Deputy Minister al-Luaibi reported that the ministry plans to construct 35 new oil-storage tanks in southern Iraq to replace tanks destroyed in combat with the Iranians.

- **Oil Exploration.** Because of the ease with which many of Iraq’s existing oil fields could be tapped, it was not economically efficient for previous rulers to devote substantial resources to exploring for oil in remote locations. But the new Minister of Oil intends to change that, explaining that the GOI is embarking on a two-year plan to explore for as-yet undiscovered oil fields, which, if successful, could increase Iraq’s proved reserves to 200 billion barrels. This plan would also involve auctioning off exploration rights in a public bidding round similar to those conducted in 2009.

- **Cooperation with the Ministry of Electricity.** In speaking about the relationship between the Ministries of Oil and Electricity, the Deputy Minister expressed the hope that the problems that have marred this relationship are all in the past, noting that the main challenge going forward will not be finding enough fuel to supply to the electricity plants, but instead providing the infrastructure needed to transport it to the MOE in a timely fashion.

- **Pipeline Security.** Although the security situation is much improved since 2007, Deputy Minister al-Luaibi stated that securing Iraq’s far-flung network of pipelines remains a challenge. He commented that the system of U.S.-funded defensive works known as Pipeline Exclusion Zones work well in remote areas, but noted that attacks still occur in more heavily populated areas.

- **Issues with the Kurdistan Region.** The Deputy Minister maintained that the Ministry of Oil has neither firm figures on the amount of oil produced in the Kurdistan Region, nor solid information about the capacities of the unauthorized refineries operating there. Deputy Minister al-Luaibi reported that he recently led a delegation to the Kurdistan Region in an effort to resolve some of the lingering problems between it and Baghdad, but remarked that lasting solutions will take time to reach.

- **Oil Smuggling.** Deputy Minister al-Luaibi confidently declared to SIGIR that oil smuggling is no longer a significant problem. He noted that the ministry plans to install a new metering system to monitor the flow of oil and stated that U.S. overhead reconnaissance assets, such as satellites and unmanned drones, have not recently observed any suspicious convoys of tanker trucks leaving Iraq. But the Deputy Minister cautioned that he did not have any information on the level of smuggling activity in the Kurdistan Region.

- **International Relations.** Iraq shares several oil and gas fields with neighboring states, making the exploitation of these fields a matter of international concern. Ministry of Oil officials are meeting with their counterparts in Saudi Arabia, Syria, and Iran to discuss these issues. Deputy Minister al-Luaibi also reported that he also speaks about these matters on a regular basis with U.S. Embassy officials.
SIGIR OBSERVATIONS

This quarter, Iraq exported dates for the first time in two decades. The initial shipment was sent to London, marking the reemergence of Iraqi farmers in the international market. (USAID photo)

SIGIR OVERSIGHT

Audits
This quarter, SIGIR’s Audits Directorate issued five reports. Since 2004, SIGIR has published 182 audit reports on the U.S. reconstruction program in Iraq. SIGIR’s audits this quarter reviewed:

- **U.S. Military’s Management of the SOI Program.** In June 2007, the Multi-National Corps-Iraq (MNC-I) began using CERP funds to hire former insurgents to guard checkpoints, buildings, and key parts of neighborhoods in Iraq—a $370 million program the U.S. military credits with helping reduce the overall levels of violence in Iraq. However, insufficient quantifiable program data coupled with the inability to segregate possible SOI effects from other factors precluded SIGIR from drawing empirically reliable conclusions about the program’s contribution to the reduction in violence in Iraq that began in the late summer of 2007. Additionally, SIGIR found the U.S. military exercised weak financial controls over its cash payments to the SOI. Since assuming full control of the SOI program in April 2009, the GOI has faced difficulties in managing the program, properly paying the SOI, and integrating SOI members into Iraqi ministries.

- **GOI Support for the Iraq International Academy (IIA).** The purpose of this $26 million ISFF-funded project is to develop an executive-level educational facility—the IIA—for GOI civilian and military officials. Located in the International Zone, this ongoing project is being managed by USF-I’s Iraq Training and Advisory Mission assigned to assist the Ministry of Defense (ITAM-MOD). After reviewing the relevant correspondence and interviewing MOD officials, SIGIR determined that although ITAM-MOD worked with its MOD counterparts to obtain host-country buy-in for the IIA, no bilateral agreements were negotiated or signed, and it remains unclear whether the GOI will budget for operating and maintaining the IIA upon completion. Without such agreements, U.S. funds spent on the IIA’s construction ($13.4 million) are at risk of being wasted, as are the funds planned to equip and furnish the facility ($12 million). Therefore, SIGIR recommended that USF-I take no further action to purchase furniture and equipment for the IIA and inform the GOI that it is the GOI’s responsibility to do so.

- **DoD’s Deployable Disbursing System (DDS).** The Defense Finance and Accounting Service developed the DDS to enable DoD personnel to maintain accountability of appropriated funds while in the field. In the course of collecting data to perform its congressionally mandated forensic review of all reconstruction expenditures, SIGIR determined that some DDS data from Iraq was missing. SIGIR’s review suggested that the missing data contained a substantial amount of payment activity, potentially including classified information and personally identifiable information (PII) about members of the military. Because the missing data prevents SIGIR from meeting its forensic audit mandate, SIGIR recommended...
However, both obtained their obligation data from the Army Standard Financial System (STANFINS), and several prior SIGIR reports have raised questions about whether STANFINS contains all CERP obligations.

For details on SIGIR’s audits this quarter, see Section 5 of this Quarterly Report.

Investigations
As of January 15, 2011, SIGIR investigators were working at least 104 open cases. SIGIR’s investigative work has resulted in 54 indictments, 44 convictions, and more than $140.9 million in judicially mandated fines, forfeitures, and restitution payments. A settlement reached in one case this quarter resulted in the levying of $70 million in financial penalties.

Highlights of this quarter’s investigative accomplishments included:

- **On October 27, U.S. Army Major Roderick D. Sanchez pled guilty to one count of bribery.** According to court documents, Sanchez admitted that he accepted bribes from foreign companies seeking to secure Army contracts while he was serving as a contracting officer in Iraq, Afghanistan, and Kuwait between 2004 and 2007. During this time, Sanchez accepted Rolex watches and illicit cash payments worth more than $200,000. On January 19, 2011, Sanchez was sentenced to five years in prison and ordered to forfeit all property purchased with the proceeds of his scheme.

- **On November 5, Louis Berger Group, Inc. (LBG), agreed to pay more than $69 million in criminal and civil penalties to settle fraud charges related to its international work on behalf of DoD and USAID.** On the criminal side, LBG entered into a Deferred Prosecution Agreement (DPA) with DoJ, which requires it to pay $18.7 million in penalties, adopt more robust internal controls, and retain an independent monitor to evaluate its compliance with the DPA for a two-year period. LBG also reached a $50.6 million civil settlement with the U.S.
HUMAN TOLL

U.S. Civilian Deaths

DoS reported that three U.S. civilians died in Iraq this quarter. Two died from natural causes; the third death remains under investigation. Since 2003, at least 313 U.S. civilians have died in Iraq.\(^6^3\)

Contractors

The Department of Labor (DoL) received reports of 13 deaths of contractors working on U.S.-funded reconstruction programs in Iraq this quarter. DoL also received reports of 522 injuries this quarter that resulted in the injured contractor missing at least four days of work. Since DoL began compiling data on contractor deaths and injuries in March 2003, it has received reports of at least 1,520 contractor deaths in Iraq.\(^6^4\)

Journalists

For the second consecutive quarter, multiple journalists fell victim to violent attacks in Iraq. On October 4, cameraman Tahrir Kadhim Jawad was killed in a bombing in Anbar province. A little more than six weeks later, 18-year-old Mazen Mardan al-Baghdadi, a junior reporter for al-Mosuliya television station, was gunned down in Mosul. According to his father, the killers gained entry to the family home by claiming that they were with an Iraqi military intelligence unit and then opened fire on al-Baghdadi once he came to speak with them. He is the second journalist from al-Mosuliya to have been killed in recent months.\(^6^5\)

On December 12, a car bomb in Ramadi killed Omar Rasim al-Qaysi, an anchorman at al-Anbar television station, and injured one of his colleagues. Nine days later, a journalist working for al-Anwar satellite television station was seriously injured when an improvised explosive device exploded near his car.\(^6^6\)

government, resolving allegations that it violated the False Claims Act by charging inflated rates on government contracts.

- In a related matter, LBG’s former Chief Financial Officer Salvatore Pepe and former Controller Precy Pelletieri pled guilty and admitted to conspiring to defraud USAID by obtaining contract payments billed at falsely inflated overhead rates from September 2001 through August 2007.

- On November 10, a U.S. Army lieutenant colonel was charged with conspiracy, accepting illegal gratuities, and abusing his official capacity to convert the property of another to his own use. According to the indictment, the defendant used his status as “mayor” of a Forward Operating Base in Iraq to enrich himself by accepting cash and gifts from contractors in exchange for favored treatment, including improperly issuing weapons permits to certain contractors.

- On January 10, 2011, Major Mark Fuller, a U.S. Marine Corps fighter pilot, was sentenced to serve one year and one day in prison and pay a fine of $198,510. The sentencing was the result of Fuller’s August 2010 guilty plea to two felony counts of structuring financial transactions. Fuller had been charged in a 22-count indictment with illegally depositing more than $440,000 into U.S. bank accounts following a 2005 deployment to Iraq, where he served as a contracting officer.

- On January 11, 2011, U.S. Army Reserves Lieutenant Colonel Bruce Gillette was sentenced to one year probation and fined $2,000 for improperly exploiting his position as the U.S. military’s liaison to the Independent Electoral Commission of Iraq for personal financial gain while stationed in Iraq in 2004 and 2005.

For a full report on SIGIR’s recent investigations, see Section 5 of this Quarterly Report.