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Iraq in Transition: A Status Report

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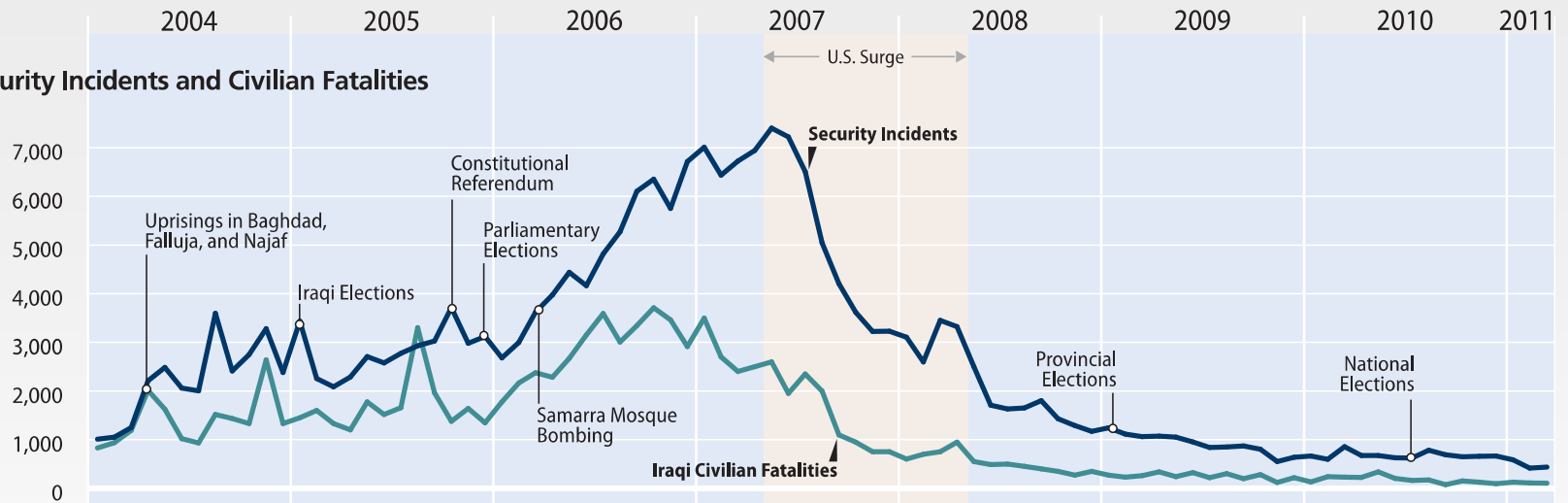
July 5, 2011

Iraqi Security

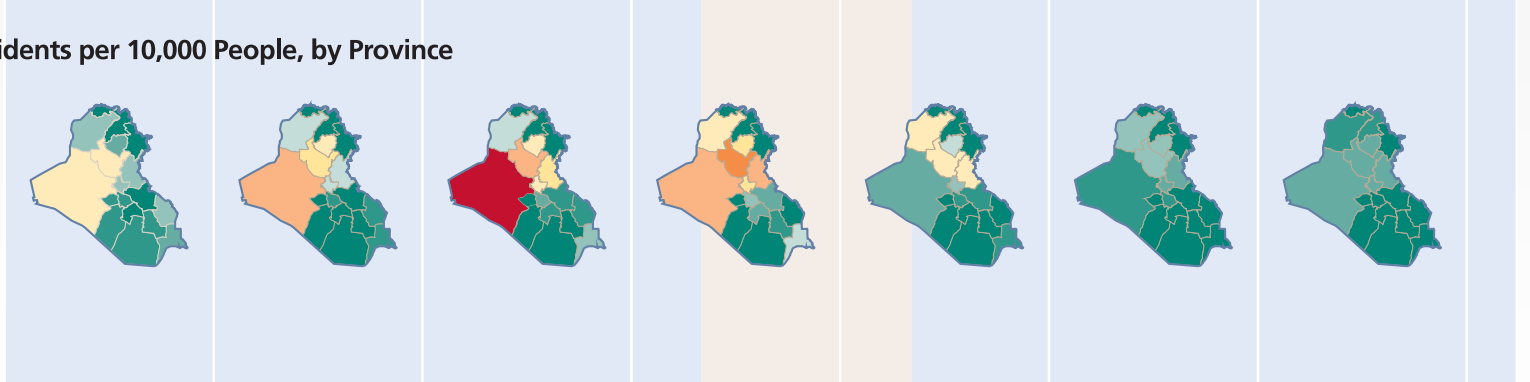
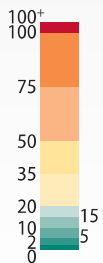
Security Patterns: 2004-2011

SECURITY IN IRAQ, 1/2004-3/2011

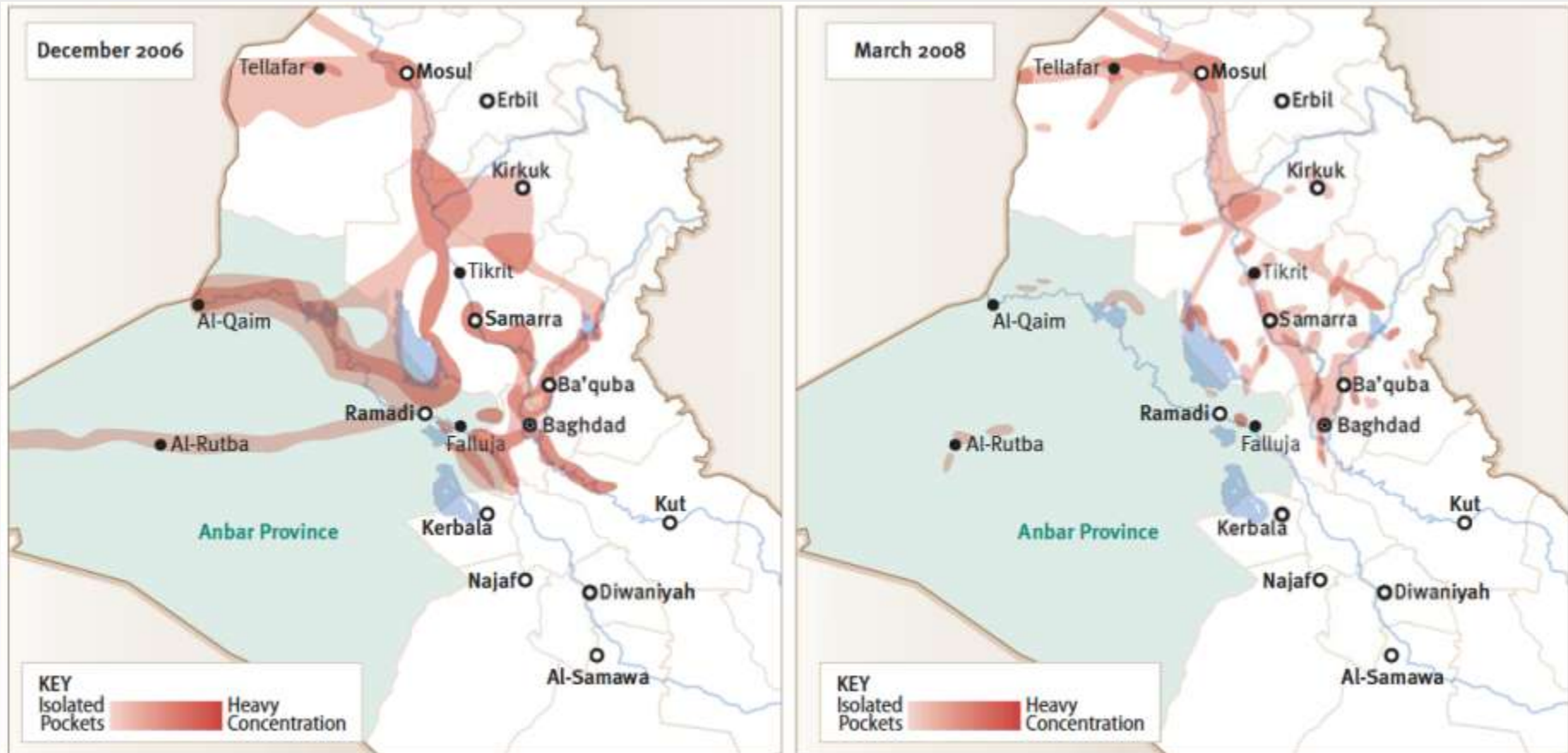
Monthly Security Incidents and Civilian Fatalities



Annual Security Incidents per 10,000 People, by Province

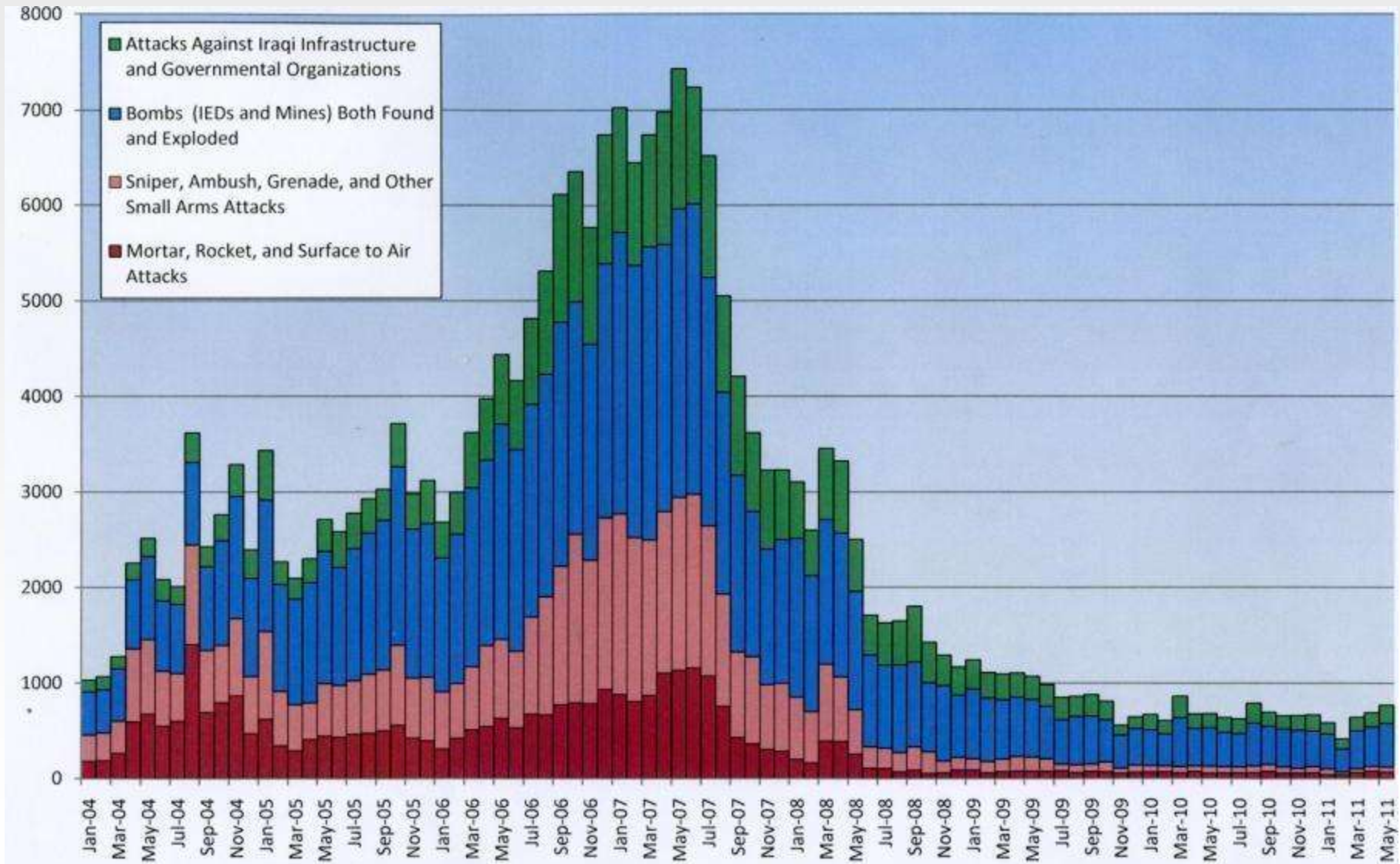


Influence of Al Qaeda in Iraq: 2006 vs. 2008

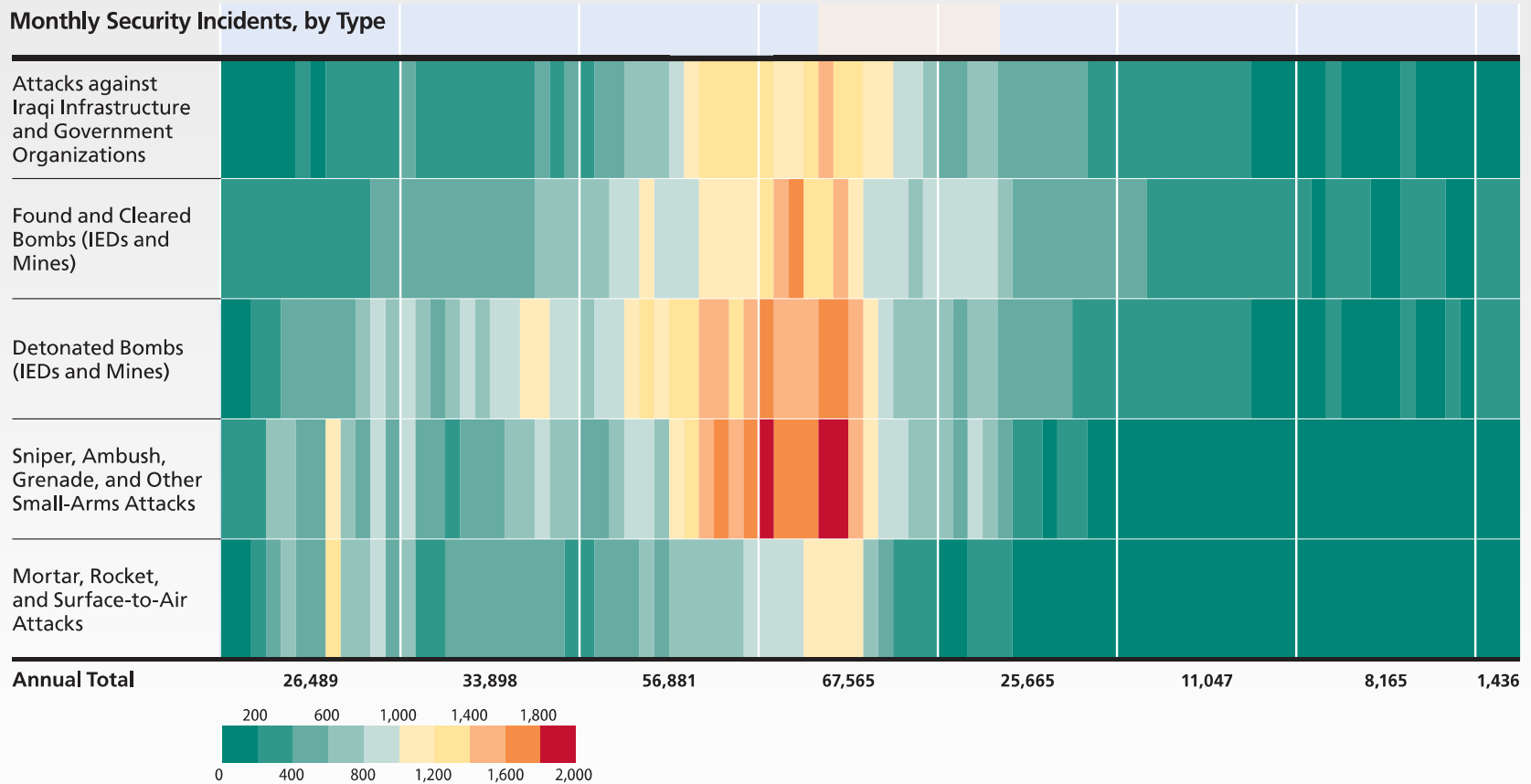


Source: MNF-I, Charts to accompany the testimony of General David H. Petraeus, before the Senate Armed Services Committee hearing, "On the Situation in Iraq and Progress Made by the Government of Iraq in Meeting Benchmarks and Achieving Reconciliation," 4/8/2008, slide 8.

Security Incidents Based on Coalition and Host Nation Reports

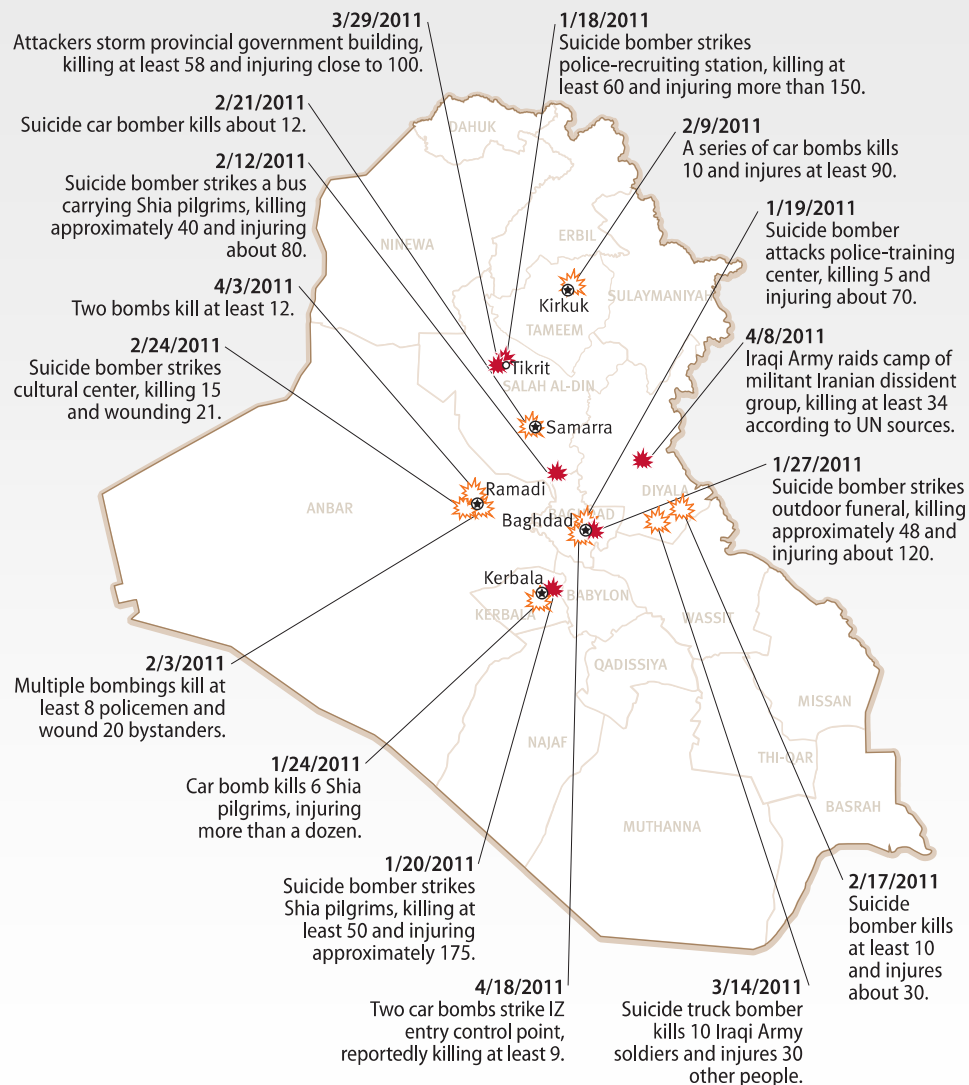


Monthly Security Incidents: 2004-2011



Note: Data not audited. Numbers affected by rounding. Totals for 2011 include data from 1/1/2011–3/22/2011. “U.S. Surge” denotes period when at least 150,000 U.S. troops were in Iraq. Beginning in 2011, USF-I no longer reports detonated and found and cleared bombs separately.

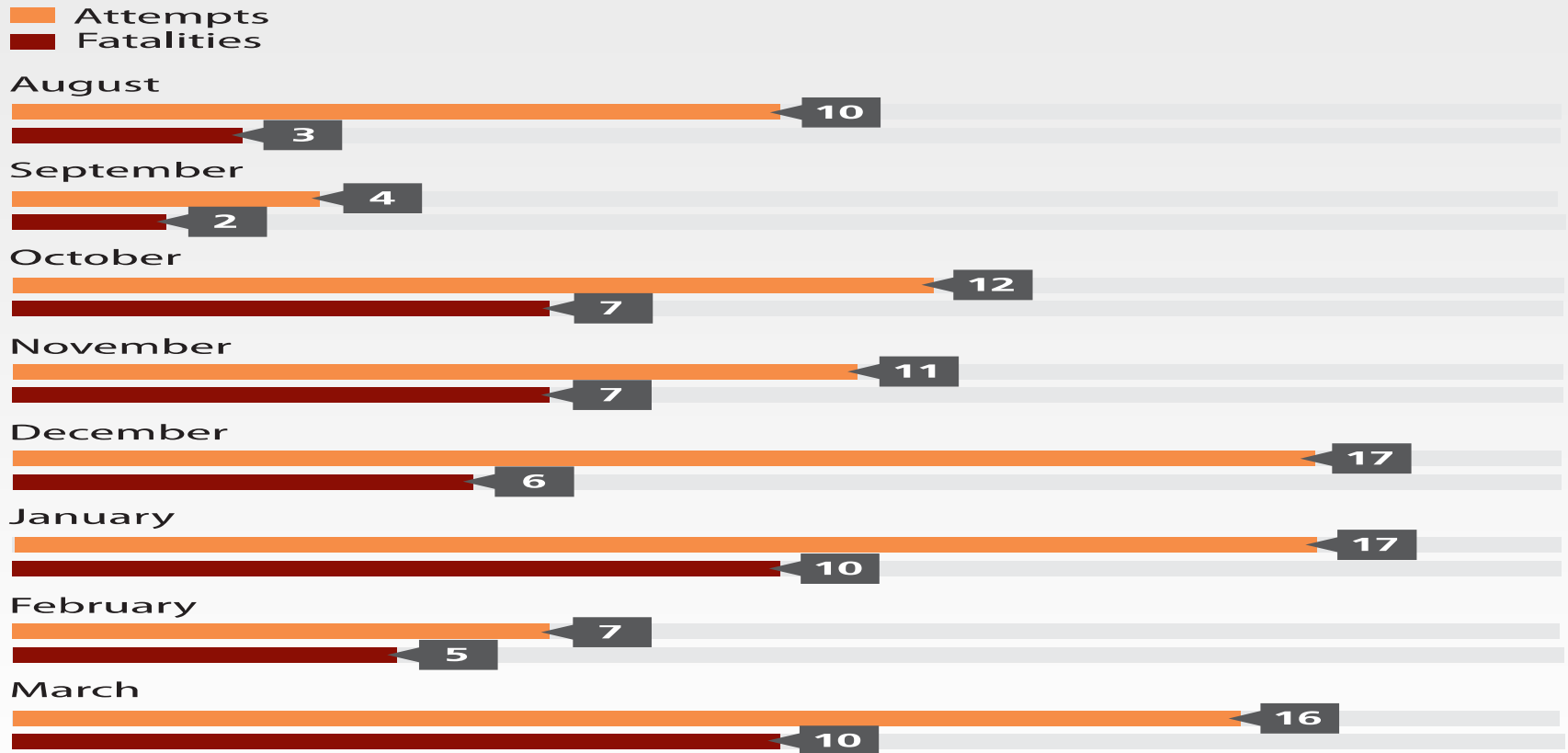
Significant Iraqi Security Incidents : 1/18/2011-4/18/2011



Note: Does not include casualties linked to recent demonstrations.

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

Iraqi Assassination Attempts: 18/2010-3/2011

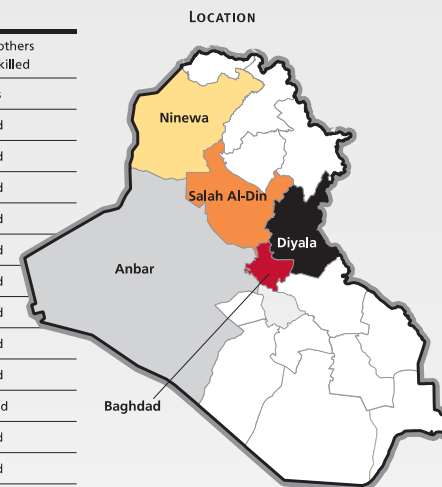


Note: May not capture all attempted assassinations and fatalities during the specified time period.

Source: SIGIR analysis of open-source documents in Arabic and English, 8/2010–3/2011.

Targeted Violence: 1/18/2011-4/15/2011

TARGETS/VICTIMS	LOCATION	DATE	CIRCUMSTANCES	RESULT
Deputy Chairman, Provincial Council	●	1/19	IED	Official and others wounded, 2 killed
MOI official	●	1/22	IED	No casualties
National Security Office engineer	●	1/24	Shooting	Official killed
Retired IA colonel	●	1/26	Shooting at residence	Official killed
MoFA official	●	1/26	Shooting (silenced weapons)	Official killed
MoFA official	●	1/26	Shooting (vehicle attack)	Official killed
Municipal official	●	1/29	Shooting at residence	Official killed
MOI lieutenant colonel	●	1/29	Shooting at restaurant	Official killed
MOI domestic affairs official	●	1/29	Shooting	Official killed
MOE engineer	●	1/31	Shooting (vehicle attack)	Official killed
MOI official	●	1/31	Shooting (silenced weapons)	Official killed
2 Iraqi intelligence officials	●	2/1	Shootings (vehicle attacks)	Officials killed
IA brigadier general	●	2/8	IED	Official killed
Female government official	●	2/16	Gunmen (vehide attack)	Official killed
Judge	●	2/21	IED	2 guards wounded
ISF lieutenant colonel	●	2/24	Sticky bomb (vehicle)	Official wounded
MOI colonel	●	3/5	IED	Official survived, 6 guards wounded
MOD general	●	3/9	IED	Official killed, 12 others wounded
IA lieutenant colonel	●	3/13	Shooting at residence	Official killed
Kurdish police official	●	3/18	IED	Official wounded
IA major general	●	3/20	Convoy ambushed	Official and guards wounded
DG of Oil Marketing Company	●	3/20	Shooting	Official killed
2 MOI colonels	●	3/20	Shootings	Official killed; official wounded
MOE employee	●	3/23	Sticky bomb (vehicle)	Official killed, 2 others wounded
IA Commander, 6th Division	●	3/24	Shooting (silenced weapons)	Official killed
IA major general (medical officer)	●	3/24	Shooting (silenced weapons)	Official killed
Deputy provincial governor	●	3/28	IED	Official survived, 4 civilians wounded
MOI general	●	3/28	Shooting (silenced weapons)	Official survived, 1 assailant captured
Provincial Council members	●	3/29	Team suicide bombing of Provincial Council building	At least 56 killed, including several officials
Minister of Industry and Minerals	●	4/2	IED	Official unharmed, one bodyguard killed
CoM official	●	4/2	Sticky bomb	Official wounded
Director general	●	4/6	IED	Official survived, driver wounded
MOI lieutenant colonel	●	4/8	Sticky bomb	Official wounded
Police colonel	●	4/12	Shooting (silenced weapons)	Official killed
Police general	●	4/13	Shooting	Official killed



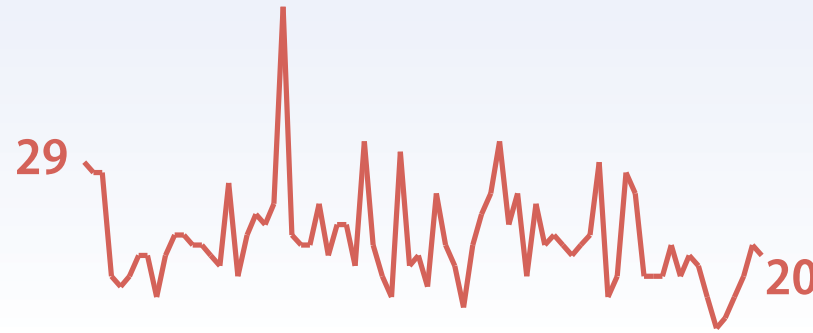
Note: This table provides examples of assassinations, attempted assassinations, and other small-scale acts of violence that appear to have been aimed at specific persons or groups this quarter. It does not purport to be all-inclusive, nor presume to imply the attackers' respective motives.

Source: SIGIR analysis of open-source documents in Arabic and English, 1/2011–4/2011.

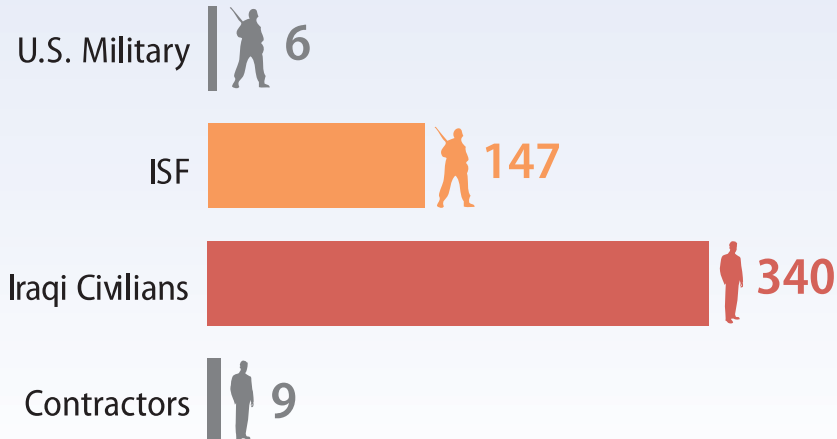
Violence vs. Casualties: 10/2009-3/2011

Security

Average Daily Incidents, by week
(10/2009–3/2011)



Persons Killed (1/1/2011–3/31/2011)

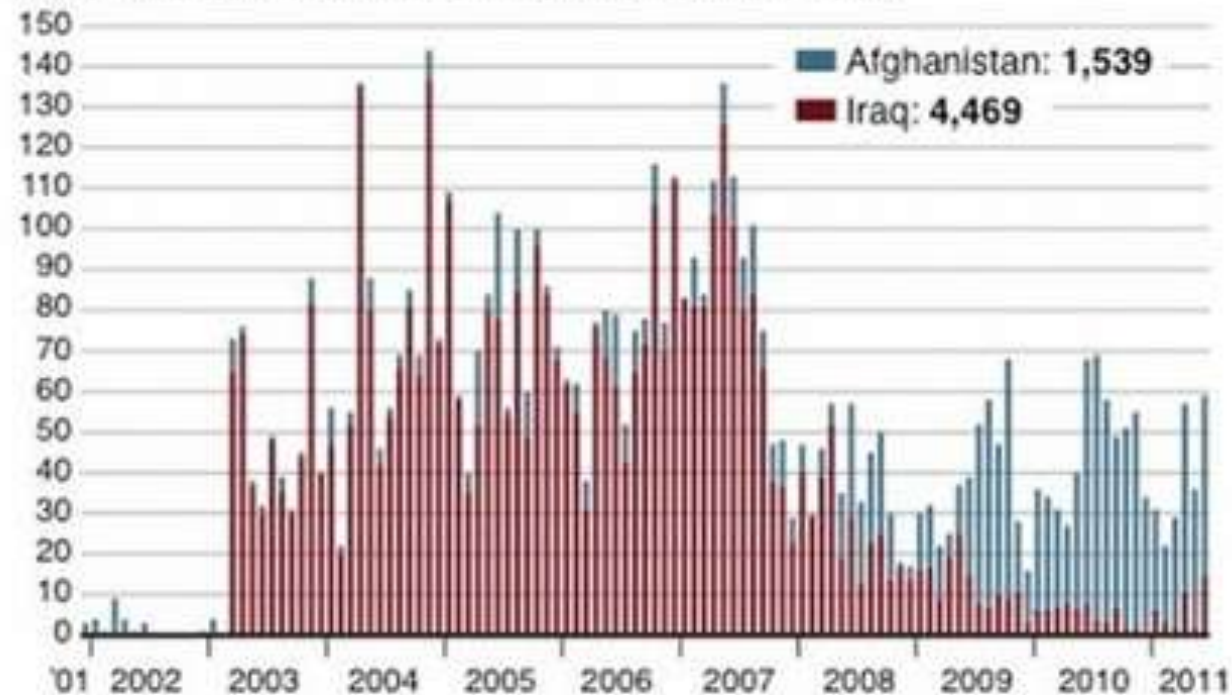


US Casualties in Iraq: 2003-2011

As wars wind down, losses persist

June was the deadliest month in two years for U.S. troops in Iraq, with 15 American soldiers killed. The combined U.S. death toll for Iraq and Afghanistan has surpassed 6,000.

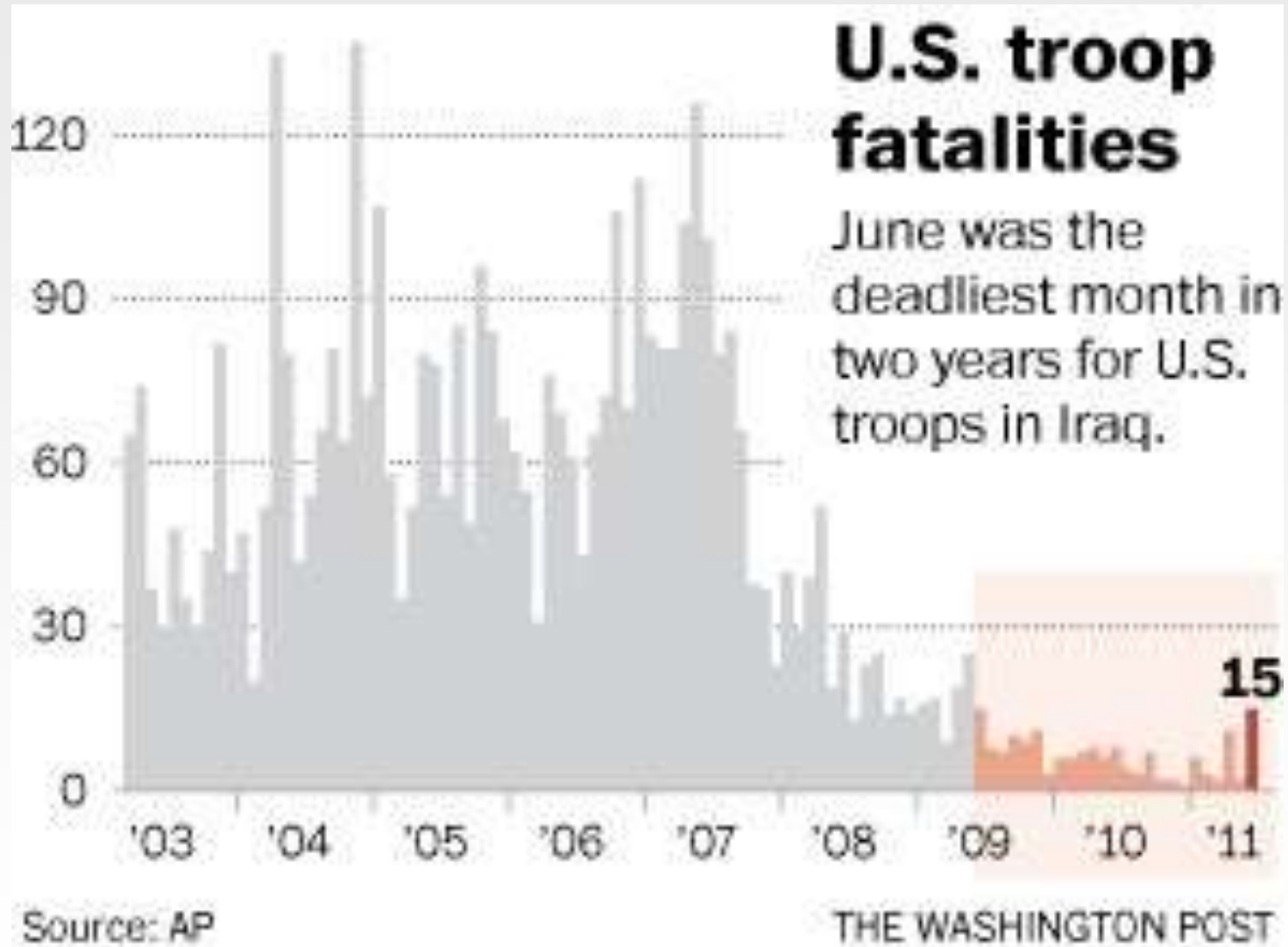
Monthly U.S. troop deaths in Afghanistan and Iraq



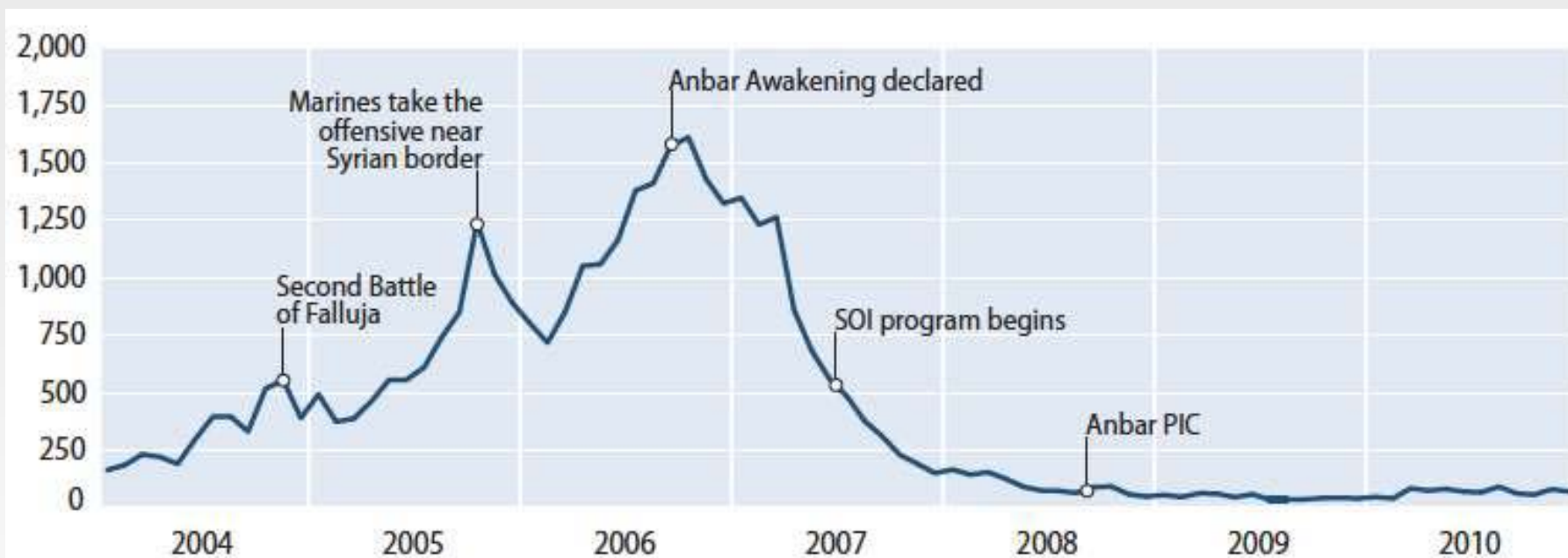
SOURCES: Department of Defense; AP News Research Center

AP

US Casualties in Iraq: 2003-2011

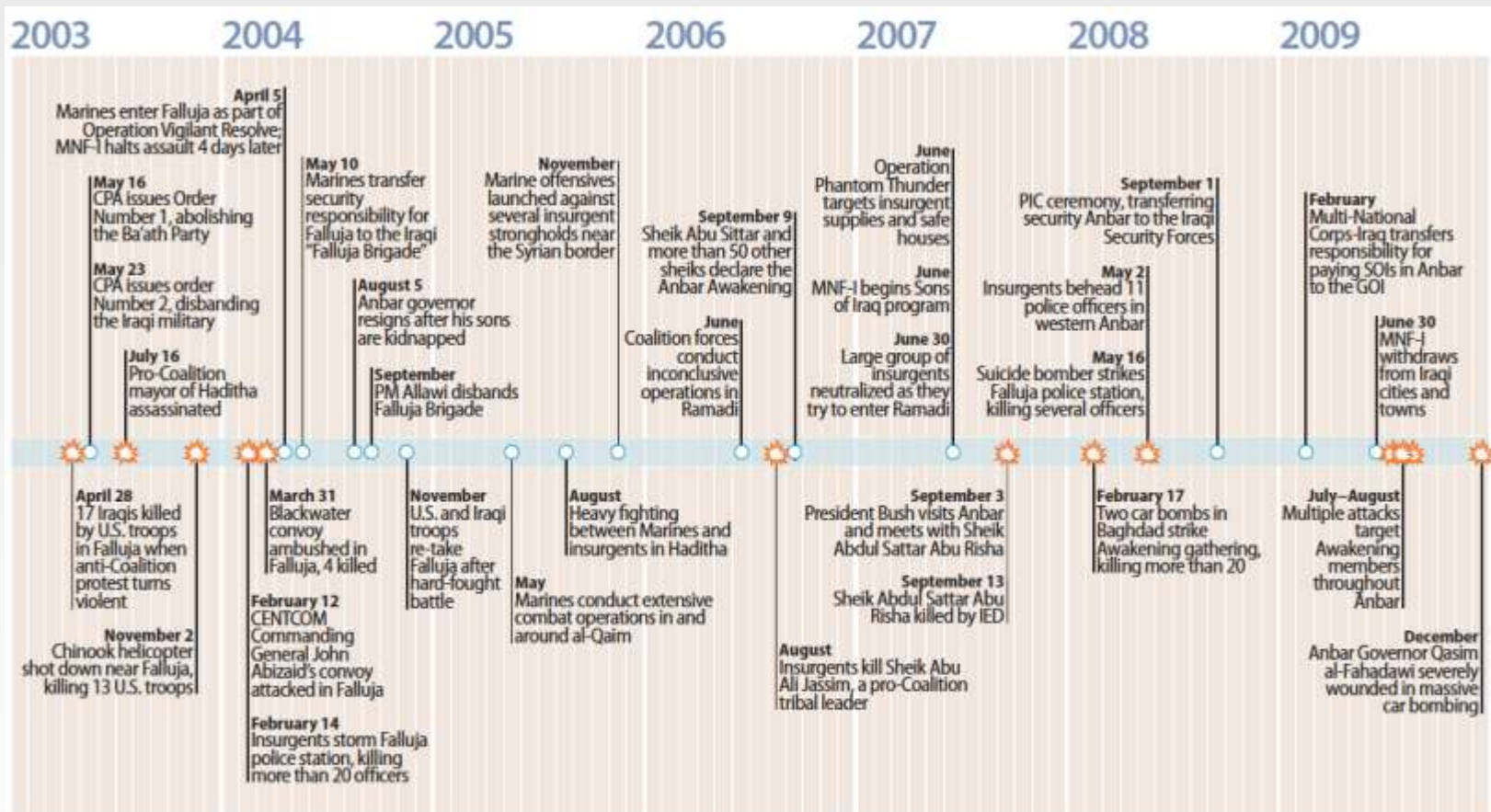


Monthly Security Incidents in Anbar: 1/2004-12/2010



Source: USF-I, response to SIGIR data call, 1/4/2011.

Anbar Security Timeline: 2003-2010

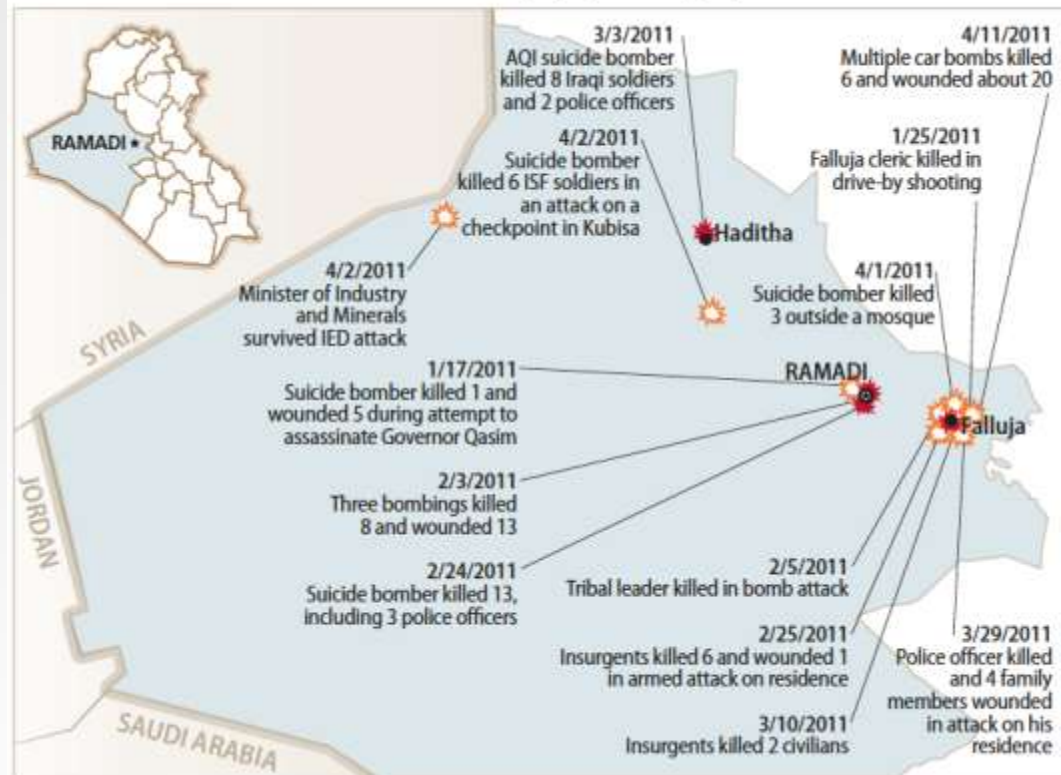


Note: This timeline highlights selected major events between 2003 and 2009. It is not intended to be a comprehensive account of events in Anbar during that time period.

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

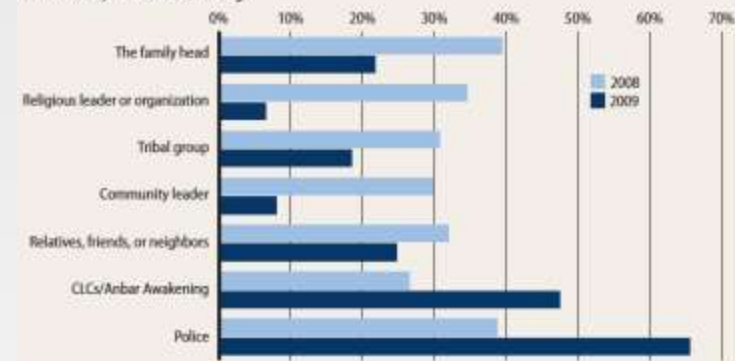
Uncertain Security in Anbar in 2011

SELECTED SECURITY INCIDENTS IN ANBAR, 1/1/2011–4/11/2011



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

WHO ANBARIS REPORT THEY WOULD TURN TO IF THREATENED OR VICTIMIZED BY CRIME, 2008 VS. 2009



Note: Concerned Local Citizens (CLCs) were tribal militia groups roughly analogous to Awakening units.

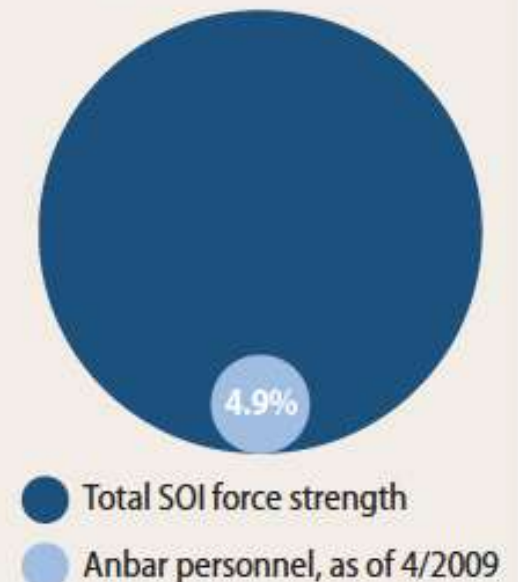
Source: Audra K. Grant and Martin C. Libicki, *Assessing Living Conditions in Iraq's Anbar Province in 2009*, Santa Monica: RAND Corporation, 2010, p. 8, www.rand.org/content/dam/rand/pubs/technical_reports/2010/RAND_T10836.pdf, accessed 4/4/2011.

Sons of Iraq in Anbar: 1/2004-12/2010

SONS OF IRAQ IN ANBAR PROVINCE

Beginning in October 2008, the Government of Iraq (GOI) progressively assumed full management responsibility for the Sons of Iraq (SOI) program from Coalition forces, taking control of more than 4,000 Anbari personnel on February 1, 2009. Under the terms of an agreement with the Multi-National Force-Iraq, the GOI promised to provide government employment for all 95,120 SOI members. A SIGIR audit released last quarter, however, reported that meeting this goal has been challenging. As of December 2010, 41% of all SOI personnel had been transferred to GOI jobs—but none from Anbar province. Anbar SOI members also receive lower salaries than SOI from other provinces. According to USF-I, the GOI pays Anbar SOI members \$130 per month, which is less than the \$240–300 per month that most other SOI members receive.

Breakdown of SOI Personnel

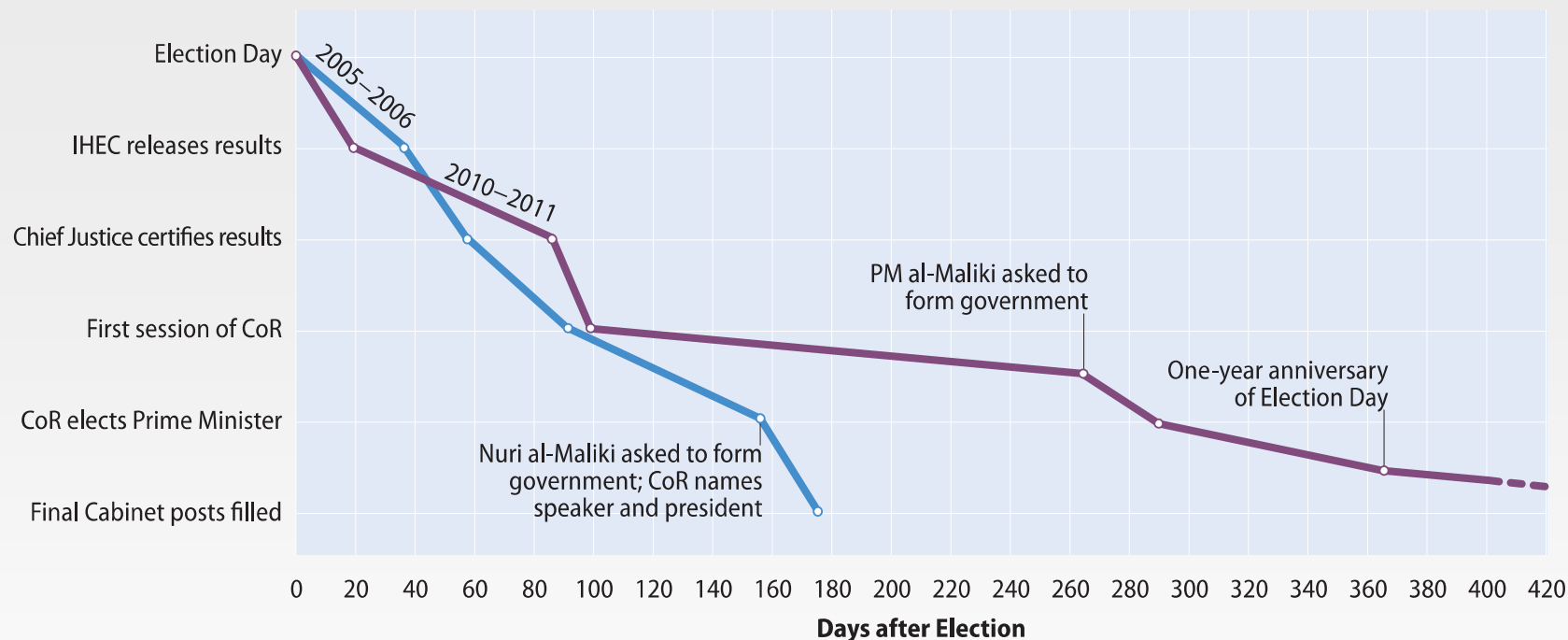


Note: USF-I states that a number of Anbar SOI members transitioned to the ISF when the U.S. military administered the program. Five of the nine provinces with SOI have seen no transitions since the GOI took over the program.

Iraqi Iraqi Governance

Waiting for Godot: Iraqi Elections

GOVERNMENT FORMATION: 2005–2006 VS. 2010–2011



Note: As of 4/10/2011.

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

the GOI continued to take shape as more members of Iraq’s Council of Ministers (CoM) were named and the Council of Representatives (CoR) passed its first laws of the session. But as of April 21, 2011, 3 positions in the 42-person cabinet remained in the hands of caretaker “acting” ministers, including the crucial security portfolios of Defense and Interior, which are now held on a temporary basis by Prime Minister al-Maliki.

The posts awaiting permanent occupants are:

- Minister of Defense
- Minister of Interior
- Minister for National Security

Until these ministerial positions are filled, it would be premature to declare an end to the government formation process.³³⁴ Figure 4.1 compares the aftermath of the 2005 national elections with that of the 2010 elections.

Government of Iraq – I : 4/21/2011

GOVERNMENT OF IRAQ, AS OF 4/21/2011



Government of Iraq – II: 4/21/2011

CoR COMMITTEE CHAIRS

Security & Defense Hassan Hamid Hassan Hadi al-Sineed	Integrity Bahaa Hussein Ali Kamal al-A'rajy	Oil & Energy Adnan Abdul-Mun'em Rashid al-Janaby	Finance
Agriculture, Water, and Marshes Hamed Mousa Ahmad Mousa al-Khudeiry	Legal Khaled Salam Sa'eed Shwani	Accountability & Justice Qays Shather Khamis Hussein	Foreign Relations Humam Baqer Abdul-Majid Hamoody
Labor & Social Affairs Yunadem Yousef Kanna Khoshaba (Rafidain)	Construction & Services Vian Dakhil Sa'eed Khudhur	Martyrs , Victims, and Political Prisoners Mohammad Kadhun Fayrouz al-Hindawi	Tourism & Antiquities Bakker Hama Sid'deeg Aaref Fattah (KIU)
Economic, Investment and Reconstruction Ahmad Suleiman Jamil Muthanna al-Alwani	Education Adel Fahad al-Shershab	Culture, Information, and Tourism and Antiquities Ali Fadhel Hussein Jawad Shilah	Tribes
Higher Education Abed Theyab Jazaa' Jum'aa al-Ajeily	Regions & Governorate Mohamad Kiyani Abdul-Rahman Hussein (Goran)	Religious Endowments and Religious Affairs Ali Hussein Ridha Haydar al-Allak	Women, Family and Children Intesar Ali Khudayer Mahmoud
Health & Environment Legaa Jaa'far Murtadha Abdul Hussein al-Yasin	Human Rights Salim Abdullah Ahmad al-Juboury (Iraqi Accord Front)	Deportees, Immigrants, and Expatriates	Civil Society Organization Ali Muhsen Aasi Had'dal
		Youth & Sports Sa'eed Rasoul Hussein Rasoul Khoshnaw	Members Affairs & Parliamentary Development

Coalition Affiliation
(at time of appointment)

National Alliance	The National Alliance comprises Prime Minister al-Maliki's State of Law bloc and the Iraqi National Alliance (ISCI and the Sadrist movement).
Kurdistani Alliance	The Kurdistan Alliance is a coalition of the two main Kurdish parties: the Patriotic Union of Kurdistan and the Kurdistan Democratic Party.
Al-Iraqiya	Al-Iraqiya is a largely secular, Sunni-dominated bloc led by former PM Ayad Allawi.
Other/Independent	Includes Goran, the Iraqi Accord Front, the Kurdistan Islamic Union (KIU), and Rafidain
N/A	Position not filled as of 4/20/2011

Sources: GOI, CoR, www.Parliament.iq/dirrasd/2010/sort.pdf; GOI, CoR, information provided to SIGIR, 4/11/2011.

Stability by Province: 4/21/2011

STABILITY DEVELOPMENT ROADMAP, 1/2011–3/2011

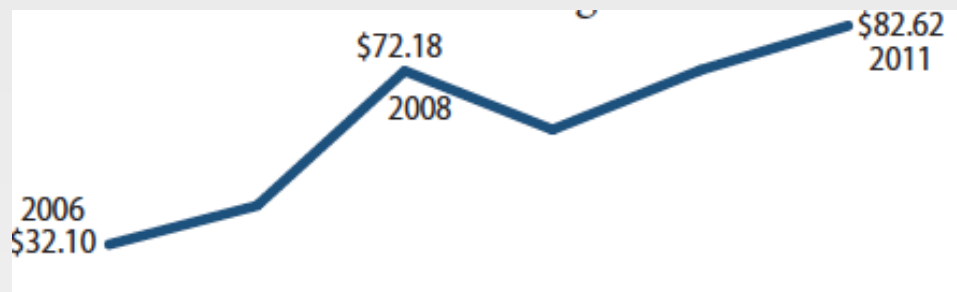
PROVINCE	BASIC SERVICES	GOVERNMENT EFFECTIVENESS	POLITICAL EFFECTIVENESS	ECONOMIC DEVELOPMENT	RULE OF LAW
Anbar	Very Unstable	Unstable	Unstable	Unstable	Moderately Stable
Babylon	Very Unstable	Unstable	Moderately Stable	Unstable	Unstable
Baghdad	Very Unstable	Unstable	Unstable	Unstable	Unstable
Basrah	Very Unstable	Unstable	Moderately Stable	Unstable	Unstable
Diyala	Very Unstable	Unstable	Moderately Stable	Moderately Stable	Moderately Stable
Kerbala	Very Unstable	Unstable	Moderately Stable	Moderately Stable	Unstable
Kurdistan Region	Unstable	Unstable	Unstable	Moderately Stable	Moderately Stable
Missan	Very Unstable	Unstable	Moderately Stable	Very Unstable	Unstable
Muthanna	Unstable	Unstable	Unstable	Unstable	Unstable
Najaf	Very Unstable	Unstable	Moderately Stable	Unstable	Moderately Stable
Ninewa	Very Unstable	Unstable	Unstable	Unstable	Very Unstable
Qadissiya	Very Unstable	Moderately Stable	Unstable	Very Unstable	Moderately Stable
Salah Al-Din	Very Unstable	Unstable	Unstable	Unstable	Unstable
Tameem	Very Unstable	Unstable	Unstable	Unstable	Moderately Stable
Thi-Qar	Very Unstable	Unstable	Moderately Stable	Unstable	Moderately Stable
Wassit	Very Unstable	Unstable	Unstable	Unstable	Unstable

Very Unstable
 Unstable
 Moderately Stable
 Stable
 Very Stable

Note: Polling for the SDR this quarter occurred in January 2011, prior to the outbreak of unrest that swept through the Middle East.

Source: U.S. Embassy-Baghdad, response to SIGIR data call, 4/1/2011.

Rising Iraqi Budgets: 2006-2011



- On February 20, 2011, the CoR approved the 2011 GOI budget.
- This \$82.6 billion budget appropriates \$56.9 billion for GOI operating costs and \$25.7 billion for capital expenditures.
- It estimates annual revenues at \$69.2 billion, resulting in a projected deficit of \$13.4 billion.
- The 2011 budget represents a 157% increase over the GOI's 2006 budget and a 14% increase over the 2008 budget

The budget projects \$69.18 billion in revenue, based mostly on an estimated oil price of \$76.50 per barrel and an estimated export rate of 2.20 million barrels per day (MBPD).

This is an increase of \$14.00 (22%) per barrel in price and 0.10 MBPD (5%) in export volume over the estimates used to project the 2010 GOI budget. This differs slightly from the budget approved by the Council of Ministers—which was subsequently reviewed and amended by the CoR—on which SIGIR reported last quarter.

The budget projects \$82.62 billion in expenditures, leaving a projected deficit of \$13.44 billion.

According to the budget, this deficit will be covered by unspent 2010 budget allocations and from internal and external borrowing. Accordingly, the budget authorizes the Minister of Finance to borrow \$4.5 billion from the International Monetary Fund (IMF), \$2.0 billion from the World Bank, \$1.8 billion in Special Drawing Rights (SDR) from the IMF, and an undefined amount of domestic treasury transfers. In addition, the budget notes that a \$500 million loan from the “British Oil Company” will also be used to help cover the deficit.¹⁵²

The GOI's final budget broadly categorizes expenditures as those related to operations (\$56.92 billion) and capital investment (\$25.70 billion).¹⁵³ As of April 23, 2011, CoR-approved budget allocations to the ministries were not yet available.

During the first three months of 2011, the GOI received \$16.31 billion in oil receipts, 32% more than the \$12.32 billion during the first three months of 2010, and 6% more than the \$15.36 billion projected in the 2011 GOI budget.¹ Over the course of 2011, Iraq has received an average of \$91.94 per barrel of oil exported,¹⁵⁵ well above the price of \$76.50 per barrel used to project Iraqi oil revenues for 2011.

Corruption in Iraq

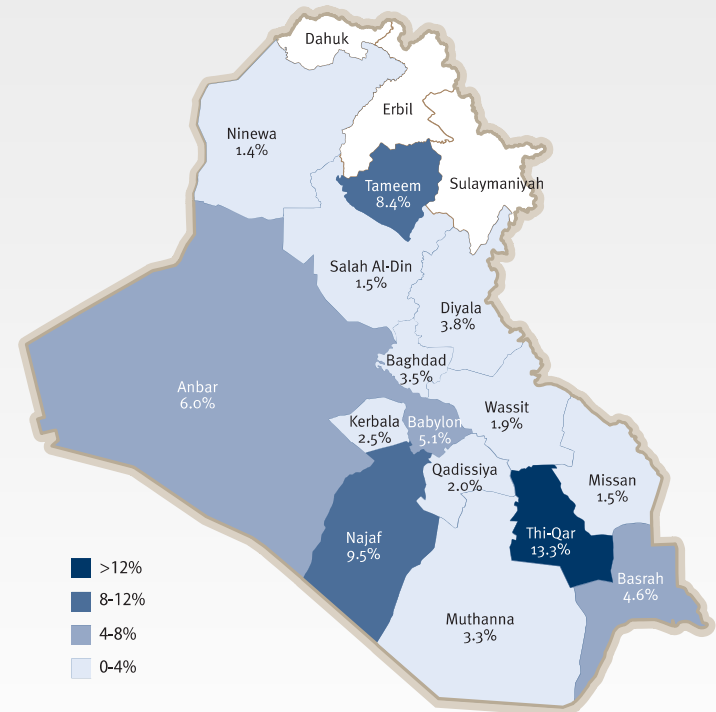
This quarter, the CoR's Integrity Committee, which has grown increasingly assertive, announced that it had forwarded for action to the appropriate agency about 9,000 documents relating to financial corruption cases. According to the chairman of the committee, these files, which include documents from 2003 to 2011, contained evidence of corruption in matters involving the MOI's purchase of non-functional bomb detectors, the ongoing rebuilding effort in Sadr City, and the purchase of civilian aircraft from foreign companies. New Focus on Most

In early March, the new Chairman of the CoR's Integrity Committee announced that he is prioritizing investigations that target subjects at the four ministries that the committee considers to be most corrupt: Health, Trade, Defense, and Youth and Sports. Although the committee has the ability to summon ministers to provide testimony, it lacks the authority to arrest suspects and prosecute cases.

In early February, the COI announced that it had opened more than 17,000 cases in 2010, referring 2,322 cases valued at approximately \$1.3 billion to Iraq's investigative judges (IJs) for adjudication. Of the 2,844 suspects named in these cases, 197 held the rank of Director General or above. The ministries whose employees had the greatest number of warrants issued for their arrest were the Ministry of Defense (13.4% of all warrants obtained by COI in 2010), the MOI (7.3%), and the Ministry of Municipalities and Public Works (6.2%).⁴⁶⁶

In February 2011, the COI released the latest results in its ongoing attempt to measure the prevalence of bribery in Iraq's public sector. The COI distributed survey forms to GOI employees in 379 offices in 15 of Iraq's provinces (excluding Dahuk, Erbil, and Sulaymaniyah). According to the survey, the Ministry of Oil, MOJ, and the Baghdad municipal government offices reported the highest bribery rates in February 2011.

BRIbery RATES AS MEASURED BY THE COI, 2/2011



Note: Data not available for the Dahuk, Erbil, and Sulaymaniyah provinces.

Source: COI, *National Bribery Survey*, 2/2011.

Government Capacity Development Programs

As of March 30, 2011, the United States had obligated \$5.56 billion and expended \$5.14 billion in support of these programs, mainly through the Economic Support Fund (ESF).

The three USAID-funded programs are scheduled for completion by September 2012, while some DoS-funded projects will continue through December 2013.

\$ Millions

National Capacity Development (Tatweer)

Trained more than 100,000 government employees in modern administrative systems and management practices in 18 provinces, including budget execution and service delivery.

Total Allocation: \$309.43

Expended
\$299.34



Unexpended
\$10.09

Local Governance Program

Helps to build management and knowledge skills of provincial government personnel, support grassroots civil society programs, and promote women's involvement in government.

Total Allocation: \$435.50

Expended
\$409.54



Unexpended
\$25.96

Community Action Program

Funds project identified by local representative associations, including agriculture and small business associations, through town halls and other means.

Total Allocation: \$384.30

Expended
\$324.49



Unexpended
\$59.81

Democracy and Civil Society

Focuses on grassroots empowerment, by supporting widows, rule of law projects, democracy projects and media.

Total Allocation: \$263.26

Expended
\$183.50



Unexpended
\$79.75

Ministerial Capacity Development

Focused on increasing the ability of several of Iraq's ministries. The smallest of the capacity-development programs, MCD has the least amount of funds left to spend.

Total Allocation: \$50.03

Expended
\$35.53



Unexpended
\$14.50

PRT Quick Response Fund

Used by Provincial Reconstruction Teams to bolster local government by funding smaller projects in the provinces.

Total Allocation: \$278.20

Expended
\$223.13



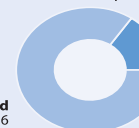
Unexpended
\$45.07

PRT/PRDC Projects

DoS committee of PRT members and Iraqi engineers and ministry personnel designed to undertake small-scale projects, such as schools and roads.

Total Allocation: \$632.14

Expended
\$534.56



Unexpended
\$97.58

Sources: USAID, response to SIGIR data call, 4/4/2011; U.S. Embassy-Baghdad, response to SIGIR data call, 4/1/2011; DoS, DRL, response to SIGIR data call, 3/31/2011; NEA-I, responses to SIGIR data call, 3/25/2011, 3/28/2011, 4/5/2011, and 4/12/2011; USACE, response to SIGIR data call, 4/5/2011.

Selected Iraqi Political Protests: 2/2011-4/2011



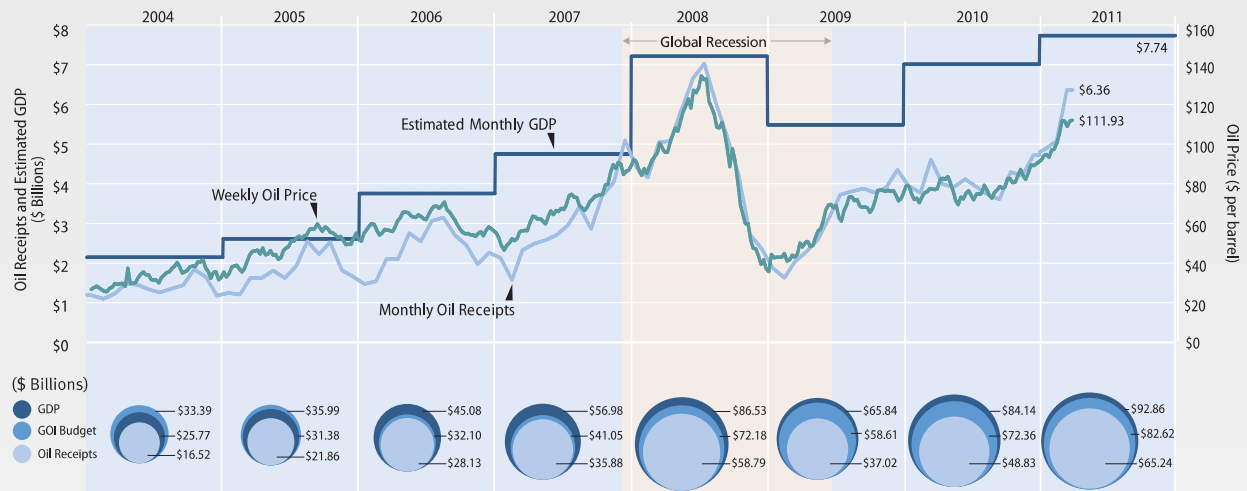
Note: The graphic above is not meant to be a comprehensive tally of all demonstrations that occurred this quarter.

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

Iraqi Economy

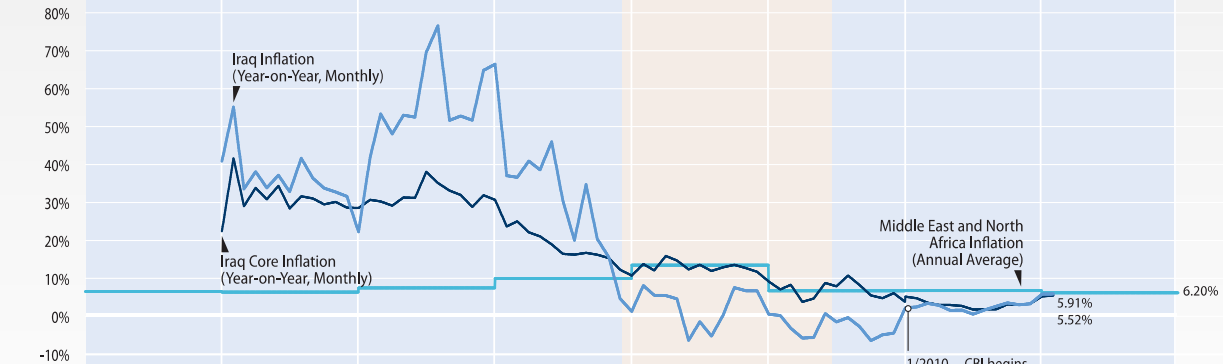
Iraqi Economy: 2004-2011

Oil Price, Iraqi Oil Receipts, and GDP



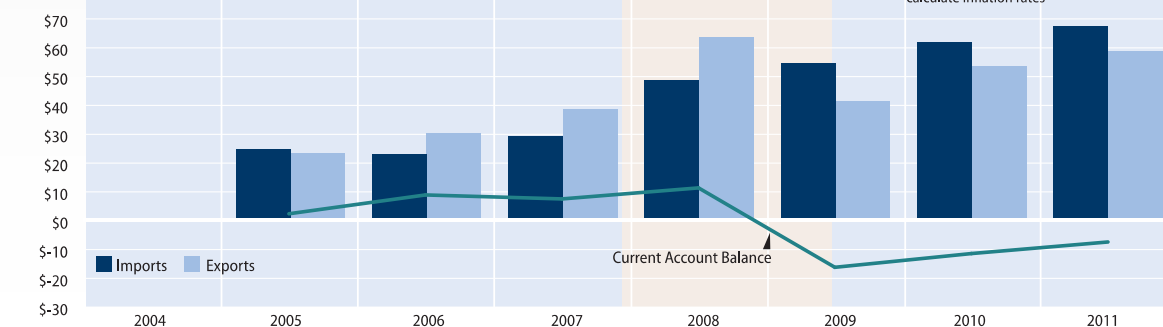
Inflation in Iraq and the Middle East

% Change from Period End (Iraq Monthly Data) or Annual Average (Middle East Average)



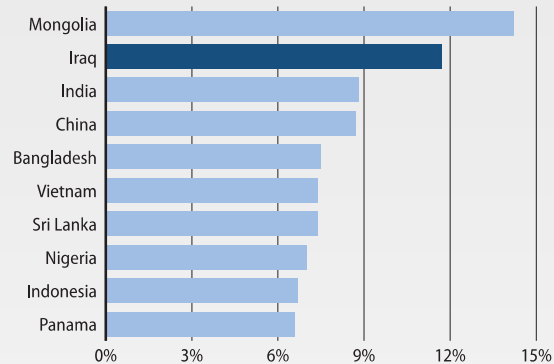
Iraq's Trade Balance

\$ Billions



Iraq's Economic Ranking

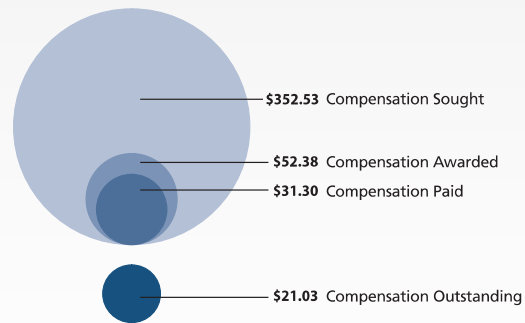
TOP 10 COUNTRIES BY ANNUAL PROJECTED YEAR-ON-YEAR GDP GROWTH, 2010–2015



Note: GDP adjusted for purchasing power parity (PPP) as of 2010.
Source: Citigroup Global Markets, *Global Growth Generators*, 2/21/2011, p. 41.

STATUS OF PROCESSING AND PAYMENT OF INTERNATIONAL CLAIMS AGAINST IRAQ

\$ Billions



Note: Total "Compensation Awarded" includes corrections to awards pursuant to article 41 of the provisional rules for claims procedure. Total "Compensation Paid" represents amounts made available and paid to the claimant governments and submitting entities but are net of all paid but undistributed funds returned to the United Nations Compensation Commission (UNCC). Total "Compensation Outstanding" does not include a net amount of \$48.9 million, which is no longer payable to the claimant governments and other submitting entities—mainly because the claimants were not located by the deadline of September 30, 2006, set by the Governing Council for the location of claimants and the submission of requests for the payments.

Source: UNCC, "Status of Processing and Payment of Claims," 1/27/2011, www.uncc.ch/status.htm, accessed 3/24/2011.

EASE OF DOING BUSINESS RANKING, SELECTED MIDDLE EAST COUNTRIES

COUNTRY	RANK
Saudi Arabia	11
Bahrain	28
UAE	40
Qatar	50
Kuwait	74
Egypt	94
Jordan	111
Lebanon	113
Iran	129
Syria	144
Iraq	166

Note: Ranking among 183 countries.

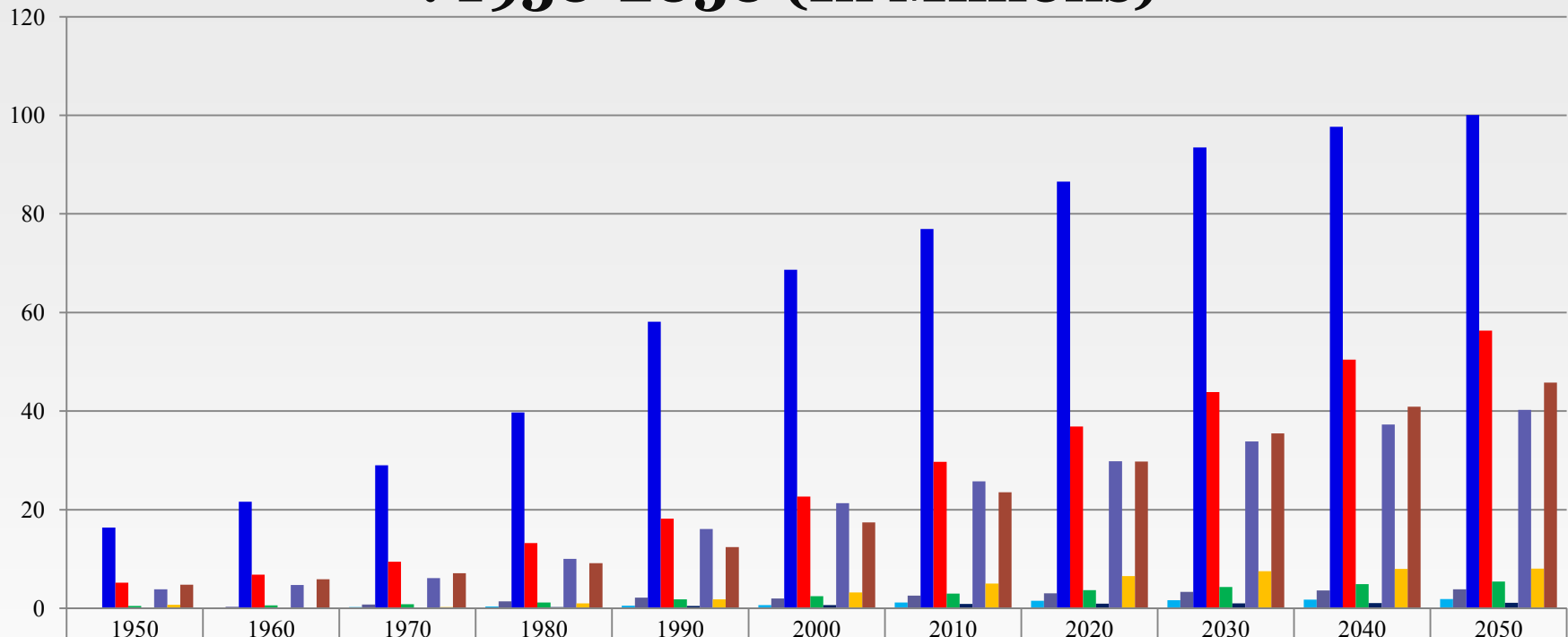
Source: The World Bank and International Finance Corporation, *Ease of Doing Business Index*, www.doingbusiness.org/rankings, accessed 3/16/2011.

2010 NET OIL EXPORT REVENUES PER CAPITA, SELECTED MIDDLE EAST COUNTRIES

COUNTRY	NOMINAL \$
Qatar	\$34,110
Kuwait	\$18,795
UAE	\$12,191
Saudi Arabia	\$6,298
Iraq	\$1,458
Iran	\$959

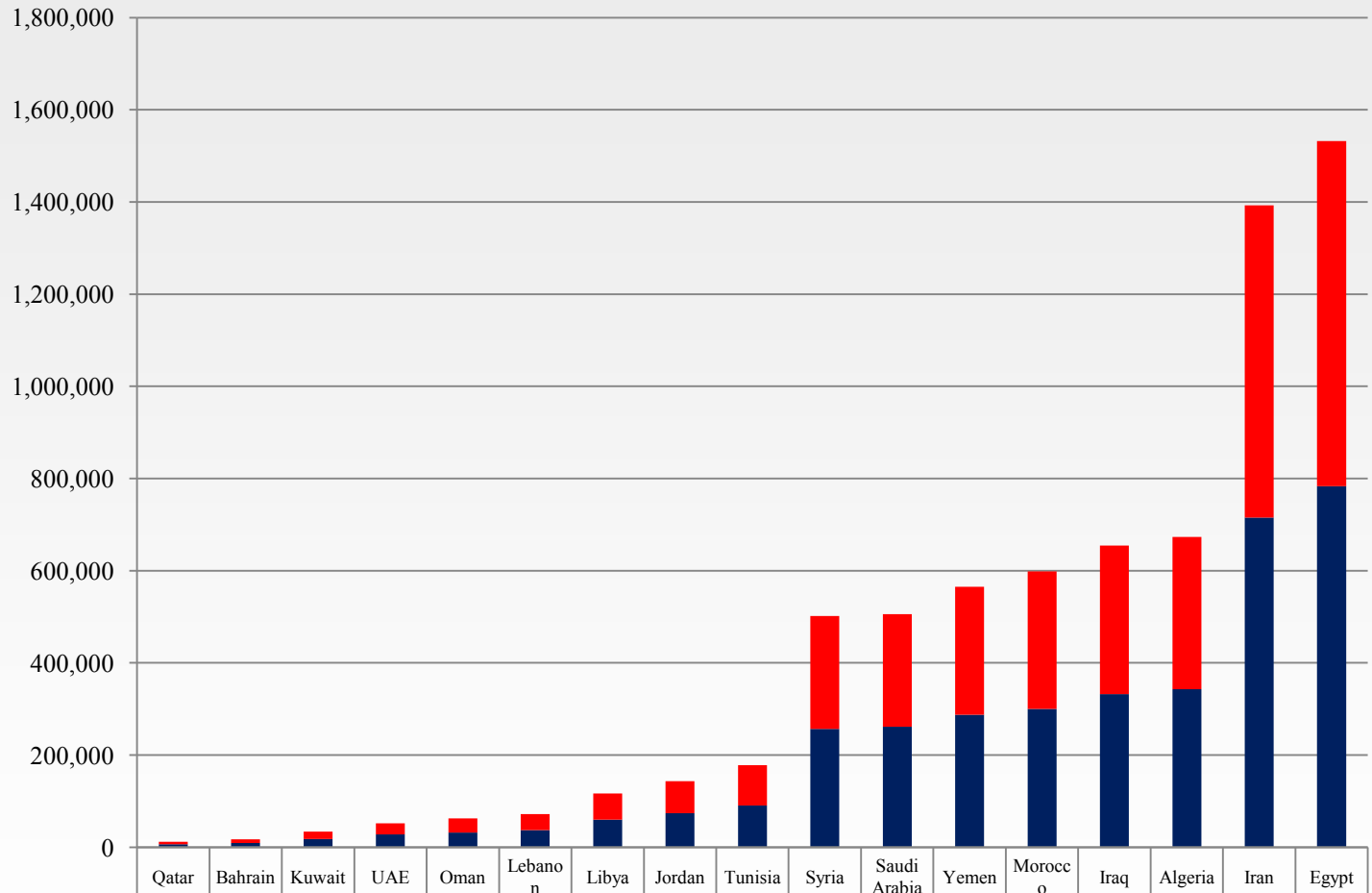
Source: EIA, "OPEC Revenues Fact Sheet Energy Data, Statistics and Analysis," www.eia.doe.gov/cabs/OPEC_Revenues/Factsheet.html, accessed 4/7/2011.

Iraqi & Gulf Massive Demographic Pressure : 1950-2050 (In Millions)



■ Bahrain	0.115	0.157	0.22	0.348	0.506	0.655	1.18	1.505	1.639	1.758	1.847
■ Kuwait	0.145	0.292	0.748	1.37	2.131	1.972	2.543	2.994	3.331	3.623	3.863
■ Iran	16.367	21.6	28.994	39.709	58.1	68.632	76.923	86.543	93.458	97.685	100.045
■ Iraq	5.163	6.822	9.414	13.233	18.14	22.679	29.672	36.889	43.831	50.459	56.316
■ Oman	0.489	0.601	0.783	1.185	1.794	2.432	2.968	3.635	4.305	4.879	5.402
■ Qatar	0.025	0.046	0.115	0.237	0.446	0.627	0.841	0.905	0.971	1.04	1.116
■ Saudi Arabia	3.86	4.718	6.109	10.022	16.061	21.312	25.732	29.819	33.825	37.25	40.251
■ UAE	0.715	0.103	0.249	1	1.826	3.219	4.976	6.495	7.484	7.948	8.019
■ Yemen	4.777	5.872	7.098	9.133	12.416	17.407	23.495	29.727	35.473	40.901	45.781

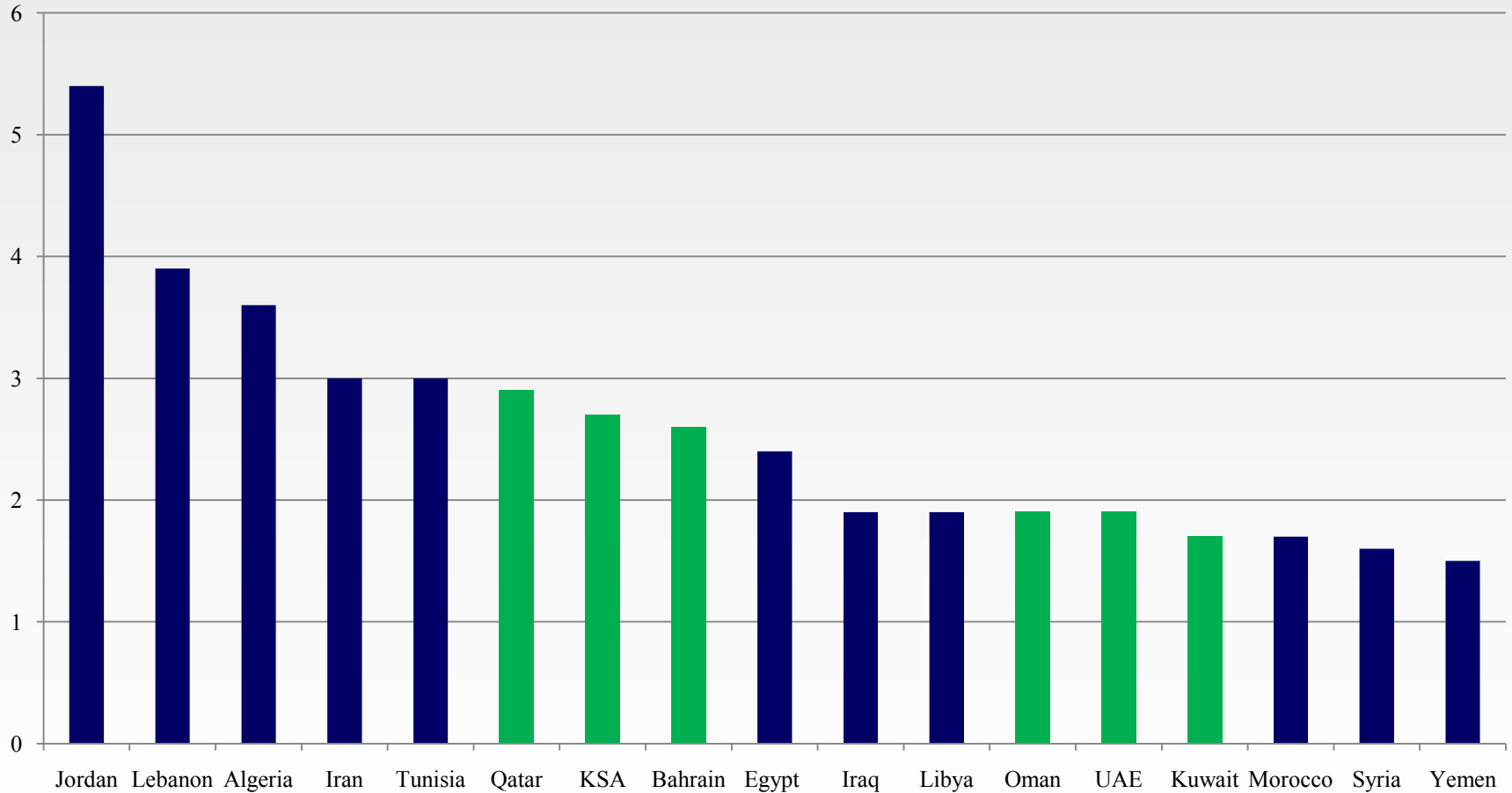
Iraq's Youth Buldge: Young Persons Entering Labor Force Each Year



■ Women Entering Labor Force Annually	5,162	8,117	16,232	24,419	30,264	35,121	57,070	69,420	87,346	244,712	244,763	277,612	298,366	322,010	330,098	677,372	748,647
■ Men Entering Labor Force Annually	6,429	8,988	17,653	27,439	31,959	36,856	59,547	73,574	90,436	256,698	261,105	287,141	300,327	332,194	342,895	715,111	783,405
New Women as a % of the Total Existing Labor Force	0.41%	1.33%	0.75%	0.62%	3.12%	1.42%	3.30%	4.04%	2.28%	4.43%	3.34%	4.06%	2.57%	3.79%	3.34%	2.64%	2.87%
New Men as a % of the Total Existing Labor Force	0.51%	1.47%	0.82%	0.70%	3.30%	1.49%	3.44%	4.28%	2.36%	4.64%	3.56%	4.20%	2.58%	3.91%	3.47%	2.78%	3.00%

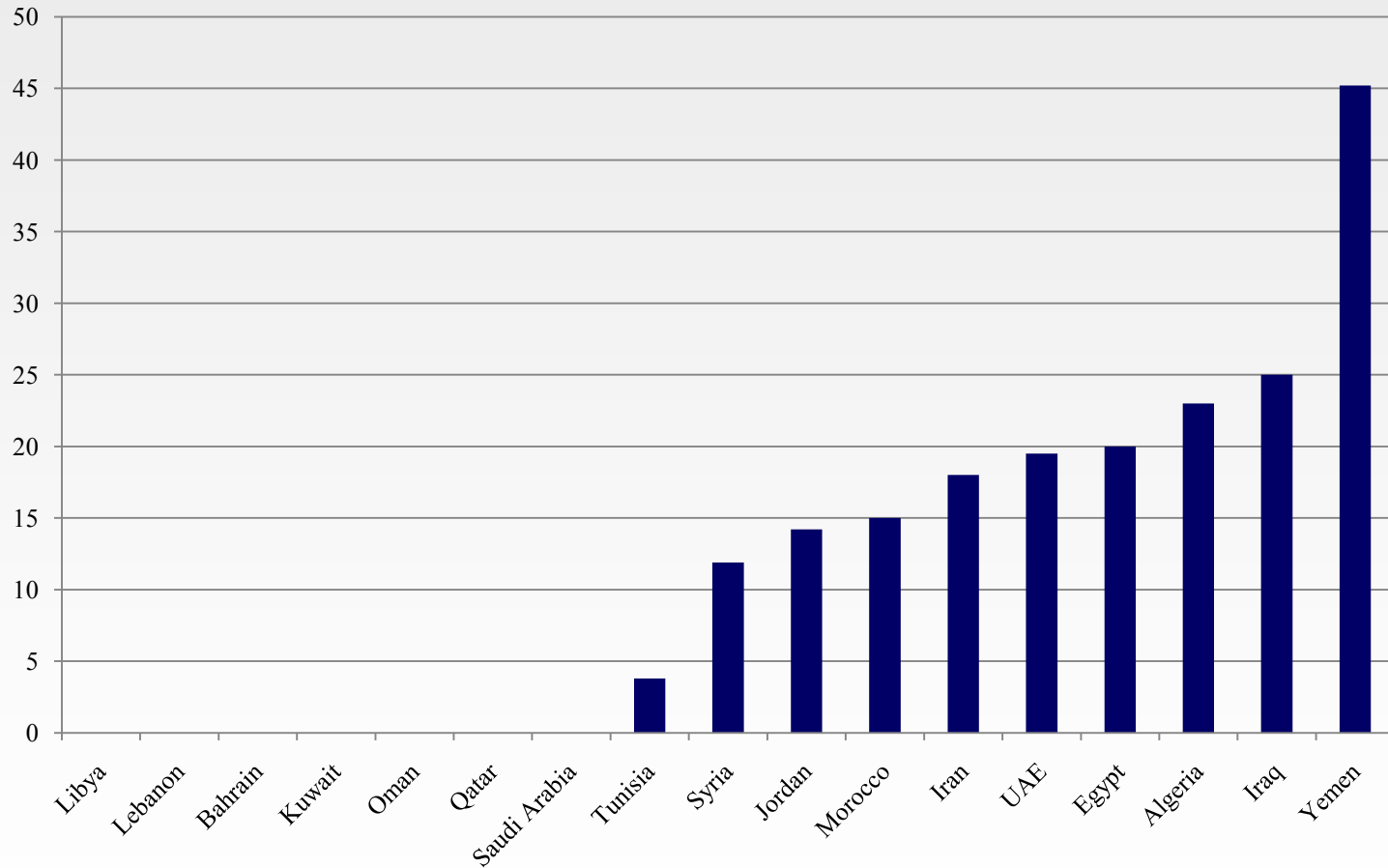
Source: CIA World Factbook, 2011

Health Expenditure (% of GDP)

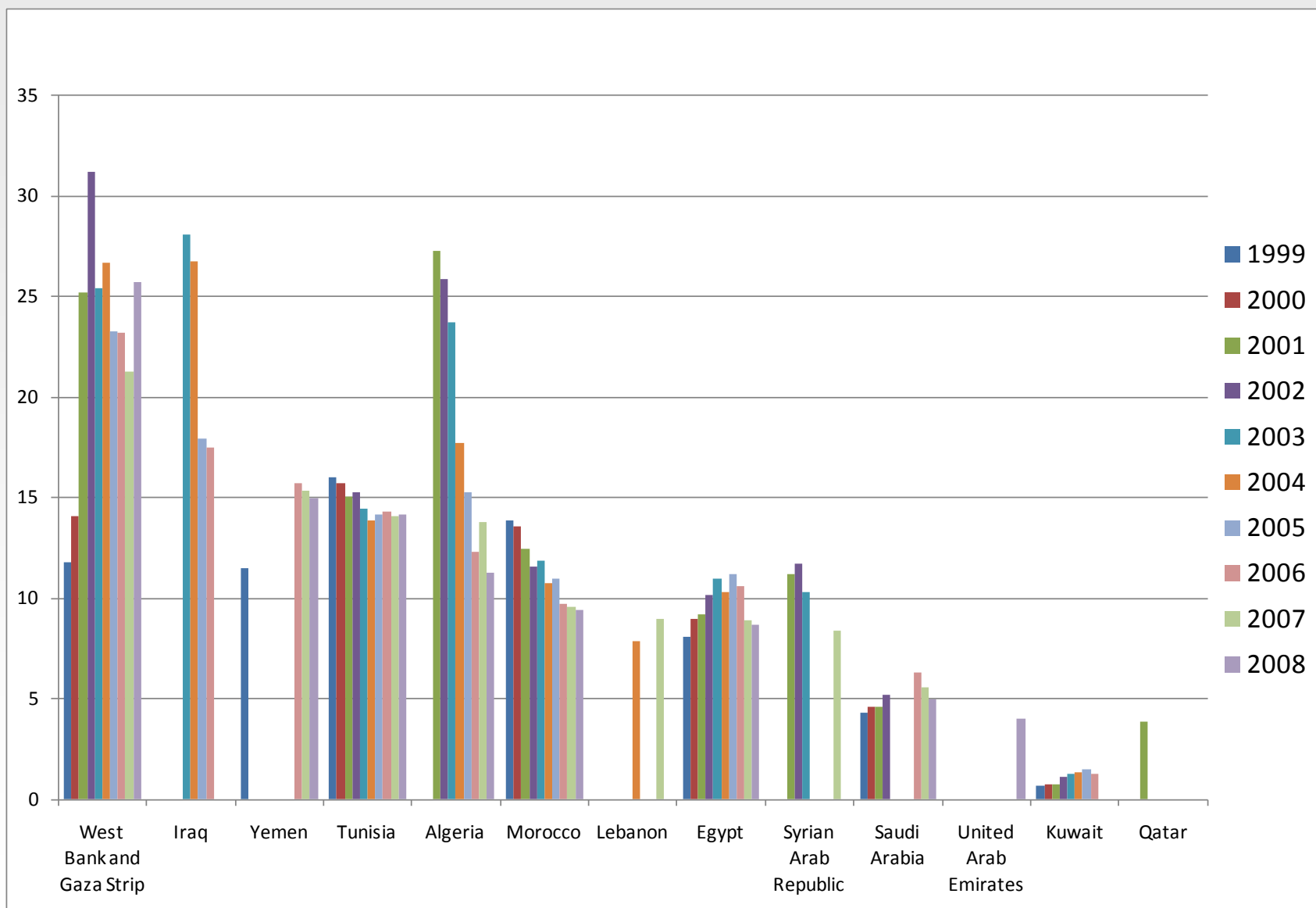


Source: UNDP Human Development Report 2010

Population Below Poverty Line (In Percent)



Source: CIA, World Factbook, 2011
Note: Not all poverty figures are available.



Source: CIA World Factbook

Iraqi Poverty vs. Gulf GDP Per Capita Wealth

CIA Estimate of Global Ranking (6/11)

Bahrain: 21st

Iran: 105th

Iraq: 161st

Kuwait: 10th

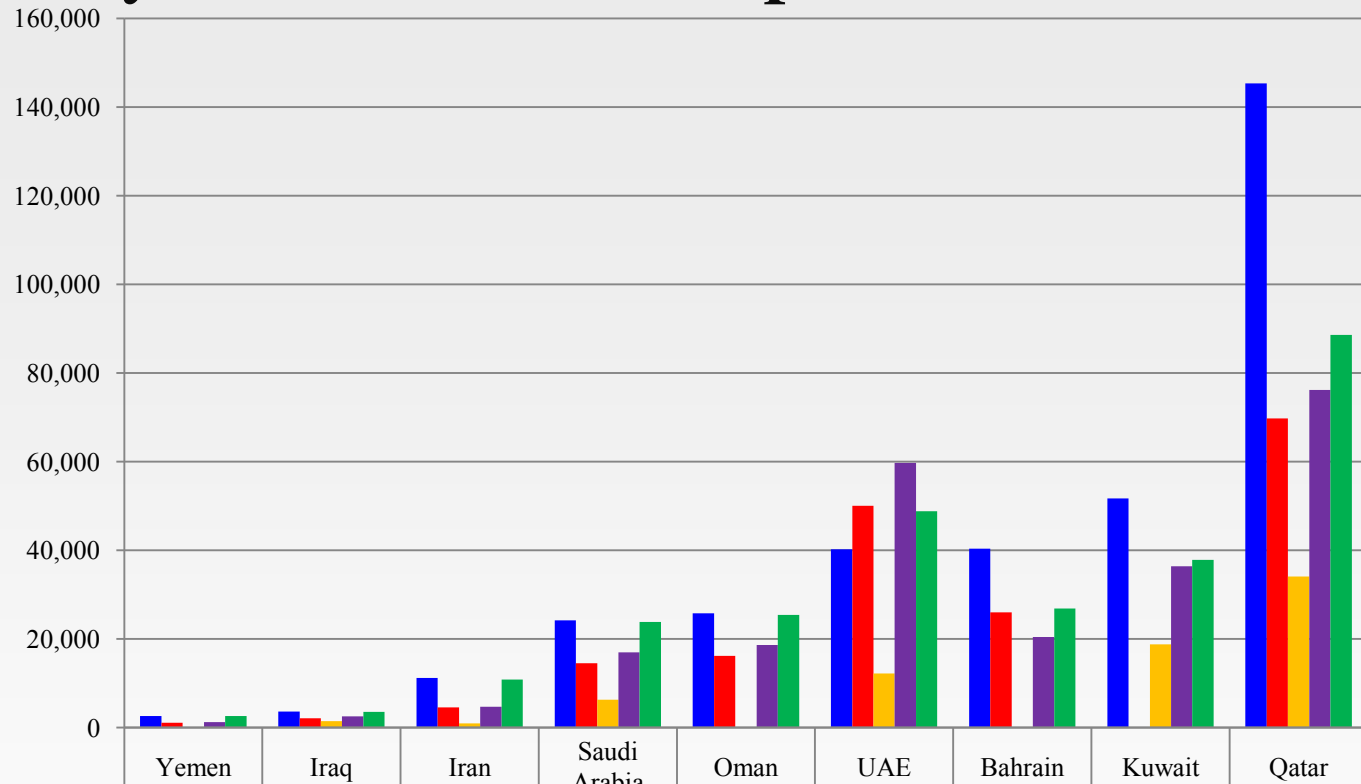
Oman: 53rd

Qatar: 1st

Saudi Arabia: 55th

UAE: 9th

US: 11th



	Yemen	Iraq	Iran	Saudi Arabia	Oman	UAE	Bahrain	Kuwait	Qatar
■ CIA GDP Per Capita Estimates (US\$)	2,600	3,600	11,200	24,200	25,800	40,200	40,400	51,700	145,300
■ World Bank GDP Per Capita Estimates (US\$)	1,118	2,090	4,540	14,540	16,207	50,070	26,021		69,754
■ EIA OPEC Member State GDP Per Capita Estimates (US\$)		1,458	959	6,298		12,191		18,795	34,110
■ IMF Estimates GDP Per Capita, current prices (US\$)	1,282	2,564	4,741	16,996	18,657	59,717	20,475	36,412	76,168
■ IMF Estimates GDP Per Capita PPP (international dollar)	2,598	3,538	10,865	23,826	25,439	48,821	26,852	37,849	88,559

Sources: U.S. EIA OPEC Per Capita Net Oil Export Revenues, December 2010, http://www.eia.doe.gov/cabs/OPEC_Revenues/pdf.pdf,

Contact: cabs@eia.org

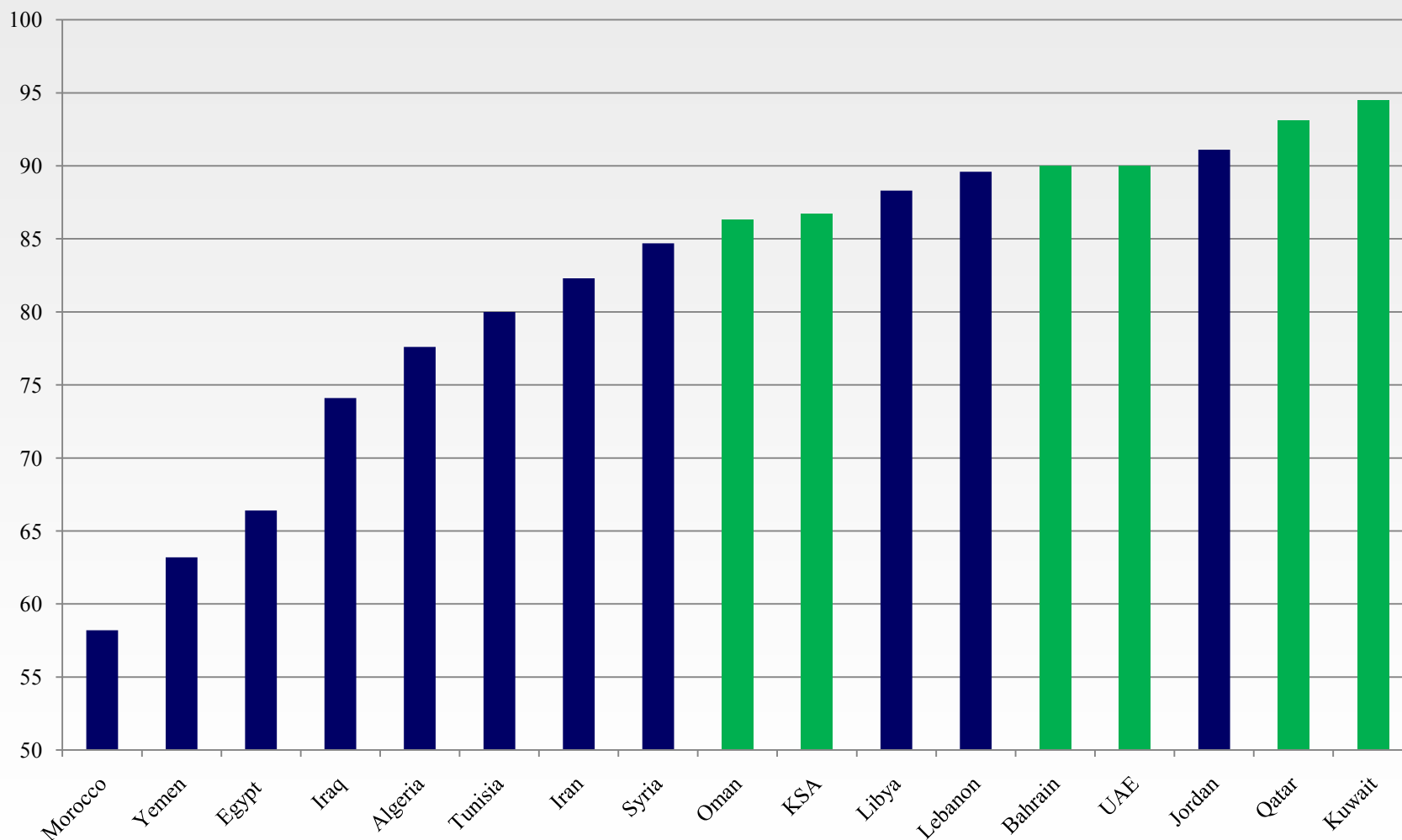
World Bank Indicators: GDP Per Capita, <http://data.worldbank.org/indicator/NY.GDP.PCAP.CD>

CIA World Factbook, March 2010, <https://www.cia.gov/library/publications/the-world-factbook/>

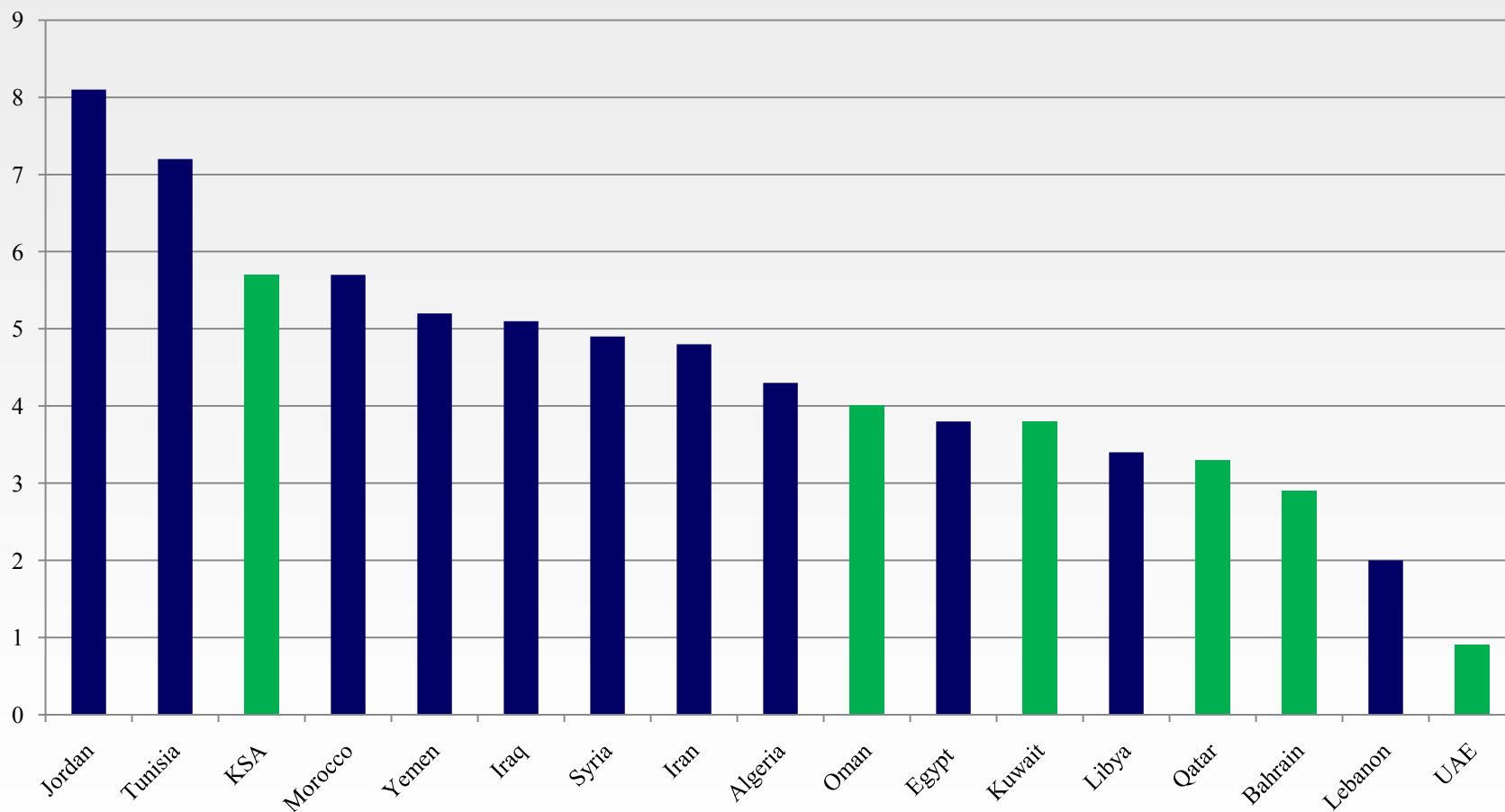
International Monetary Fund, <http://www.imf.org>

Middling Iraqi Literacy Levels

Adult Literacy Rate (% aged 15 and above)

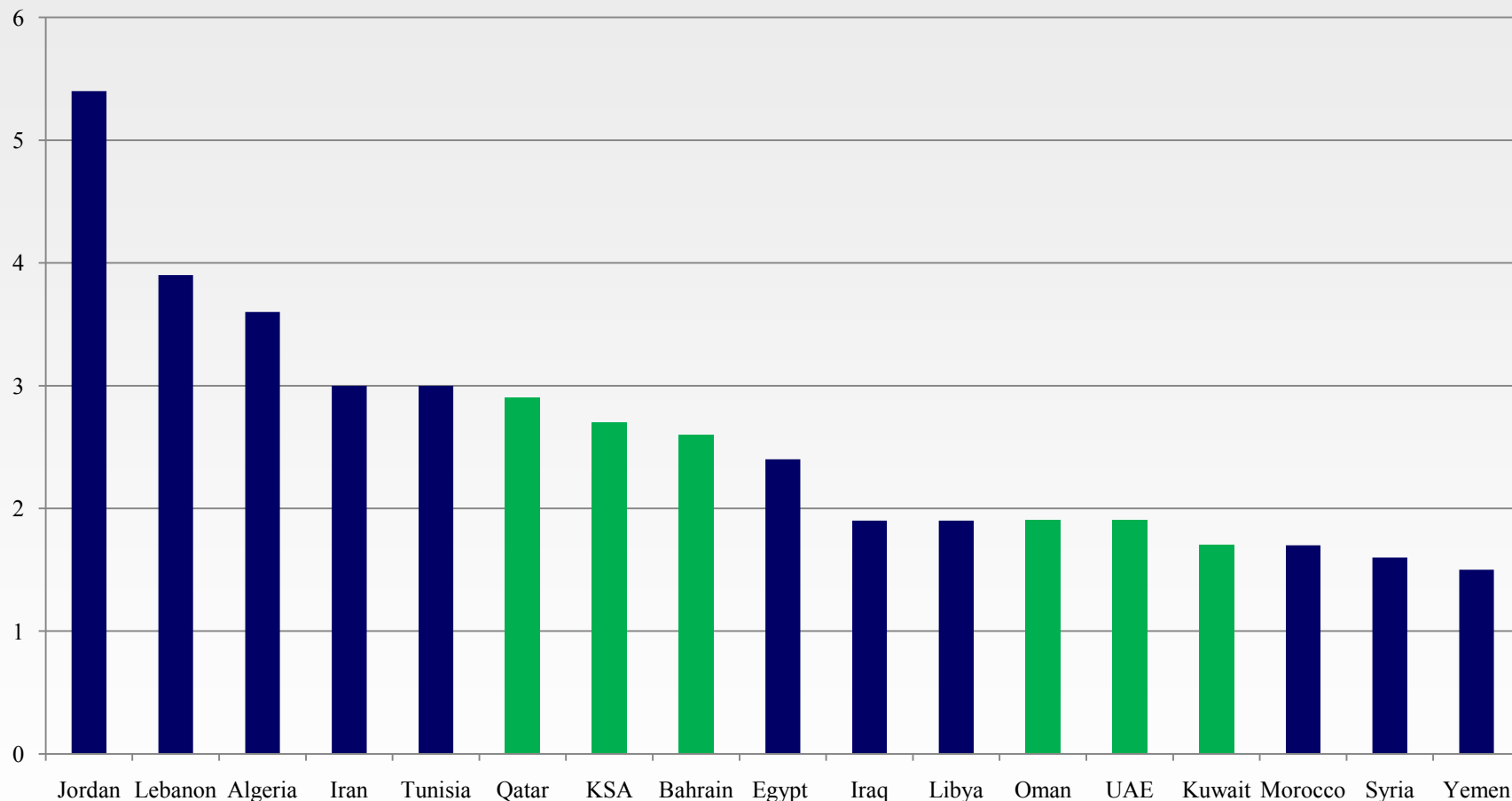


High Iraqi Education Expenditure (% of GDP)



Source: UNDP Human Development Report 2010

Low Iraqi Health Expenditure (% of GDP)

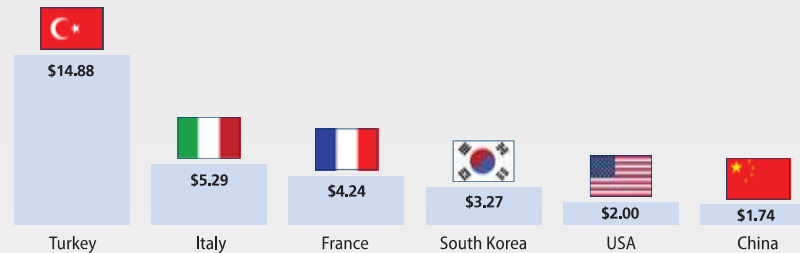


Source: UNDP Human Development Report 2010

Foreign Investment and Top 10 Deals

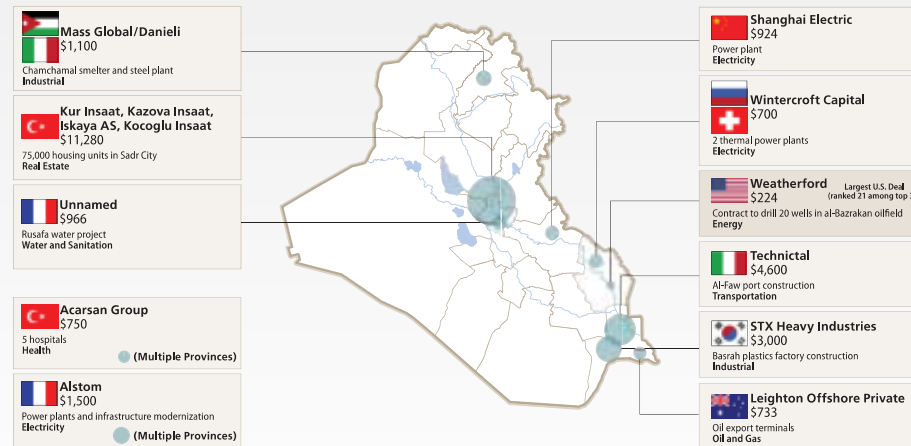
COUNTRIES WITH THE LARGEST COMMERCIAL ACTIVITY IN IRAQ, 2010

\$ Billions



Source: Dunia Frontier Consultants, "Foreign Commercial Activity in Iraq: 2010 Year in Review," 2/2011, p. 9.

\$ Millions



Source: Dunia Frontier Consultants, "Foreign Commercial Activity in Iraq: 2010 Year in Review," 2/2011, pp. 21–22.

According to a report by Dunia Frontier Consultants, the volume of new foreign commercial activity in Iraq rose from \$28.7 billion in 2009 to \$42.67 billion in 2011.

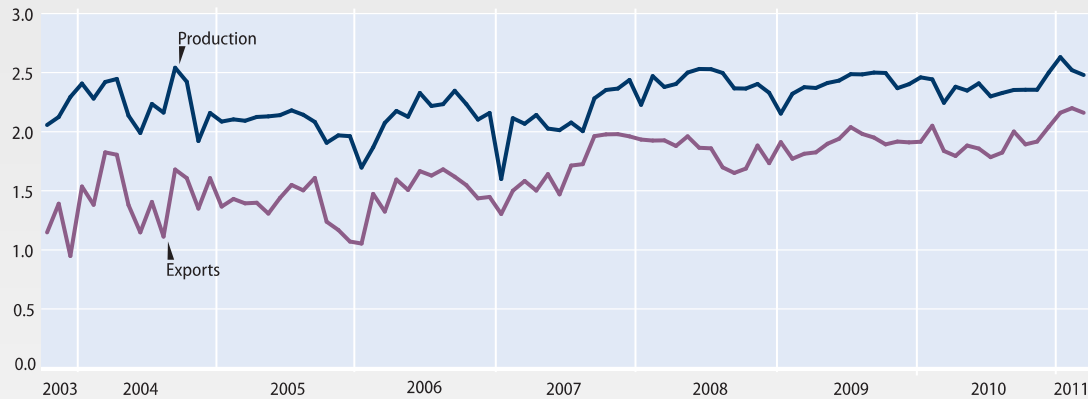
In a more narrowly focused definition, the GOI projects private investment could triple to \$30 billion in 2011. However, the level of investment growth will likely depend on the GOI's ability to further improve—and ultimately resolve—the security issue.

Iraqi Petroleum

Iraq's Petroleum Status

CRUDE OIL PRODUCTION AND EXPORTS, BY MONTH, 10/2003–3/2011

Million Barrels per Day



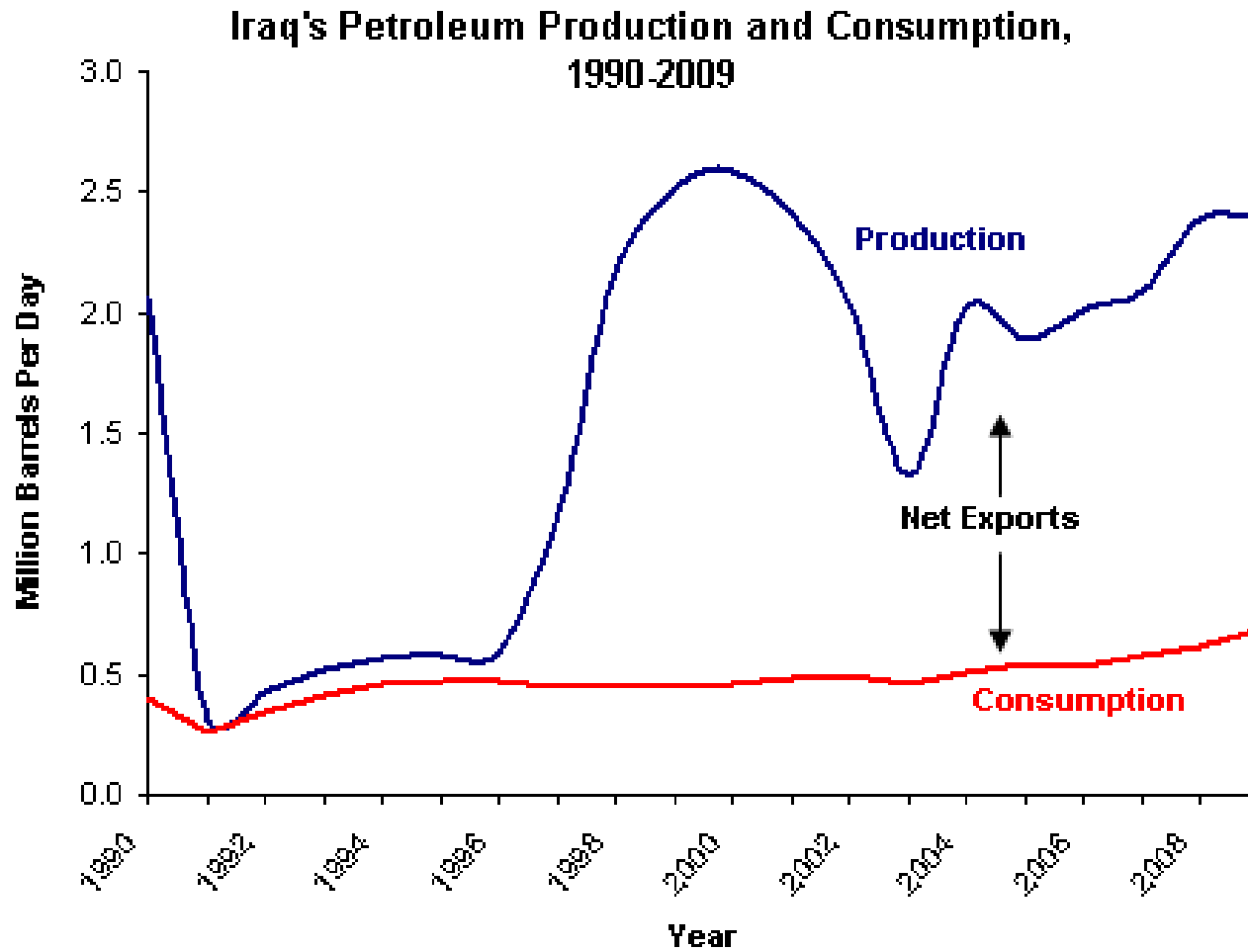
Sources: NEA-I, responses to SIGIR data calls, 6/4/2010, 7/6/2010, 1/11/2011, and 4/5/2011.

The GOI projected production would average 2.75 MBPD during 2011—a level that would represent a 16% increase from 2010 and keep Iraq OPEC’s third-largest oil producer.⁵³⁴ GOI leaders involved in crude oil production tended not to repeat earlier predictions that Iraq’s production would reach 12 MBPD by 2017. A Ministry of Oil plan announced this quarter projects gradually rising production to 6.5 MBPD by the end of 2014. Speaking at a conference in Geneva, Deputy Prime Minister Hussein al-Shahristani told attendees that achieving 5 MBPD to 6 MBPD over the next decade constituted an immense challenge, but one that was possible to meet. A study released this quarter conducted by Shell International BV concurred that a doubling of Iraq’s current crude oil production over the next decade was possible in a climate of “reasonable stability and security.”⁷ In the larger southern fields, international oil companies this quarter continued to expand production:

- At al-Zubair field, an ENI-led consortium raised average daily production to 275,000 BPD, an increase of 16% over the average output reported last quarter.
- At West Qurna Phase-1, ExxonMobil and partners Royal Dutch Shell and South Oil Company of Iraq announced production had risen to 285,000 barrels per day, more than the 10% increase above initial production rates necessary under the terms of their contract to begin recovering investment costs.⁵³⁹ Exxon also awarded Halliburton a contract this quarter to drill 15 wells at this field.⁵⁴⁰
- At al-Rumaila field, the BP-led consortium increased output to 1.275 MBPD, about 20% above the 1.066 MBPD production rate agreed in 2009.⁵⁴¹ The consortium also awarded a conceptual design contract in excess of \$100 million to the Australian-based company, WorleyParsons for further expanding production at the field.⁵⁴²
- At the Majnoon field, Royal Dutch Shell and operating partner Petronas formally announced a \$240 million-plus contract award to the British company Petrofac that began in mid-2010 to develop a new early production system at the field as well as to revive and upgrade existing abandoned or underused facilities. The contract is part of an effort to reach the production level of 175,000 barrels per day, the level at which the operators can begin to recover their costs.⁵⁴³ Shell is also planning to build a port along the nearby Shatt al-Arab waterway solely to serve the Majnoon field.

Crude oil exports also reached a post-invasion high this quarter, averaging 2.18 MBPD.⁵⁵⁰ The level was a 12% increase over the previous quarter and over the same quarter in 2010.⁵⁵¹ In early March, the Ministry of Oil increased its estimate of exports for 2011 to an average of 2.4 MBPD—200,000 BPD higher than assumed in the 2011 budget approved just one month earlier.⁵⁵² The increase followed a GOI-KRG agreement to resume crude oil exports from the Kurdistan Region for the first time since 2009;⁵⁵³ however, the two sides continued to discuss a deal that would set more permanent conditions. Record production and export levels are reportedly pushing Iraq’s aging infrastructure to its limits. Combined loading capacity in the south of about 1.8 MBPD at al-Basrah Oil Terminal (ABOT) and Khawr al-Amaya Oil Terminal (KAAOT) was just enough to handle the 1.78 MBPD produced by the southern fields during the first half of February. At their present capacity, the two terminals would be unable to handle increases projected during the course of the year by companies operating at these fields. Although there is spare capacity in the northern export pipeline, it has no connection with the southern fields.⁵⁵⁵ The first of three offshore single-point mooring stations (SPMs), part of a \$733 million expansion of ABOT, is scheduled for completion before the end of 2011 and should ease the export bottleneck. The two remaining SPMs are scheduled for completion in 2012. Engineering, procurement, and construction (EPC) bids for a further expansion of the southern oil terminals—known as Phase 2 export expansion—were opened April 18, with the project scheduled for completion between 2013 and 2015.⁵⁵⁷ Work has begun to add 2.9 million barrels of new crude oil storage capacity on al-Faw Peninsula.

Iraqi Petroleum Production, Exports, and Consumption: 1990-2009



Oil Output vs. Prices: 1/2010-3/2011



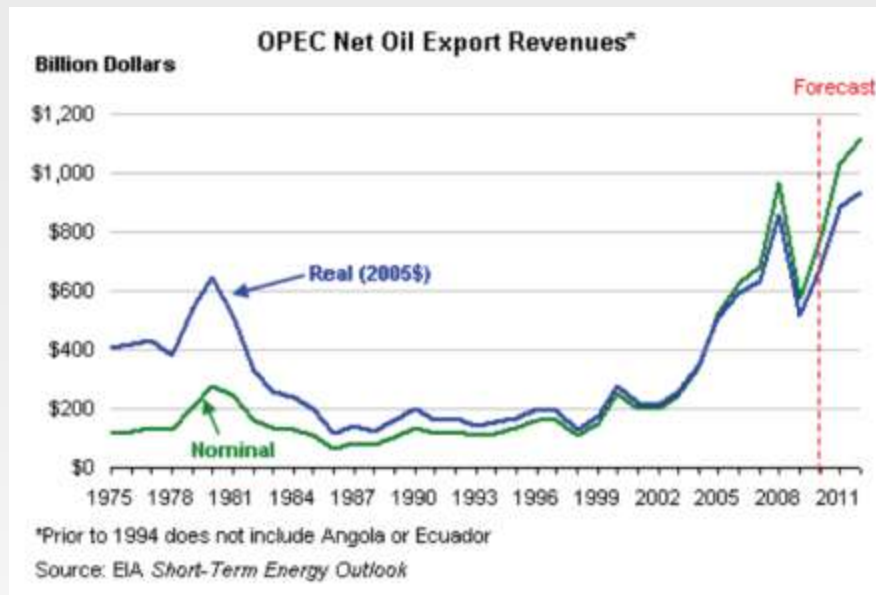
MBPD, by Month (1/2010-3/2011)



Average Price per Barrel, by week (1/2010-3/2011)



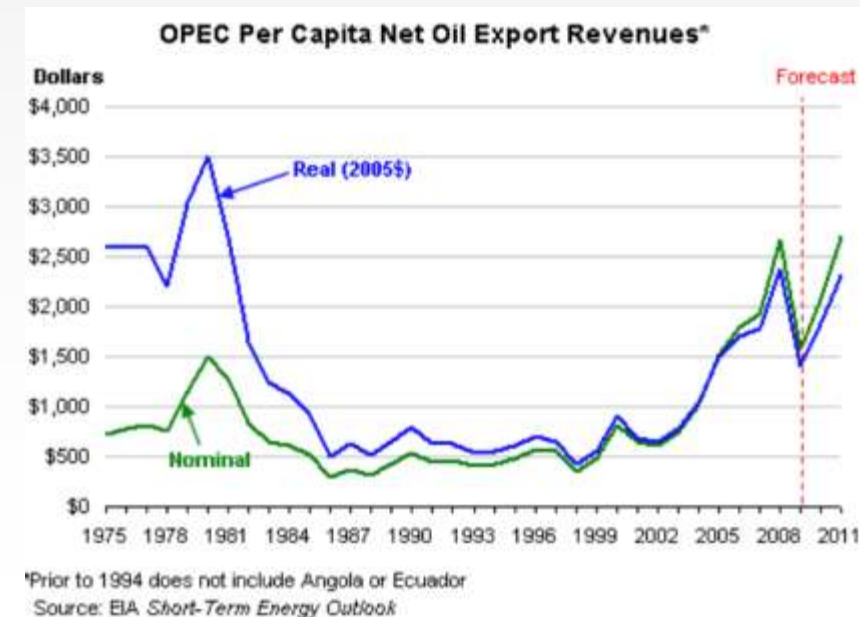
Oil Export Earnings: Total and Per Capita



OPEC Net Oil Export Revenues

Country	Nominal (Billion \$)				Real (Billion 2005\$)			
	2009	2010	2011	Jan-Nov 2010	2009	2010	2011	Jan-Nov 2010
Algeria	\$42	--	--	\$50	\$38	--	--	\$44
Angola	\$42	--	--	\$50	\$38	--	--	\$44
Ecuador	\$6	--	--	\$6	\$5	--	--	\$6
Iran	\$53	--	--	\$64	\$48	--	--	\$57
Iraq	\$38	--	--	\$43	\$34	--	--	\$38
Kuwait	\$45	--	--	\$52	\$40	--	--	\$46
Libya	\$34	--	--	\$39	\$31	--	--	\$35
Nigeria	\$46	--	--	\$60	\$41	--	--	\$53
Qatar	\$24	--	--	\$33	\$21	--	--	\$29
Saudi Arabia	\$153	--	--	\$184	\$137	--	--	\$162
UAE	\$53	--	--	\$61	\$47	--	--	\$53
Venezuela	\$33	--	--	\$37	\$30	--	--	\$33
OPEC	\$571	\$750	\$847	\$680	\$510	\$660	\$731	\$599

View entire series (1975-2011): [nominal](#) or [real](#)



OPEC Per Capita Net Oil Export Revenues

Country	Nominal (\$)				Real (2005\$)			
	2009	2010	2011	Jan-Nov 2010	2009	2010	2011	Jan-Nov 2010
Algeria	\$1,243	--	--	\$1,449	\$1,110	--	--	\$1,276
Angola	\$3,291	--	--	\$3,825	\$2,940	--	--	\$3,369
Ecuador	\$411	--	--	\$446	\$367	--	--	\$392
Iran	\$804	--	--	\$959	\$719	--	--	\$845
Iraq	\$1,305	--	--	\$1,458	\$1,166	--	--	\$1,284
Kuwait	\$16,683	--	--	\$18,795	\$14,907	--	--	\$16,552
Libya	\$5,418	--	--	\$6,124	\$4,841	--	--	\$5,393
Nigeria	\$326	--	--	\$415	\$291	--	--	\$365
Qatar	\$25,204	--	--	\$34,110	\$22,515	--	--	\$30,034
Saudi Arabia	\$5,339	--	--	\$6,298	\$4,770	--	--	\$5,546
UAE	\$10,955	--	--	\$12,191	\$9,788	--	--	\$10,736

Iraqi Petroleum Facilities: Map



Oil Reserves and Regional Politics

Distribution of Oil Reserves				
Operating Area	Fields	Reserves (billion bbl)	2010 Production (1,000 bbl/d)	Potential Production (1,000 bbl/d)
KRG	6	2	15	375
North Oil Company	32	21	770	1,300
Midlands Oil Company	27	13	10	680
Missan Oil Company	10	8	110	820
South Oil Company	25	69	1,455	10,050
Total	100	113	2,360	13,225

Reserves

According to the Oil and Gas Journal, Iraq's proven oil reserves are 115 billion barrels, although these statistics have not been revised since 2001 and are largely based on 2-D seismic data from nearly three decades ago. Geologists and consultants have estimated that relatively unexplored territory in the western and southern deserts may contain an estimated additional 45 to 100 billion barrels (bbls) of recoverable oil. Iraqi Oil Minister Hussain al-Shahristani said that Iraq is re-evaluating its estimate of proven oil reserves, and expects to revise them upwards.

A major challenge to Iraq's development of the oil sector is that resources are not evenly divided across sectarian-demographic lines. Most known hydrocarbon resources are concentrated in the Shiite areas of the south and the ethnically Kurdish north, with few resources in control of the Sunni minority.

The majority of the known oil and gas reserves in Iraq form a belt that runs along the eastern edge of the country. Iraq has 9 fields that are considered super giants (over 5 billion bbls) as well as 22 known giant fields (over 1 billion bbls). According to independent consultants, the cluster of super-giant fields of southeastern Iraq forms the largest known concentration of such fields in the world and accounts for 70 to 80 percent of the country's proven oil reserves. An estimated 20 percent of oil reserves are in the north of Iraq, near Kirkuk, Mosul and Khanaqin. Control over rights to reserves is a source of controversy between the ethnic Kurds and other groups in the area.

Production

In 2009, Iraq's crude oil production averaged 2.4 million barrels per day (bbl/d), about the same as 2008 levels, and below its pre-war production capacity level of 2.8 million bbl/d in 2003. About two-thirds of production comes from the southern fields, with the remainder from the north-central fields near Kirkuk. At present, the majority of Iraqi oil production comes from just three giant fields: North and South Rumaila in southern Iraq, and Kirkuk.

Currently, the Ministry of Oil has central control over oil and gas production and development in all but the Kurdish territory through its three operating entities, the North Oil Company (NOC), the South Oil Company (SOC), and the Missan Oil Company (MOC), which was split off from the South Oil Company in 2008.

According to the NOC's website, their concession and jurisdiction extends from the Turkish borders in the north to 32.5 degrees latitude (about 100 miles south of Baghdad), and from Iranian borders in the east to Syrian and Jordanian borders in the west. The company's geographical operation area spans the following governorates: Tamim (Kirkuk), Nineveh, Irbil, Baghdad, Diyala and part of Babil to Hilla and Wasit to Kut. The remainder falls under the jurisdiction of the SOC and MOC, and though smaller in geographical size, includes the majority of proven reserves. MOC's oil fields hold an estimated 30 billion barrels of reserves. They include Amara, Halfaya, Huwaiza, Noor, Rifaa, Dijaila, Kumait and East Rafidain.

Kurdistan Regional Government Issues

The [Kurdistan Regional Government \(KRG\)](#), the official ruling body of a federated region in northern Iraq that is predominantly Kurdish, passed its own hydrocarbons law in 2007. Despite the lack of a national Iraqi law governing investment in hydrocarbons, KRG has signed oil production sharing, development and exploration contracts with several foreign firms, and began exporting its own oil briefly. Norway's DNO and Sinopec/Addax are currently producing, and volumes could be ramped up to 100,000 bbl/d and reach 200,000 bbl/d within a year, according to the KRG natural resources ministry. The KRG ceased oil exports after four months in 2009, but its intention to resume exports has been a source of contention with the national government. The Iraqi Oil Ministry has been adamant that oil produced in the KRG will have to be shipped via SOMO, Iraq's oil exporting arm.

Result of Oil Bidding Rounds to Date

Results of Oil Field Bidding Rounds					
First Bidding Round (brownfields)	Operators	2009 Prod. 1,000 bbl/d	Target Prod. 1,000 bbl/d	Target Incr. 1,000 bbl/d	Reserves (billion bbl)
Rumaila	BP, CNPC, SOMO	1,000	2,850	1,850	17.8
West Qurna, Phase I	ExxonMobil, Shell, NOC	270	2,325	2,055	8.6
Zubair	Eni, Occidental, Kogas, Misan Oil	205	1,200	995	4.0
First Round Total (billion barrels)		1,475	6,375	4,900	30
Second Bidding Round (greenfields)					
West Qurna, Phase II	LUKOil, Statoil, Oil Exploration CO.	0	1,800	1,800	12.9
Majnoon	Shell, Petronas, Misan Oil	55	1,800	1,745	12.6
Halfaya	CNPC, Petronas, Total, South Oil	3	535	532	4.1
Gharaff	Petronas, JAPEX, North Oil	0	230	230	0.8
Badra	Gazprom, KOGAS, Petronas, TPAO, Midlands	0	170	170	0.1
Qayarah	Sonangol, Nineveh	2	120	118	0.9
Najmah	Sonangol, Nineveh	0	110	110	0.9
Second Round Total (billion barrels)		60	4,765	4,705	32
Totals - Rounds 1 & 2		1,535	11,140	9605.0	62.7

Passage of the proposed Hydrocarbons Law, which would provide a legal framework for investment in the hydrocarbon sector, remains a main policy objective. Despite the absence of the Hydrocarbons Law, the Iraqi Ministry of Oil signed 12 long-term contracts between November 2008 and May 2010 with international oil companies to develop 14 oil fields. Under the first phase, companies bid to further develop 6 giant oil fields that were already producing with proven oil reserves of over 43 billion barrels. Phase two contracts were signed to develop oil fields that were already explored but not fully developed or producing commercially. Together, these contracts cover oil fields with proven reserves of over 60 billion barrels, or more than half of Iraq's current proven oil reserves.

As a result of these contract awards, Iraq expects to boost production by 200,000 bbl/d by the end of 2010, and to increase production capacity by an additional 400,000 bbl/d by the end of 2011. When these fields are fully developed, they will increase total Iraqi production capacity to almost 12 million bbl/d, or 9.6 million bbl/d above current production levels. The contracts call for Iraq to reach this production target by 2017.

Infrastructure Constraints

Iraq faces many challenges in meeting this timetable. One of the most significant is the lack of an outlet for significant increases in crude oil production. Both Iraqi refining and export infrastructure are currently bottlenecks, and need to be upgraded to process much more crude oil. [Iraqi oil exports](#) are currently running at near full capacity in the south, while export capacity in the north has been restricted by sabotage, and would need to be expanded in any case to export significantly higher volumes.

Production increases of the scale planned will also require substantial increases in natural gas and/or water injection to maintain oil reservoir pressure and boost oil production. Iraq has associated gas that could be used, but it is currently being flared. Another option is to use water for re-injection, and locally available water is currently being used in the south of Iraq.

However, fresh water is an important commodity in the Middle East, and large amounts of seawater will likely have to be pumped in via pipelines that have yet to be built. ExxonMobil has coordinated initial studies at water injection plans for many of the fields under development. According to their estimate, 10 -15 million bbl/d of seawater could be necessary for Iraq's expansion plans, at a cost of over \$10 billion.

Furthermore, Iraq's oil and gas industry is the largest industrial customer of electricity, with over 10 percent of total demand. Large-scale increases in oil production would also require large increases in power generation. However, Iraq has struggled to keep up with the demand for power, with shortages common across Iraq. Significant upgrades to the electricity sector would be needed to supply additional power.

Iraq also plans to sign delineation agreements on shared oil fields with Kuwait and Iran. Iraq would like to set up joint committees with its neighbors on how to share the oil.

Existing and Planned Refineries

Existing Refineries in Iraq			
Refinery	Location	Capacity (bbl/d)	Notes
Baiji	North-Central Iraq	310,000	Improvements in operational issues
Basrah	Near Basrah	150,000	Considering adding 70,000 bbl/d distillation tower
Daura	Baghdad	110,000	Considering adding 70,000 bbl/d distillation tower
Erbil	Erbil	40,000	
K-3 Haditha, Kirkuk, Khanaqin, Muftiah, Najaf, Nassiriyah-Samawah, Qaiyarah-Mosul	Scattered	< 20,000 each	Topping plants making low-grade diesel and kerosene

Planned New Refineries in Iraq			
Refinery	Capacity (bbl/d)	Investment	Front end engineering and design contract
Nassiriyah	300,000	\$8 billion	Foster Wheeler
Kirkuk	150,000	\$5 billion	Shaw Group
Misan	150,000	\$5 billion	Shaw Group
Kerbala	140,000	\$5 billion	Technip
Total	740,000		

Estimates of Iraqi nameplate refining capacity vary, from 637,500 bbl/d according to the *Oil and Gas Journal* to 790,000 bbl/d according to the Special Inspector General for Iraqi Reconstruction. Iraqi refineries have antiquated infrastructure and only half run at utilization rates of 50 percent or more.

Despite improvements in recent years, the sector has not been able to meet domestic demand of about 600,000 bbl/d, and the refineries produce too much heavy fuel oil and not enough other refined products. As a result, Iraq relies on imports for 30 percent of its gasoline and 17 percent of its LPG.

To alleviate product shortages, Iraq's 10-year strategic plan for 2008-2017 set a goal of increasing refining capacity to 1.5 million bbl/d, and is seeking \$20 billion in investments to achieve this target. Iraq has plans for 4 new refineries, as well as plans for expanding the existing Daura and Basrah refineries.

Iraqi Gas Resources and Development

Third Bid Round - Natural Gas Fields	
Fields	Reserves (trillion cubic feet)
al-Mansuriyah	3.0
Akkas	4.5
Sibba	0.1
Third Round Total	7.6

Reserves

According to the Oil and Gas Journal, Iraq's proven natural gas reserves are 112 trillion cubic feet (Tcf), the tenth largest in the world. An estimated 70 percent of these lie in Basra governorate (province) in the south of Iraq. Probable Iraqi reserves have been estimated at 275-300 Tcf, and work is currently underway by several IOCs and independents to accurately update hydrocarbon reserve numbers. Two-thirds of Iraq's natural gas resources are associated with oil fields including, Kirkuk, as well as the southern Nahr (Bin) Umar, Majnoon, Halfaya, Nassiriya, the Rumaila fields, West Qurna, and Zubair. Just under 20 percent of known gas reserves are non-associated; around 10 percent is salt dome gas. The majority of non-associated reserves are concentrated in several fields in the North including: Ajil, Bai Hassan, Jambur, Chemchemical, Kor Mor, Khashem al-Ahmar, and al-Mansuriyah.

Production

Iraqi natural gas production rose from 81 billion cubic feet (Bcf) in 2003 to 522 Bcf in 2008. Some is used as fuel for power generation, and some is re-injected to enhance oil recovery. Over 40 percent of the production in 2008 was flared due to a lack of sufficient infrastructure to utilize it for consumption and export, although Royal Dutch Shell estimated that flaring losses were even greater at 1 Bcf per day. As a result, Iraq's five natural gas processing plants, which can process over 773 billion cubic feet per year, sit mostly idle.

To reduce flaring, Iraq has been working on an agreement with Royal Dutch Shell to implement a 25-year project to capture flared gas and provide it for domestic use. Iraq's cabinet gave preliminary approval for the \$17 billion deal covering development of 25 – 30 Tcf of associated natural gas reserves in Basra province through a new joint venture, Basra Gas Company. The agreement, which originally was to cover all of Basra province, has been modified to include only the associated gas from the Rumaila, Zubair, and West Qurna Phase I projects. Implementation of this agreement is necessary for the new oil development projects to go forward.

Upstream Development

Iraq has planned an upstream bidding round in late 2010 for three non-associated natural gas fields with combined reserves of over 7.5 Tcf. This will be the third hydrocarbon bidding round conducted by Iraq, following two earlier rounds that were held to develop Iraq's oil fields. All of the companies that prequalified to bid in the two earlier rounds will be invited. Iraq has committed to purchasing 100 percent of the gas.

Export Plans

Plans to export natural gas remain controversial due to the amount of idle and sub-optimally-fired electricity generation capacity in Iraq - much a result of a lack of adequate gas feedstock. Prior to the 1990-1991 Gulf War, Iraq exported natural gas to Kuwait. The gas came from Rumaila through a 105-mile, 400-MMcf/d pipeline to Kuwait's central processing center at Ahmadi. In 2007, the Ministry of Oil announced an agreement to fund a feasibility study on the revival of the mothballed pipeline.

Iraq has eyed northern export routes such as the proposed Nabucco pipeline through Turkey to Europe, and in July 2009 Prime Minister Nouri al-Maliki suggested that Iraq could be exporting 530 Bcf per year to Europe by 2015. A second option is the Arab Gas Pipeline (AGP) project. The proposed AGP pipeline would deliver gas from Iraq's Akkas field to Syria and then on to Lebanon and the Turkish border sometime in 2010, and then on to Europe. Other proposals have included building LNG exporting facilities in the Basra region.

Exports and Infrastructure

Export Pipelines

To the North: Iraq has one major crude oil export pipeline, the Kirkuk-Ceyhan (Iraq-Turkey) pipeline, which transports oil from the north of Iraq to the Turkish Mediterranean port of Ceyhan. This pipeline has been subject to repeated disruptions this decade, limiting exports from the northern fields. Iraq signed an agreement with Turkey to extend the operation of the 1.6 million bbl/d pipeline, as well as to upgrade its capacity by 1 million bbl/d.

In order for this pipeline to reach its design capacity, Iraq would need to receive oil from the south via the Strategic Pipeline, which was designed to allow flows of crude oil from the south of Iraq to go north via Turkey, and vice-versa. Iraq has proposed building a new strategic line from Basra to the northern city of Kirkuk, with the line consisting of two additional crude oil pipelines.

To the West: The Iraq-Syria-Lebanon Pipeline has been closed and the Iraqi portion reported unusable since the 2003 war in Iraq. Discussions were held between Iraqi and Syrian government officials to re-open the pipeline, which had a design capacity of 700,000 bbl/d, although actual volumes never reached this level. The Russian company Stroytransgaz accepted an offer to fix the pipeline in December 2007, but no follow-up was made. Iraq and Syria have discussed building several new pipelines, including a 1.5 million bbl/d pipeline carrying heavy crude oil, and a 1.25 million bbl/d pipeline for carrying light crudes.

To the South: The 1.65 million bbl/d Iraq Pipeline to Saudi Arabia (IPSA) has been closed since 1991 following the Persian Gulf War. There are no plans to reopen this line.

Iraq has also held discussions to build a crude oil pipeline from Haditha to Jordan's port of Aqaba.

Ports

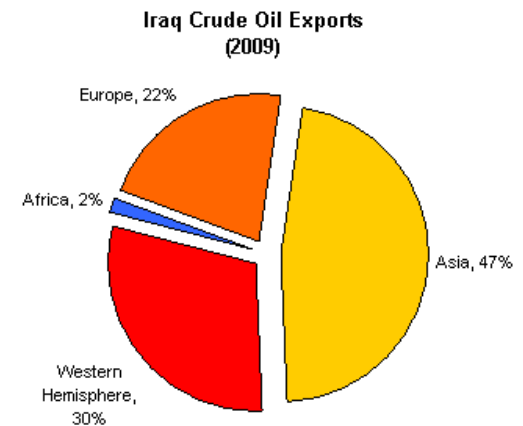
The Basra Oil Terminal (formerly Mina al-Bakr) on the Persian Gulf has an effective capacity to load 1.3 million bbl/d and support Very Large Crude Carriers. In February 2009, the South Oil Company commissioned Foster Wheeler to carry out the basic engineering design to rehabilitate and expand capacity of the terminal by building four single point mooring systems with a capacity of 800,000 bbl/d each. According to former Minister of Oil Issam al-Chalabi, it would take at least until 2013 to complete the project if financing is found.

There are five smaller ports on the Persian Gulf, all functioning at less than full capacity, including the Khor al-Amaya terminal.

Overland Export Routes

Overland routes are used to export limited amounts of crude from small fields bordering Syria. In addition, Iraq has resumed shipping oil to Jordan's Zarqa refinery by road tankers at a rate of 10,000 bbl/d.

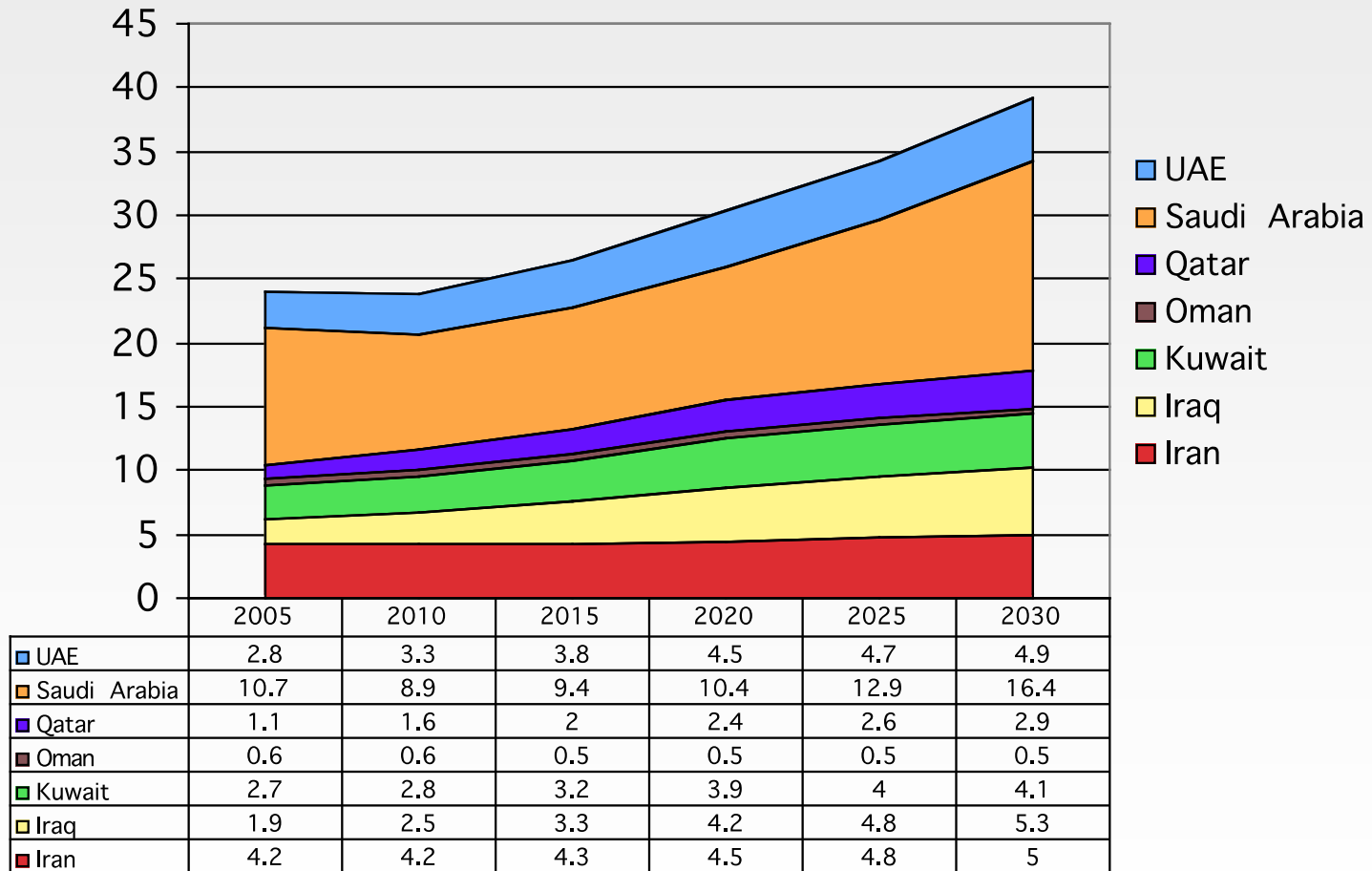
Oil Infrastructure				
Ports	Upgrades	Status	Capacity (Thousand bbl/d)	Effective Capacity (Thousand bbl/d)
Basra	developing plans to add at least 3.2 million bbl/d	operational	1,600	1,300
Khor al-Amaya		operational	700	200
Export Pipelines	Route	Status	Capacity (Thousand bbl/d)	Effective Capacity (Thousand bbl/d)
IPSA	Iraq-Saudi Arabia	closed	1,650	0
Iraq-Turkey	Kirkuk-Ceyhan	operational	1,600	1,000
Heavy Oil via Turkey	Majnoon-Turkey	proposed	1,500	0
Iraq-Syria	Haditha -Syria	proposed	1,250	0
Iraq-Turkey	Haditha-IT1A depot-Turkey	proposed	1,000	0
Iraq-Syria-Lebanon	Kirkuk-Banias-Tripoli	closed	700	0
Iraq-Jordan	Haditha-Aqaba	proposed	500	0
Internal Pipelines	Route	Status	Capacity (Thousand bbl/d)	Effective Capacity (Thousand bbl/d)
Strategic	Haditha-Rumaila-Basra	limited usage	800	200



Source: EIA, APEX, Global Trade Atlas

Iraq and Gulf Oil Production: 2005-2030

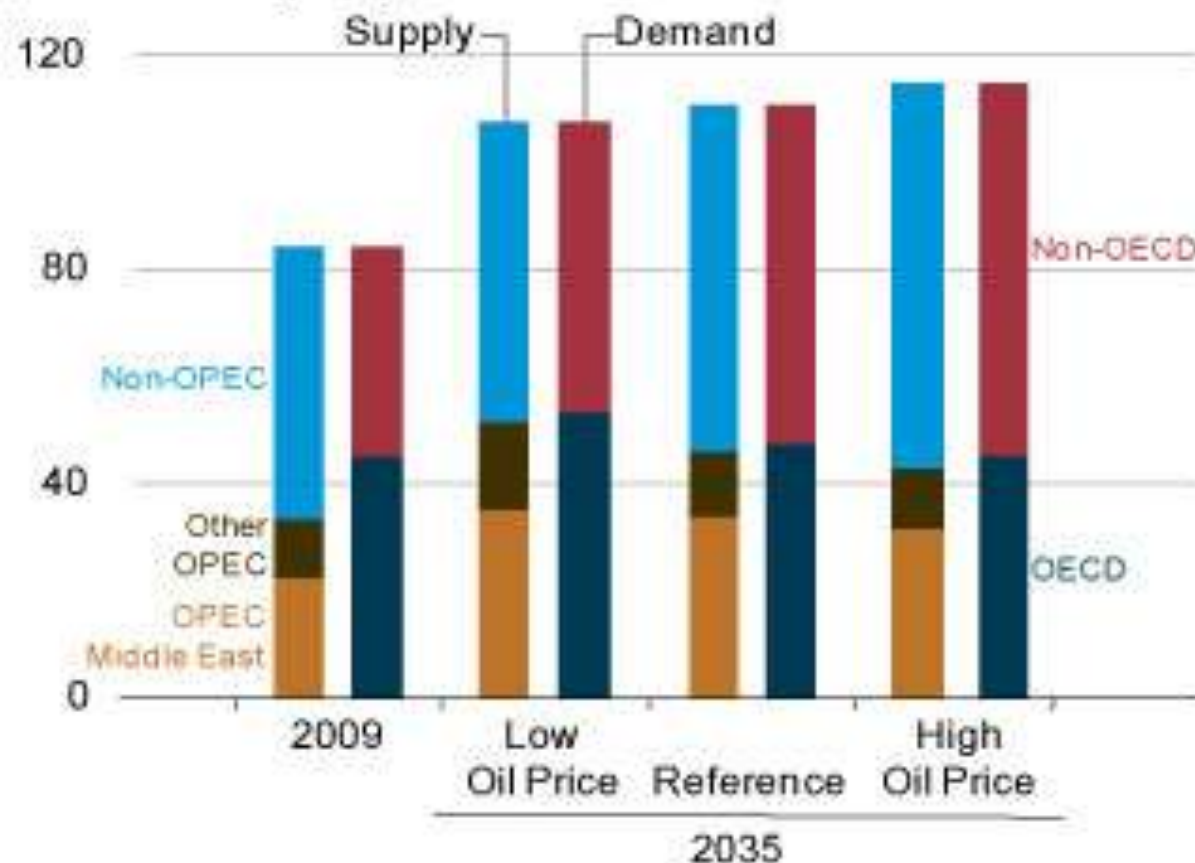
(In MMBD in EIA/DOE Reference Case in IE0 2007)



Average world oil prices in 2030 are \$36, \$59, and \$100 per barrel in 2030

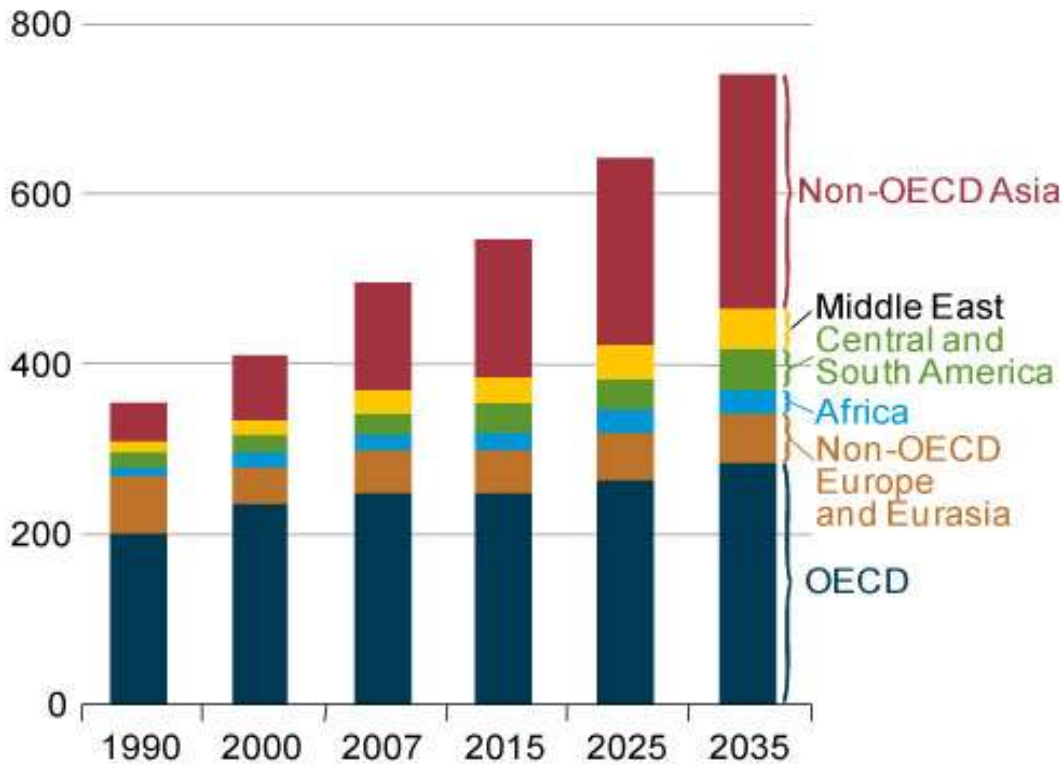
Global Economy Remains Critical Dependent on Oil Rising Oil Exports Through 2035

Figure 53. World liquids supply and demand by region in three cases, 2009 and 2035
(million barrels per day)



Strategic Importance of Iraqi Oil: Developing Nations Make Massive Increases in Energy Use

Figure 50. World energy consumption by region, 1990-2035
(quadrillion Btu)



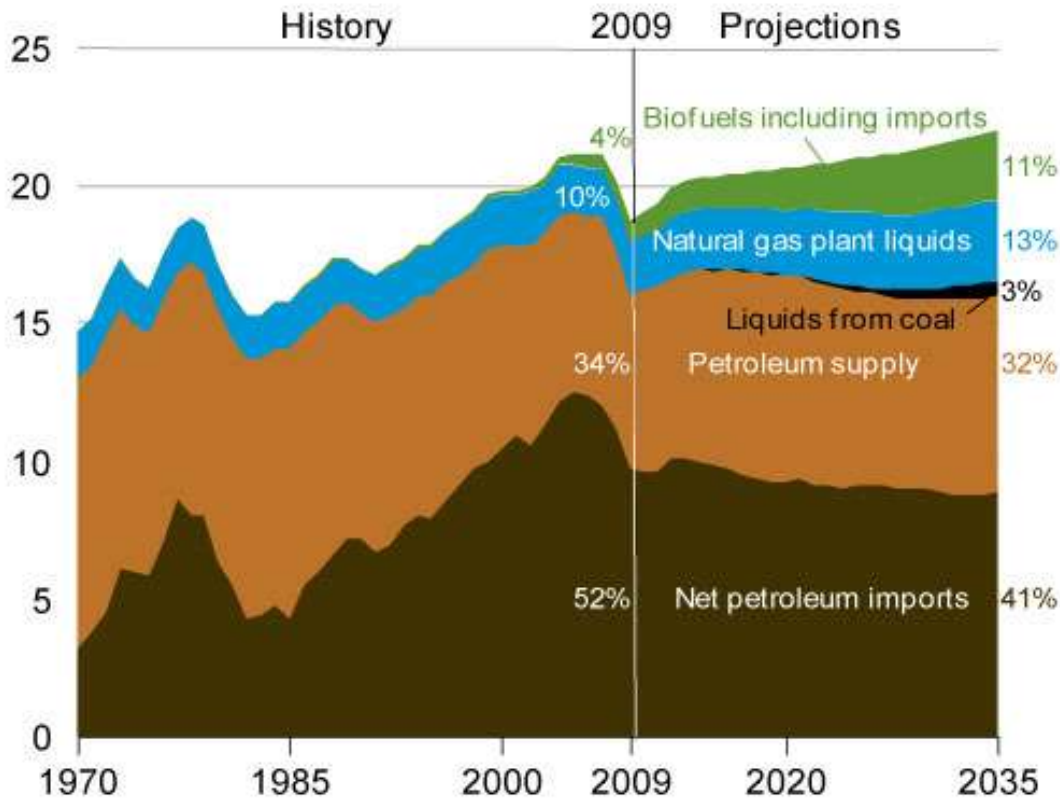
EIA's *International Energy Outlook* shows world marketed energy consumption increasing strongly over the projection period, rising by nearly 50 percent from 2009 through 2035 (Figure 50). Most of the growth occurs in emerging economies outside the Organization for Economic Cooperation and Development (non-OECD), especially in non-OECD Asia. Total non-OECD energy use increases by 84 percent in the Reference case, compared with a 14-percent increase in the developed OECD nations.

Energy use in non-OECD Asia, led by China and India, shows the most robust growth among the non-OECD regions, rising by 118 percent over the projection period. However, strong growth is also projected for much of the rest of the non-OECD regions: 82 percent growth in the Middle East, 63 percent in Africa, and 63 percent in Central and South America. The slowest growth among the non-OECD regions is projected for non-OECD Europe and Eurasia (including Russia), where substantial gains in energy efficiency are achieved through replacement of inefficient Soviet-era capital equipment.

Worldwide, the use of energy from all sources increases over the projection. Given expectations that oil prices will remain relatively high, petroleum and other liquids are the world's slowest-growing energy sources. High energy prices and concerns about the environmental consequences of greenhouse gas emissions lead a number of national governments to provide incentives in support of the development of alternative energy sources, making renewables the world's fastest-growing source of energy in the outlook.

Strategic Importance of Iraqi Oil: US Petroleum Import Dependence Remains High Thru 2035

Figure 1. U.S. liquids fuel consumption, 1970-2035
(million short tons)



The net import share of total U.S. energy consumption in 2035 is 17 percent, compared with 24 percent in 2009. (The share was 29 percent in 2007, but it dropped considerably during the 2008-2009 recession.)

Much of the projected decline in the net import share of energy supply is accounted for by liquids.

Although U.S. consumption of liquid fuels continues to grow through 2035 in the Reference case, reliance on petroleum imports as a share of total liquids consumption decreases.

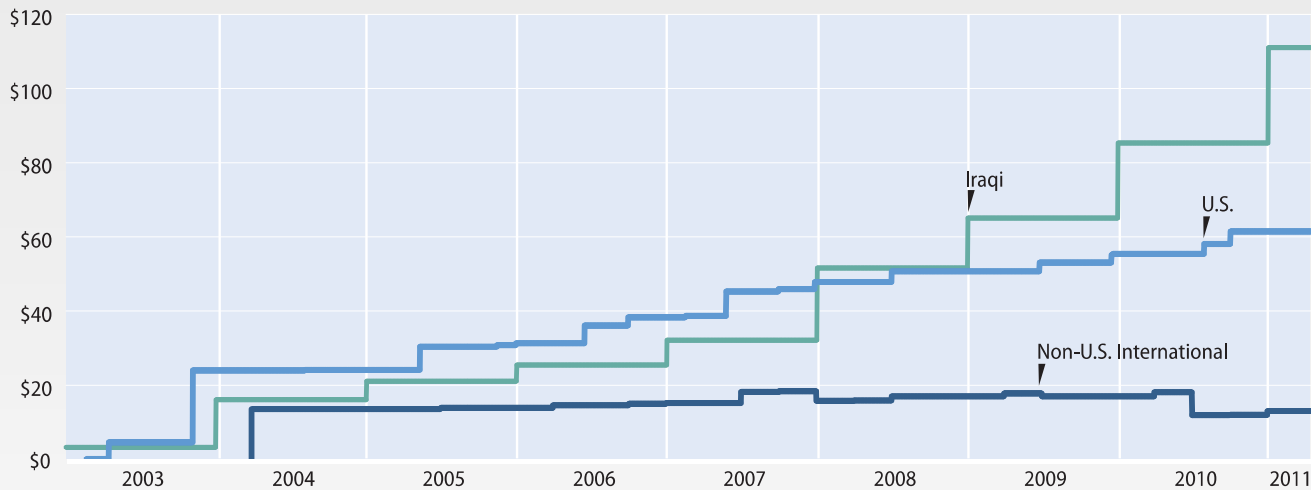
Total U.S. consumption of liquid fuels, including both fossil fuels and biofuels, rises from about 18.8 million barrels per day in 2009 to 21.9 million barrels per day in 2035 in the Reference case. The import share, which reached 60 percent in 2005 and 2006 before falling to 51 percent in 2009, falls to 42 percent in 2035.

Developments in Aid, Reconstruction and Development

Reconstruction Funding: 2003-2011

U.S., IRAQI, AND NON-U.S. INTERNATIONAL SUPPORT FOR RECONSTRUCTION, 2003-2011

\$ Billions



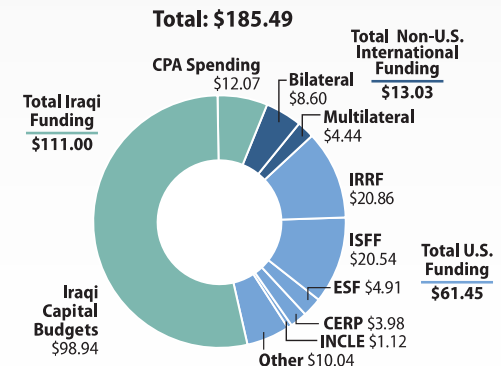
Note: Data not audited. Numbers affected by rounding. In the fiscal-year quarter ending on June 30, 2010, SIGIR switched its metric for tracking International support from pledged dollars to committed dollars, which accounts for the apparent drop in the International contribution on that date in this chart. P.L. 112-10, enacted on April 15, 2011, provided an estimated \$3.37 billion for FY 2011; this amount is represented here as available from the beginning of the fiscal year.

As of March 31, 2011, \$185.49 billion had been made available for the relief and reconstruction of Iraq through three main sources:

- U.S. appropriations—\$61.45 billion
- Iraqi funds overseen by the Coalition Provisional Authority (CPA) and expenditures of the Iraqi capital budget—\$111.00 billion
- International commitments of assistance and loans from non-U.S. sources—\$13.03 billion

FUNDING SOURCES, 2003-2011

\$ Billions



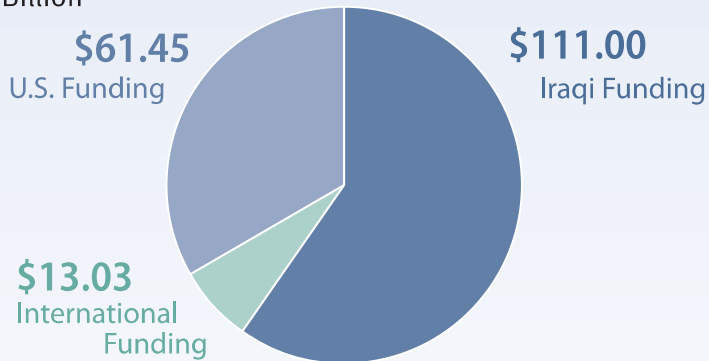
Note: Data not audited. Numbers affected by rounding.

Aid Efforts to Date: 4/2011

\$ Reconstruction Funding

Cumulative Funding

\$ Billion

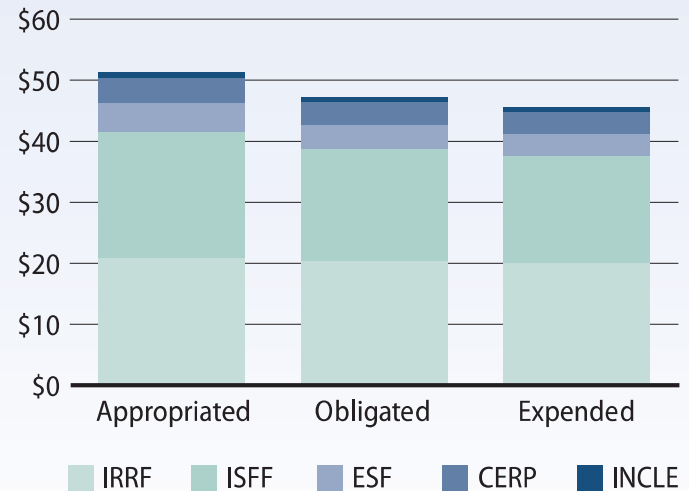


Recent Funding

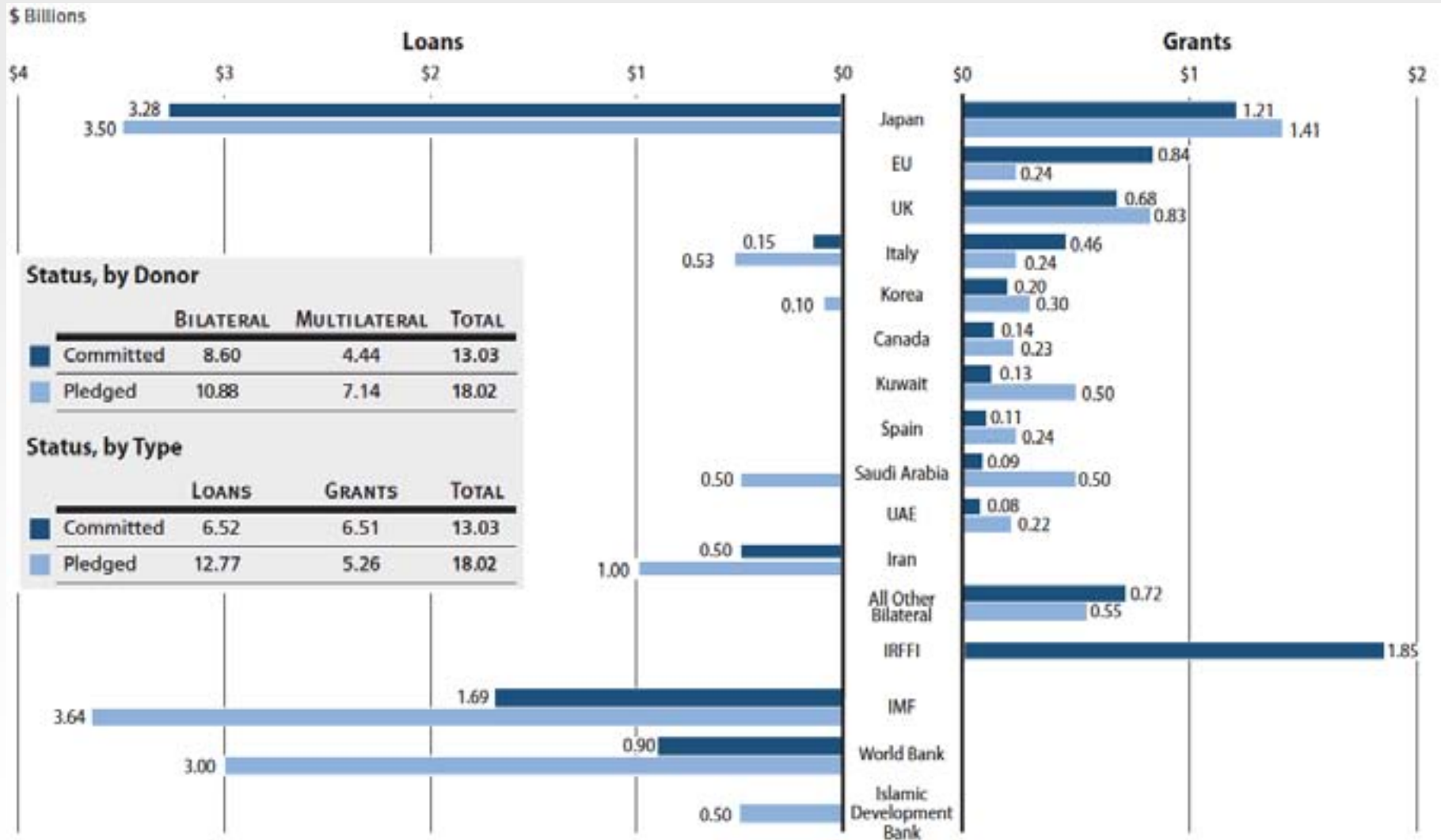


Major U.S. Funds

\$ Billion



International Grants and Loans, by Type of Assistance, Status, and Donor, as of 3/31/2011

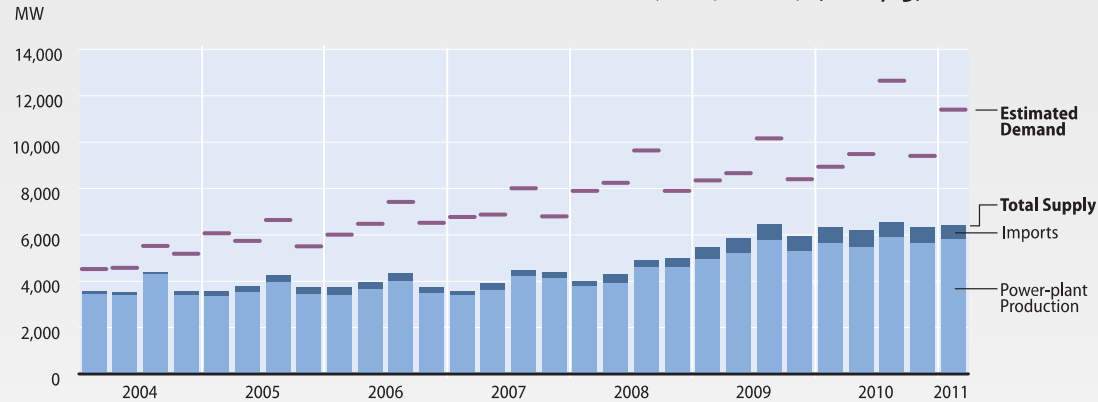


Note: Data not audited. Numbers affected by rounding. Bilateral commitments exclude IRFFI deposits. Amounts may differ from prior quarters due to changes in foreign exchange rates.

Sources: NEA-I, responses to SIGIR data call, 4/5/2011 and 4/7/2011.

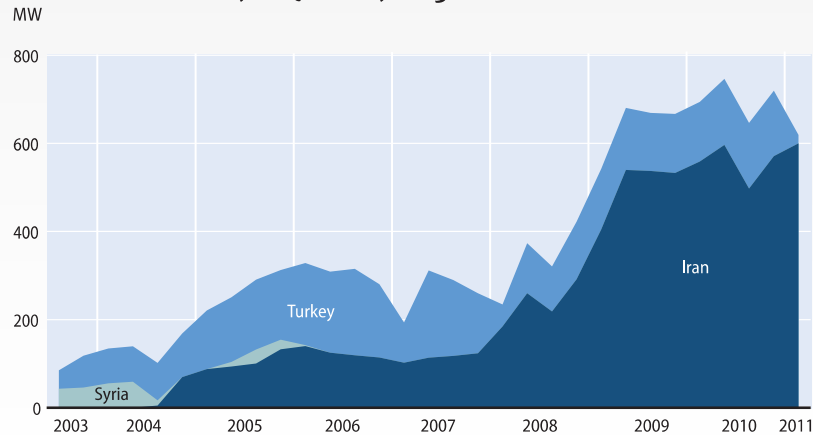
Electricity Supply vs. Demand: 1/1/2010-3/31/2011

AVERAGE IRAQI ELECTRICITY SUPPLY AND ESTIMATED DEMAND, BY QUARTER, 1/2004-3/2011



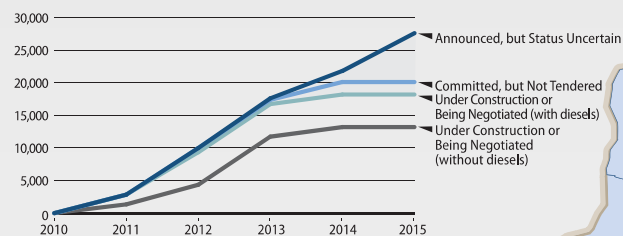
Sources: ITAO/ESD, *Electric Daily Performance Reports*, 6/1/2006–3/31/2011; DoS, *Iraq Status Reports*, 10/25/2006, slide 11, and 5/9/2007, slide 11.

ELECTRICITY IMPORTS, BY QUARTER, 2003-2011



Sources: ITAO/ESD, *Electric Daily Performance Reports*, 6/1/2006–3/31/2011; DoS, *Iraq Status Report*, 10/25/2006, slide 11.

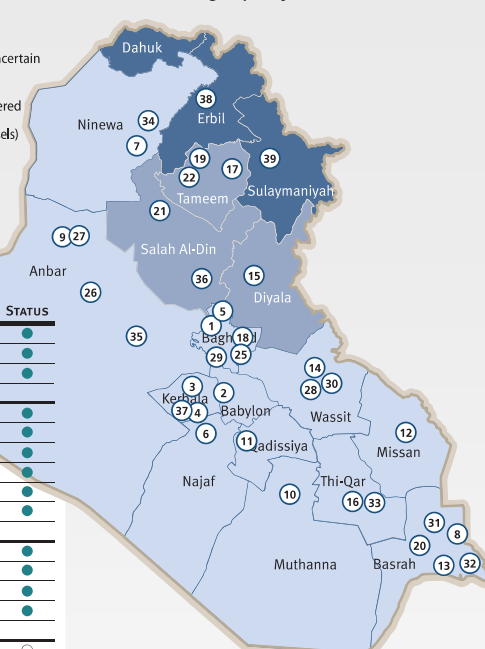
Cumulative Addition of Power-plant Generating Capacity, 2011–2015, under Four Scenarios
MW



Committed and Planned Projects, 2011–2015

	KEY	PLANT	PROVINCE	PLANT TYPE	NAMEPLATE CAPACITY (MW)	ESTIMATED YEAR OF COMMISSION	STATUS
GE Fast Track Projects	1	Taji	Baghdad	CT	160	2011	●
	2	Hilla	Babylon	CT	250	2012	●
	3	Kerbala	Kerbala	CT	250	2012	●
	Subtotal				660		
GE Mega Deal EPC Projects	4	Al-Qaryat	Kerbala	CT	1,250	2012	●
	5	Qudas	Baghdad	CT	500	2012	●
	6	Haydariya	Najaf	CT	500	2012	●
	7	Al-Qayyarah	Ninewa	CT	750	2013	●
	8	Najebia	Basrah	CT	500	2013	●
	9	Akkas	Anbar	CT	250	2014	●
Subtotal				3,750			
GE Mega Deal IPP Projects	10	Al-Samawa	Muthanna	CT	500	2013	●
	11	Diwaniyah	Qadisiya	CT	500	2013	●
	12	Al-Amarah	Missan	CT	500	2013	●
	13	Shatt al-Basrah	Basrah	CT	1,250	2013	●
Subtotal				2,750			
Other GE Mega Deal Projects	14	Wassit	Wassit	CT	250	2013	○
	15	Mansuriya	Diyala	CT	250	2014	○
	16	Nassiriya	Thi-Qar	CT	500	2015	○
Subtotal				1,000			
Siemens Mega Deal EPC Projects	17	Kirkuk Taza	Tameem	CT	265	2012	●
	18	Al-Sadr	Baghdad	CT	320	2012	●
	19	Dibis-1	Tameem	CT	320	2012	●
	20	Al-Rumaila	Basrah	CT	1,325	2013	●
	21	Balji	Salah Al-Din	CT	960	2014	●
	22	Dibis-2	Tameem	CT	320	2014	●
Subtotal				3,510			
MOE Short-term Diesel Projects	23	Multiple	Various	Diesel	1,500	2011	●
	24	Multiple	Various	Diesel	3,500	2012	●
Subtotal				5,000			
Other MOE Projects	25	Al-Sadr	Baghdad	CT	320	2011	●
	26	Haditha (Pielstick)	Anbar	Diesel	230	2011	●
	27	Akkas	Anbar	CT	120	2013	●
	28	Al-Zubaidya-1	Wassit	Thermal	1,320	2013	●
	29	Yousufiyya-1	Babylon	Thermal	630	2013	●
	30	Al-Zubaidya-2	Wassit	Thermal	1,220	2014	●
	31	Hartha	Basrah	Thermal	600	2014	○
	32	Shatt al-Basrah	Basrah	Thermal	600	2014	○
	33	Nassiriya	Thi-Qar	Thermal	600	2015	○
	34	Al-Shimal	Ninewa	Thermal	1,400	2015	○
	35	Anbar	Anbar	Thermal	900	2015	○
	36	Salah Al-Din	Salah Al-Din	Thermal	1,200	2015	○
	37	Al-Qaryat	Kerbala	Thermal	1,200	2015	○
Subtotal				10,340			
KRG IPP Projects	38	Erbil Gas	Erbil	CT	500	2011	●
	39	Sulaymaniyah Gas	Sulaymaniyah	CT	125	2011	●
Subtotal				625			
Total				27,635			

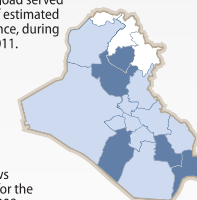
Locations of Committed and Planned New Generating Capacity



Shading on above map indicates average load served as a percentage of estimated demand, by province, during January–March 2011.

● >80%
● 60%–80%
● 40%–60%
○ <40%

Map on right shows comparable data for the same quarter in 2008.



● Under Construction or Being Negotiated
● Committed, but Not Tendered
○ Announced, but Status Uncertain

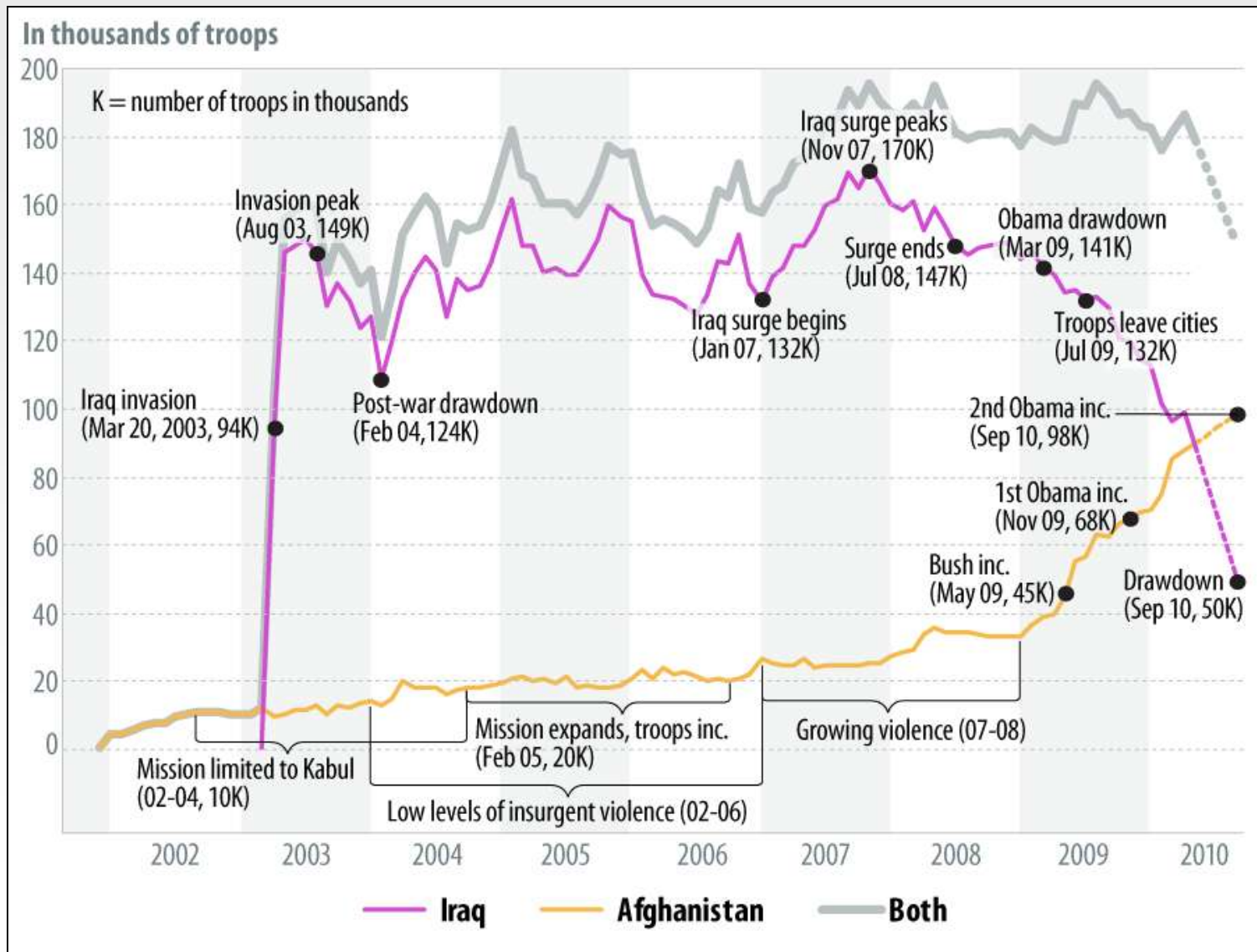
Note: Information in this figure represents SIGIR's best estimate of the status of the different plants. It should not be viewed as an authoritative summary. The actual pace, amount, and location of capacity additions will be determined by construction schedules, contract approvals, funding availability, and other factors.

Sources: Power plant information based on Deputy Prime Minister Hussein al-Shahrastani, presentation at the Iraq Electricity Masterplan conference, Istanbul, Turkey, 2/2/2011; GOI, Ministry of Oil, "Plan of Supplying Fuel for Future Power Stations, 2011–2020," presentation at the Iraq Electricity Master Plan Conference, Istanbul, Turkey, 2/1/2011; GOI, MOE, and Parsons Brinckerhoff, *Iraq Electricity Masterplan, Final Report*, Vol. 3, Generation Planning, 12/2010; U.S. Embassy-Baghdad, responses to SIGIR data call, 4/1/2011 and 4/14/2011; other GOI and open-source documents. Data on load served and demand is from ITAO/ESD, *Electric Daily Performance Reports*, 1/1/2008–3/31/2011.

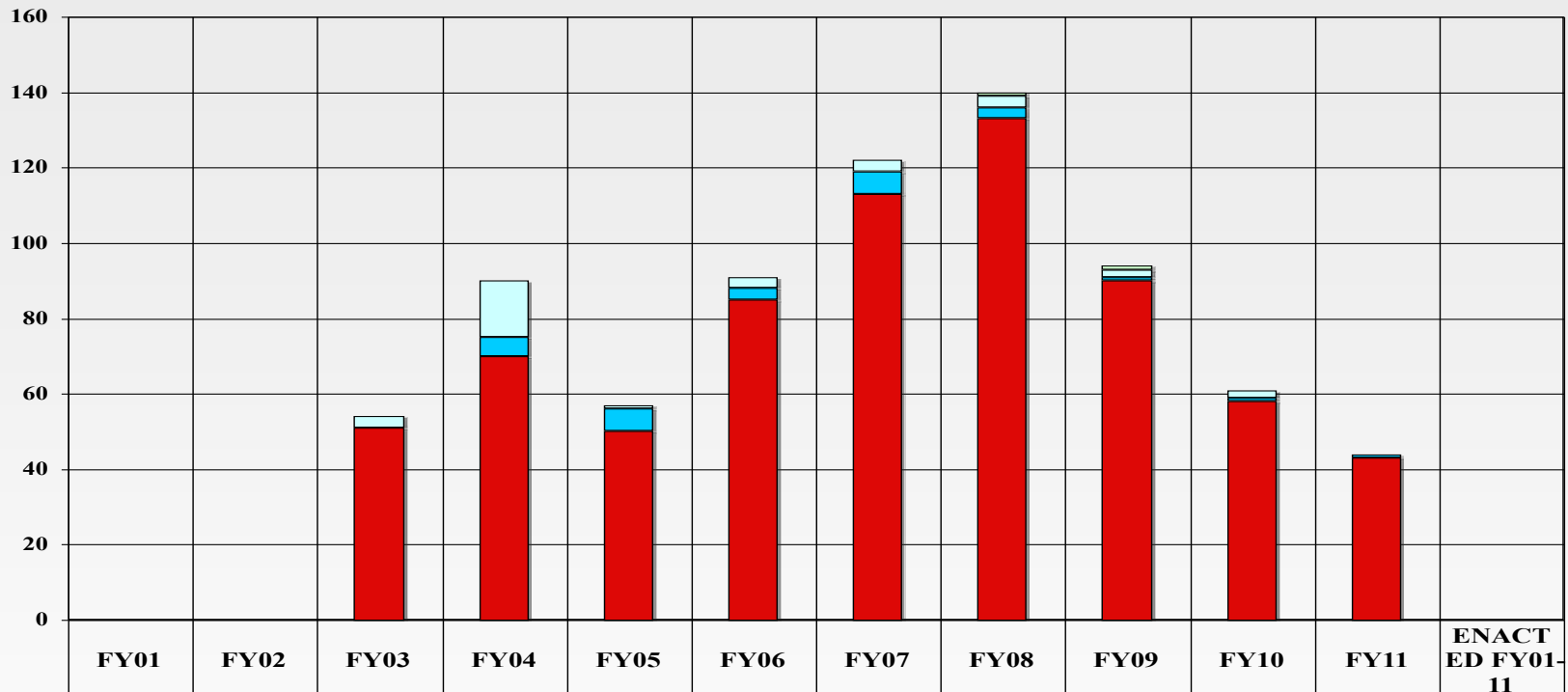
Iraq: Committed and Planned New Generating Capacity 2011- 2019

US Transition to State Department- Led Strategic Partnership with Iraq

US Forces in Iraq and Afghanistan: 2001-2011

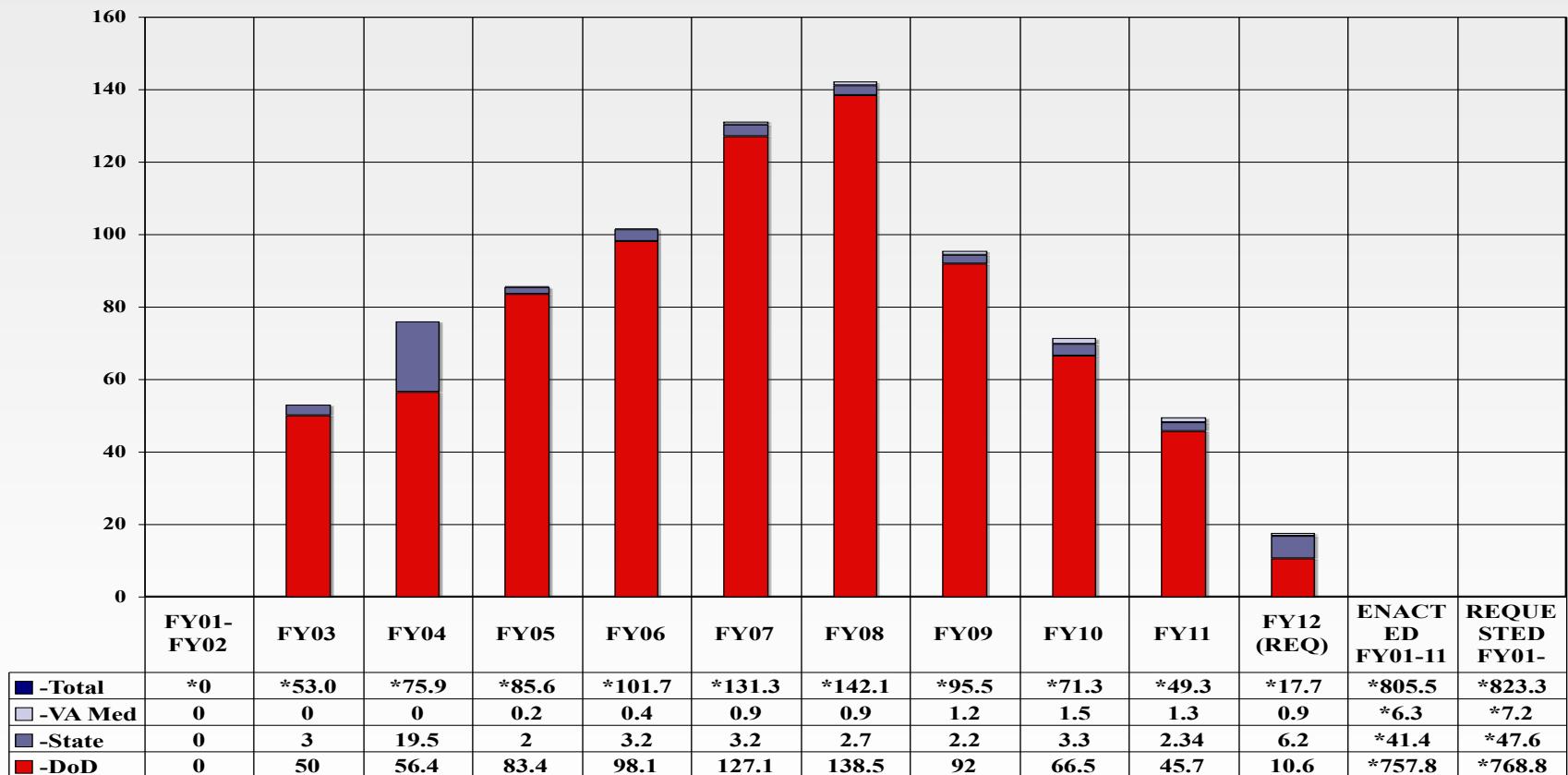


CBO Estimate of Iraqi War Costs to US: FY2001-FY2011



Source: CBO, The Budget and Economic Outlook: Fiscal Years 2011 to 2021, January 2011, p.

GAO Estimate of Iraqi War Costs to US: FY2001-FY2012



Transition of U.S. Presence in Iraq

As of March 31, 2011, the PRT “footprint” comprised 17 sites across Iraq, including 14 PRTs and 3 Forward Presence locations. The PRTs were staffed by 623 personnel: 140 U.S. civilians, 132 military, and 351 contractors.

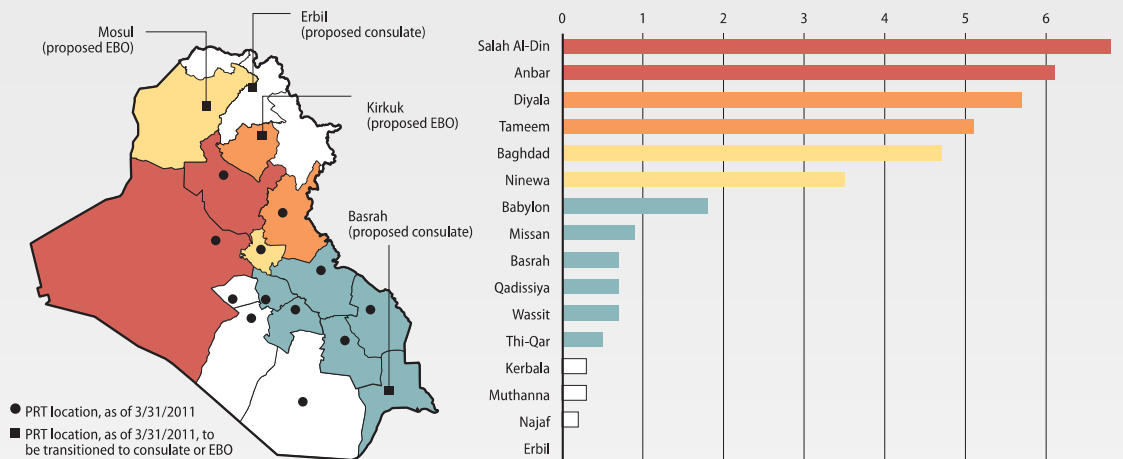
Between May and September 2011, U.S. Embassy-Baghdad plans to close 10 PRTs. The other four will be transitioned to “enduring” provincial presences, as discussed below. Coupled with withdrawal of tens of thousands of U.S. troops and DoD contractors by December 31, 2011, the PRT closures represent a significant loss of provincial presence and the political outreach, development assistance, and situational awareness that their presence facilitates. Consulates and Embassy Branch Offices

DoS plans to establish consulates in Basrah and Erbil and EBOs in Mosul and Kirkuk. Together, they will comprise U.S. Embassy-Baghdad’s provincial presence and host approximately 3,600 DoS personnel, contractors, and support personnel. Along with U.S. Embassy-Baghdad, they will enable DoS and other civilian agencies to conduct “robust engagement” with the Iraqi population, “enhancing connections between the political, economic, and social fabric of the country.”

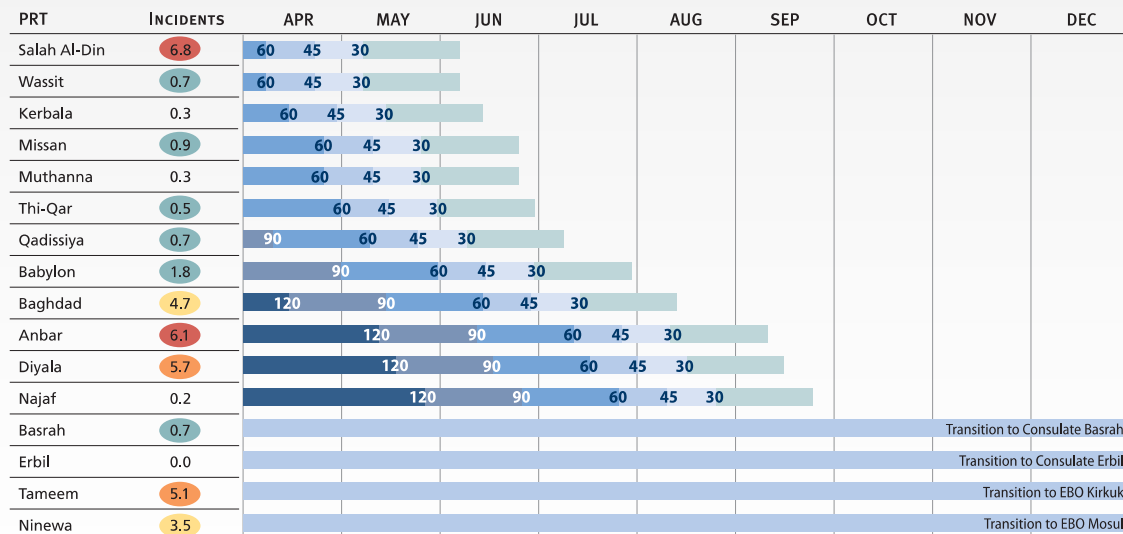
The consulates in Basrah and Erbil are intended to be permanent installations and, together with U.S. Embassy-Baghdad, will serve three of the four largest cities in Iraq. The consulates will focus primarily on diplomacy and consular services, but DoS will also operate aviation facilities in Baghdad, Basrah, and Erbil necessary to support the INL- managed PDP. The consulate in Basrah will have the added benefit of proximity to Iraq’s southern oil fields and the many U.S. companies operating there.

The EBOs are intended to be temporary installations, with expected mission spans of three to five years. The EBOs’ first priority, as established by DoS, is to mitigate and mediate Arab-Kurd, Sunni-Shia, and provincial-national tensions primarily along the Arab-Kurd “fault line” in northern Iraq. The DoS OIG has questioned these expectations based on the centuries-old nature of the conflicts, the local population’s unfavorable or ambivalent views of the United States (estimated at 95% in recent polling), the EBOs’ short expected mission spans, and staffing levels driven by budget constraints.²³⁶ For details on the proposed locations of the consulates and embassy branch offices,

PRT Locations, with Security Incidents per 10,000 people (1/1/2010–12/31/2010), by Host Province



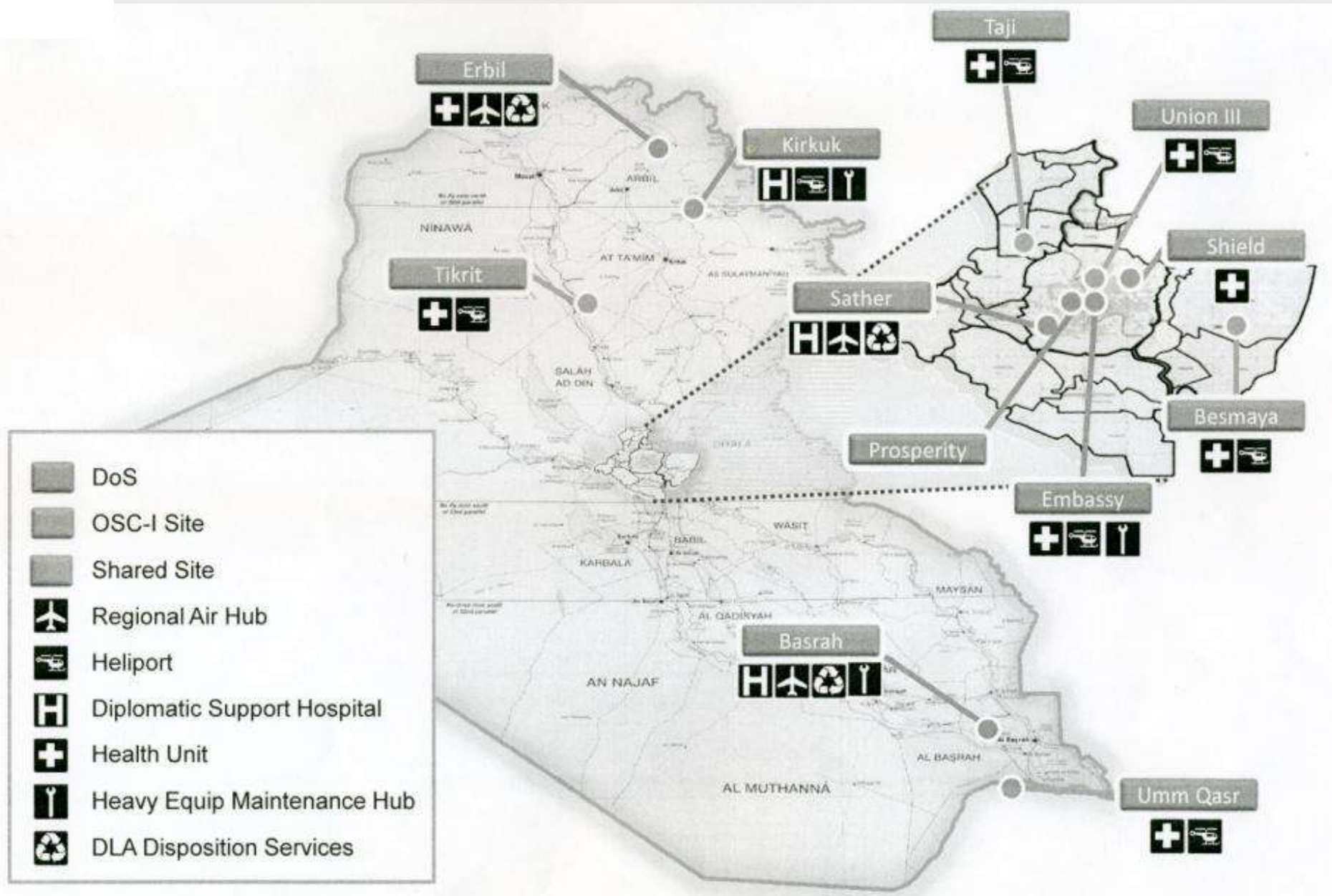
PRT Closeout Timeline, with Security Incidents per 10,000 people (1/1/2010–12/31/2010), by Host Province



Deadlines for PRT Closeout Events



Locations of US Mission and Presence in Iraq: 2012



DoD shifts Role to Office of Security Cooperation-Iraq (OSC-I)

On October 1, 2011, U.S. Embassy-Baghdad plans to transition responsibility for U.S. assistance to Iraq's Ministry of Defense from the U.S. military to the OSC-I, which will function as an Embassy section under COM authority. CENTCOM will retain operational control of OSC-I personnel.

OSC-I will be charged with advising, training, and equipping Iraqi forces; supporting professional military education; and planning joint military exercises. These tasks entail administration of U.S. foreign assistance provided to the Iraqi military through the Foreign Military Financing (FMF) account (should it be provided in Iraq) and the International Military Education and Training (IMET) account. In addition to foreign assistance, OSC-I will facilitate other forms of bilateral military engagement, most notably the Foreign Military Sales (FMS) program.

After December 31, 2011, some U.S. military forces will remain in Iraq to provide security assistance—albeit under COM control rather than the military chain-of-command—and it appears there will be considerable continuity in staffing. U.S. security assistance is currently provided by USF-I under the authority of the Deputy Commanding General for Advising and Training (DCG-A&T). On October 1, 2011, he is slated to become the director of OSC-I. Likewise, the current head of USF-I's FMS unit will continue as the OSC-I director's deputy. This pattern will extend throughout the organization, with additional subject matter experts and staff transitioning from the existing organization to OSC-I.

According to USF-I, DoD plans to designate the director of OSC-I as the senior defense official (SDO) in Iraq on January 1, 2012. The SDO is the COM's principal military advisor on defense and national security issues, the senior diplomatically accredited DoD officer assigned to the U.S. mission, and the single point of contact for all DoD matters involving U.S. Embassy-Baghdad or DoD elements assigned to or working from the Embassy. The SDO will also exercise coordinating authority over DoD elements under COM authority.

Many activities will also remain the same. For example, DoD components will be largely responsible for fulfilling 374 ongoing FMS cases, valued at \$8.59 billion. For more details on the current FMS program in Iraq, see the Security subsection of this Report.

Organization and Staffing

OSC-I will feature a division of labor between a DoS Political-Military Affairs Section and a DoD security cooperation office, which is standard practice at U.S. embassies around the world. Currently, U.S. Embassy-Baghdad is planning for a full-time, substantive OSC-I staff of 157: 118 military, 9 U.S. government civilians, and 30 locally employed staff. This core staff will be responsible for overall management of the security assistance and security cooperation program.

As of March 31, 2011, it was not clear how many personnel and contractors will be required to support the OSC-I core staff; USF-I estimates approximately 3,000, but the number continues to be refined.

U.S. Embassy-Baghdad plans to supplement the core OSC-I staff and support contractors with Security Assistance Teams (SATs), which will comprise mostly civilian contractors with some support from U.S. military officers or DoD civilians. SATs will be deployed to Iraq on temporary

DoD Shifts Role to Office of Security Cooperation-Iraq (OSC-I) (cont.)

assignments to provide advice, training, technical assistance, and support as required by the terms of specific FMS cases. At the beginning of 2012, U.S. Embassy-Baghdad anticipates approximately 750 SAT members in Iraq. According to USF-I, FMS case requirements will determine the SAT footprint.¹⁹⁶ According to the Principal Deputy Under Secretary of Defense for Acquisition, Technology, and Logistics, up to 200 DoD personnel and 800 DoD contractors will eventually be stationed across Iraq to support various FMS cases.

who provide security and the personnel who manage and oversee contracts—depart Iraq, and DoS increasingly relies on its own resources. Already, uncertainty and disagreement regarding what constitutes “inherently governmental activities”—those which should not be contracted out—is becoming more pronounced with regard to PSCs. In question are activities such as counter-battery fire, hostage rescue, and improvised explosive device (IED) clearance.²⁴³ The CWC observes that the general trend toward contracting out security reflects human-resource constraints. Statutory limits on force strength require DoD to choose between using military or contractor personnel for force protection, while DoS and USAID often have no choice but to rely on the U.S. military or contractors. According to the CWC analysis, PSCs are usually used not because they are more effective or efficient than government security personnel, but rather because using in-house capability would require a significant, long-term increase in government manpower or redirecting military personnel from other priorities.

In this context, DoS shortcomings in contract management may create the risk of PSC abuses. Although no formal analysis has been done, the Congressional Research Service notes that many high-profile contractor abuses in Iraq were committed by PSCs working for DoS (not DoD), including the alleged shooting of Iraqi civilians by Triple Canopy personnel and the shooting of 17 Iraqi civilians in Nisoor Square by Blackwater personnel. Some analysts believe that these events undermined the U.S. mission and, if PSCs are not held accountable, undermine the legitimacy of the United States and the Iraqi government.²⁴⁵ Despite these risks, DoS and U.S. Embassy-Baghdad face serious capability and resource constraints as they address the challenge of securing Embassy personnel engaged in mission-critical activities.

According to the Under Secretary of State for Management, “it makes no sense” for DoS to increase the number of diplomatic security personnel worldwide—from 1,800 to 1,800 plus 7,000—to meet temporary security requirements in Iraq. Furthermore, U.S. Embassy-Baghdad will have approximately 200 direct-hire DoS security officers overseeing PSCs (a ratio of 1:35), which the Under Secretary for Management says “is very, very good.”²⁴⁶

State Takes Over Police Development Program

On October 1, 2011, U.S. Embassy-Baghdad plans to transition responsibility for U.S. assistance to Iraq's Ministry of Interior from the U.S. military to INL, which will provide the bulk of assistance through its flagship program—the PDP. According to U.S. Embassy-Baghdad, the PDP will have achieved initial operating capability by July 1, 2011, to start an effective transition from the current DoD police training mission.

INL intends to focus the PDP on developing MOI leadership and managerial capacity to build institutional stability for future development and to achieve primary police responsibility for internal security throughout Iraq. According to U.S. Embassy- Baghdad, the PDP is primarily an advise-and- mentor mission and, as such, is intended to build on and supplement the MOI's "highly developed" training system. With DoD support, the MOI had assumed control for all basic- and advanced-training responsibilities at its police training academies and police colleges, where it employs a standardized training curriculum. The limited training that will be available under the PDP will focus on instructor development—to sustain prior advances made in police training capacity—and on providing specialized training as requested by the MOI.²⁰⁶

Current plans call for the PDP to have a contingent of 190 advisors. INL reported that it intends to use the authority of 5 U.S.C. Section 3161 for temporary hires, although it may be necessary to contract for a small number of personnel for highly specialized subject-matter expertise. Approximately 50 advisors will provide management and supervision for the program, leaving 140 to focus on the PDP's substantive mission.²⁰⁷ Additional planned support elements include: security professionals (contractors and government employees) to provide movement, technical, and static security; aviation contractors; and life-support contractors.²⁰⁸ In total, the substantive-to-support ratio for the PDP, as planned, will be 1:9.

The PDP advise-and-mentor mission will operate year-round with senior-level police officials at the MOI and at national, regional, and provincial policing institutions. INL advisors will provide advice and mentoring in such areas as logistics, finance, strategic planning, operations, human resources, and communications and information technology. Instructor development will be provided by a small contingent of INL advisors at the Baghdad, Erbil, and Basrah Police Colleges. Highly specialized training will be conducted by temporary duty instructors, many of whom will be from partner federal law enforcement agencies such as the Federal Bureau of Investigation; the Bureau of Alcohol, Tobacco, Firearms, and Explosives; the U.S. Marshals Service; and the Drug Enforcement Agency.

The PDP will reach approximately 55% of Iraq's approximately 300,000 police who, in turn, provide local security for approximately 65% of Iraq's population.²¹² PDP advisors, operating from three "hubs" will visit 28 proposed sites, 21 by ground and 7 by air:

- Baghdad hub—15 sites (11 by ground; 4 by air)
- Erbil hub—9 sites (6 by ground; 3 by air)
- Basrah hub—4 sites (all by ground)

Advise-and-mentor sites are subject to change based on consultations with GOI, security concerns, and other circumstances. INL expects to require three medium-lift helicopters and nine light-lift helicopters to support the PDP. Additionally, U.S. Embassy-Baghdad's security and medical air-lift capability may be used if required. INL also plans to utilize U.S. Embassy- Baghdad's fixed-wing air support for domestic travel in Iraq and international travel through Jordan and Kuwait.

According to U.S. Embassy-Baghdad, security for the PDP will be provided by the DoS Bureau of Diplomatic Security (DS), which has determined how many protective security details would be needed—including Quick Reaction Force elements—based on PDP travel and advising requirements. Support will come from DS teams already in-country as well as from additional DS teams yet to deploy.²¹⁶

Funding for the PDP has not yet been secured. To support the PDP and programs in Justice Corrections and Counternarcotics, DoS requested \$315 million in FY 2011 appropriations and \$1.00 billion in FY 2012 appropriations to the INCLE in Iraq. Of the \$315 million FY 2011 request, \$200 million was forward-funded through the FY 2010 supplemental appropriation.²¹⁸ INL will provide INCLE funding for all costs associated with security and life support for the PDP. According to U.S. Embassy-Baghdad, DoS and the Embassy are working closely with the GOI to determine cost-sharing arrangements. Negotiations are ongoing concerning contributions for PDP personnel support (salaries and transportation), equipment and fuel for policing operations, and no-cost leases of land and facilities. •

How State Department Picks Up Funding Lead for Iraqi Military and Police in FY2012

How State Funding in FY2012 Replaces DoD Funding of Iraqi Security Forces: FY2011 vs. FY2012 (\$ in million)

Account	FY2011 Budget (enacted)		FY2012 Budget Request to Congress	
	OCO	Non-OCO	OCO	Non-OCO
Economic support Fund (ESF)	0.0	\$325.7	0.0	\$325.7
Foreign Military Financing (FMF) ¹	0.0	0.0	1,000.0	0.0
International Military Education (IMET)	0.0	2.0	0.0	2.0
International Narcotics Control & Law Enforcement (INCLE)	114.56 ²	0.0	\$1,000.0	0.0
Non-Proliferation, Anti-terrorism, Demining & Related Programs (NADR)	0.0	38.2	0.0	\$32.4
Total	114.56	365.9	2,000.0	360.1

1. DoD allocated \$1.5 billion for the Iraqi Security Forces Fund (ISFF) in FY2011

2. Iraq received \$650 million in the FY2010 supplemental, \$450 million for start up costs of Police Development Program, and \$200 million in forward funding towards the FY2011 request of \$314.56 million. Iraq received the remaining \$114.56 million in FY2011 base appropriation.

Source: US State Department, June 2011

The **Overseas Contingency Operations (OCO)** foreign assistance request for Iraq covers extraordinary assistance programs the support short-term engagement programs with the Government of Iraq that are meant to assist it until it has the capacity and resources to perform critical government security functions on its own. These include the Police Development Program, funded through INCLE, and the security assistance programs for Iraqi militarism, funded through Foreign Military Financing. Both programs are transition from the Department of Defense to the Department of State.

The **core assistance (non-OCO)** programming includes work performed under the ESF, NADR, and IMET. ESF includes the work of other partners to State, including USAID, Commerce, Treasury, and Agriculture,

Total Shifts in Funding for State Department in FY2012

Iraq State Operations Funding: FY 2011-FY2012 W/OCO Enduring Split (\$ in thousands)

State Operations	FY2011 (Iraq Allocation of PL112-10)			(FY2012 President's Request)		
	OCO	Enduring	Total	OCO	Enduring	Total
D&CP Ongoing Operations	1,080,914	442,795	1,523,709	3,229,455	495,900	3,725,355
Contributions to Int'l Organizations (UNAMI)	-	33,300	33,300	-	44,300	44,300
Embassy Security, construction, & Maintenance	-	12,400	12,400	-	37,000	37,000
Education & Cultural Exchange	-	7,453	7,453	-	7,000	7,000
Office of the Inspector General (SIGIR)	21,956	4,950	26,906	18,545	9,190	27,735
Total State Operations	1,102,870	500,898	1,603,768	3,248,000	593,390	3,841,390

1. State Department did not request OCO funds in FY2011. Table shows comparable expenditures by DoD

2. Approximately \$3 billion of DC&P fund available in FY2011, consisting of \$1,523.7 million in FY2011 and \$1,498.9 from prior year funding.

Total Department of State Foreign Assistance Funding for Iraq (all values in \$US thousands, Not inclusive of Operations Values)

Account	FY2011 Budget (enacted)	FY2012 Budget Request to Congress
Economic support Fund (ESF)	\$325,700,000	\$325,700,000
Foreign Military Financing (FMF) ²	0.00	1,000,000,000
International Military Education (IMET)	2,000,000	2,000,000
International Narcotics Control & Law Enforcement (INCLE)	114,560,000 ³	\$1,000,000,000
Non-Proliferation, Anti-terrorism, Demining & Related Programs (NADR)	38,200,000	\$32,400,000
Total	480,460,000	\$2,360,100,000

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Shifts in Contracting Efforts: A SIGIR Assessment - II

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Tracking Contractors

In a congressional hearing on March 2, 2011, a member of Congress questioned DoS’s post-transition contractor projections, citing a GAO finding that DoS, DoD, and USAID have been unable to determine the exact number of contractors employed in Iraq.²⁴⁷ In response, the Under Secretary of State for Management testified that he believed he knew “exactly how many contract employees” DoS had “on any given day in Iraq.” Furthermore, he testified that DoS had analyzed major functions required for U.S. Embassy-Baghdad’s new responsibilities—including aviation, medical, and security—and that a table of organization was created detailing how many contractors were required. He also testified that DoS contractors were entered into the Synchronized Predeployment Operational Tracker (SPOT), a contractor database administered by DoD.

As the transition date nears, however, it appears that DoS’s ability to track contractor data maybe decreasing. For the past two quarters, U.S. Embassy-Baghdad has reported to SIGIR that the DoS Office of the Under Secretary for Management does not keep data on what activities its contractors provide in Iraq, nor could it provide a projection of its contractor requirements over the next year.²⁴⁹ However, DoS previously provided such data (albeit sometimes inconsistent) to SIGIR through the quarter ending September 30, 2010.²⁵⁰ USAID was able to provide a limited breakdown of its contractors this quarter, and DoD was able to provide limited data as of December 31, 2010.²⁵¹ SIGIR thus far has been unable to publish aggregated data from SPOT, because the data has been designated “For Official Use Only.”

Contracting Actions and Grants

As of March 31, 2011, DoD, DoS, and USAID had reported 34,534 Iraq-related contracting actions or grants from ISFF, IRRF, and ESF, totaling \$35.79 billion in cumulative obligations.²⁵² This quarter, DoD, DoS, and USAID reported 545 new contracting actions or grants from these funds, resulting in \$199.5 million in new obligations and \$574.0 million in new expenditures.

Shifts in Contracting Efforts: A SIGIR Assessment - I

CONTRACTING ACTIONS AND GRANTS

\$ Millions

FUND	CURRENT STATUS			CHANGE OVER QUARTER					
	COUNT	OBLIGATED	EXPENDED	COUNT		OBLIGATED		EXPENDED	
ISFF	18,353	\$17,753.0	\$16,989.1	229	(1%)	\$106.9	(1%)	\$408.2	(2%)
IRRF	8,489	\$14,418.6	\$14,290.1	5	(0%)	\$11.1	(0%)	\$19.3	(0%)
ESF	7,692	\$3,623.0	\$3,266.6	311	(4%)	\$81.5	(2%)	\$146.6	(5%)
Total	34,534	\$35,794.6	\$34,545.8	545	(2%)	\$199.5	(1%)	\$574.0	(2%)

Note: Data not audited. Numbers affected by rounding. Tables represent only those contracting actions that were reported by the agencies; they do not reflect all obligations or expenditures made in Iraq.

Sources: CEFMS, ESF, IRRF: Construction, IRRF: Non-construction, ISFF, 1/10/2011 and 4/1/2011; USAID, responses to SIGIR data calls, 1/22/2010, 1/11/2011, and 4/16/2011.

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SIGIR audits have identified numerous weaknesses in U.S. agency management of contracts, grants, and cooperative agreements. Over the years, SIGIR audits have found that U.S. agencies:

- employed insufficient numbers of trained contract and grants officers to provide necessary performance and financial oversight
- rotated oversight officials often, resulting in loss of institutional knowledge of contracts
- wrote contracts and grants without clear and measurable objectives
- did not maintain comprehensive files to document contracting decisions
- did not detect questionable costs charged to the U.S. government
- did not provide the level of oversight required by sound management practices or internal policy manuals

Police Training

Weaknesses in DoS contract management for police training were detailed in a January 2010 SIGIR audit report. SIGIR found that INL lacked sufficient resources and controls to adequately manage DynCorp task orders. As a result, more than \$2.5 billion in U.S. funds were vulnerable to waste and fraud. To illustrate, the In-country Contracting Officer's Representatives, who were critical in overseeing DynCorp's performance and expenditures under the current task order, did not perform adequate reviews and tests to ensure that:

- the costs submitted by DynCorp were allowable under the contract/task order, supported by appropriate documentation, and correct
- U.S. government property managed by DynCorp was adequately controlled
- lease agreements negotiated on behalf of the U.S. government protected the U.S. government's interests
- the government received the services at the performance standards specified in the task order

As DoS takes responsibility for the police training program from DoD in 2011 and DoS continues to oversee contracts costing the U.S. taxpayers hundreds of millions of dollars, it will be critical for DoS to have in place effective management and controls to ensure that U.S. funds are effectively and efficiently spent.

Private Security Contractors

According to the CWC, contracting out security functions introduces especially high risks.²⁴² This problem may grow more acute as DoD personnel— especially the troops

Iraq Strategic Partnership Office (ISPO) U.S. Army Corps of Engineers (USACE) Projects

ISPO oversees a subset of the projects implemented by USACE—specifically, those projects funded by the Iraq Relief and Reconstruction Fund (IRRF) and Economic Support Fund (ESF).

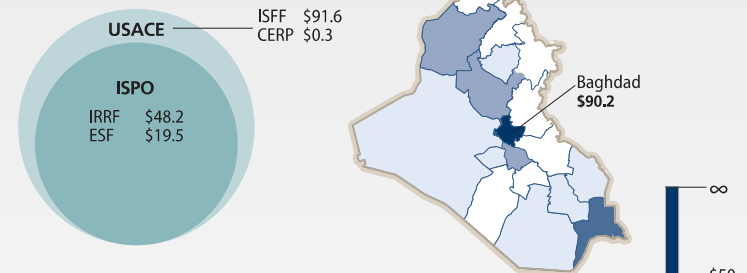
In addition to IRRF- and ESF-funded projects, USACE implements projects funded by the three other major funds: the Iraq Security Forces Fund (ISFF), the Commander's Emergency Response Program (CERP), and the International Narcotics Control and Law Enforcement (INCLE) account, as well as sizeable projects supported by other U.S. and Iraqi funding streams not discussed here.

This quarter, USACE completed 58 projects, valued at \$159.5 million. Among the completed projects were 28 overseen by ISPO, valued at \$67.6 million.

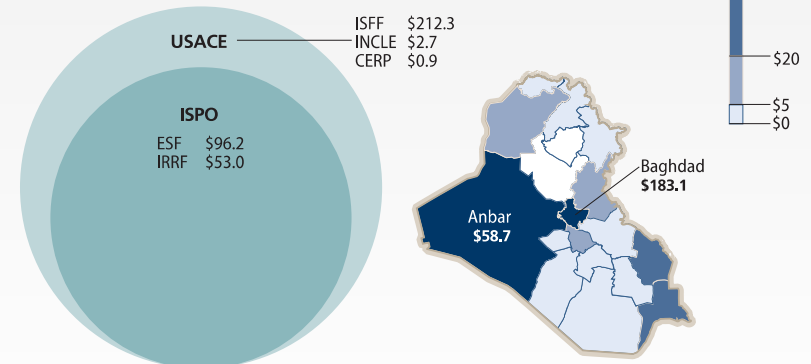
As of March 31, 2011, USACE was implementing 85 ongoing projects, valued at \$365.1 million. Among the ongoing projects were 34 overseen by ISPO, valued at \$149.3 million.

STATUS OF ISPO/USACE PROJECTS, AS OF 3/31/2011 \$ Millions

Completed, 1/1/2011–3/31/2011



Ongoing, as of 3/31/2011



Notes: Data not audited. Numbers affected by rounding. Includes only those projects funded by the five major funds: IRRF, ISFF, ESF, CERP, and INCLE.

Sources: U.S. Embassy-Baghdad, ISPO, response to SIGIR data call, 4/1/2011; USACE, TAD, response to SIGIR data call, 4/5/2011.

US Aid

Status of Major US Aid Funds as of 3/31/2011

Since 2003, the United States has appropriated or otherwise made available \$61.45 billion for reconstruction efforts in Iraq, including the building of physical infrastructure, establishment of political and societal institutions, reconstitution of security forces, and the purchase of products and services for the benefit of the people of Iraq.

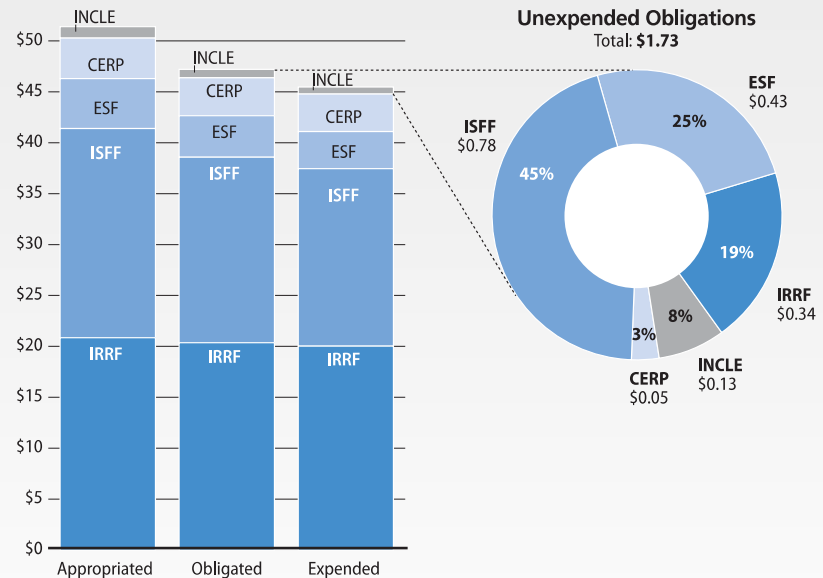
As of March 31, 2011, \$51.41 billion had been made available through five major funds:

- Iraq Relief and Reconstruction Fund (IRRF)—\$20.86 billion
- Iraq Security Forces Fund (ISFF)—\$20.54 billion
- Economic Support Fund (ESF)—\$4.91 billion
- Commander's Emergency Response Program (CERP)—\$3.98 billion
- International Narcotics Control and Law Enforcement (INCLE)—\$1.12 billion

As of March 31, 2011, \$4.46 billion in available budget authority remained unexpended for the five major funds (\$4.20 billion in unobligated funds plus \$1.73 billion in unexpended obligations minus \$1.48 billion in expired funds). The Congress also made \$10.04 billion available through several smaller funding streams.

The Congress appropriated an estimated \$3.37 billion in FY 2011 funding for Iraq reconstruction, comprising an estimated \$2.00 billion in new reconstruction assistance and an estimated \$1.37 billion in new funding for reconstruction-related operating expenses.

STATUS OF MAJOR U.S. FUNDS, AS OF 3/31/2011
\$ Billions



Note: Data not audited. Numbers affected by rounding.

US Budget Appropriations and Requests: FY2010-FY2012

\$ Millions

		FY 2010 APPROPRIATIONS			FY 2011 REQUEST AND APPROPRIATIONS		FY 2012 REQUEST		
	FUND	REGULAR	SUPPLEMENTAL	TOTAL	REQUEST	APPROPRIATION	BASE	OCO	TOTAL
Foreign Assistance	Defense	ISFF	1,000.0	1,000.0	2,000.0	1,500.0			
		CERP	239.9	239.9	200.0	70.0			
		Subtotal	239.9	1,000.0	1,239.9	1,570.0			
	Foreign Operations	INCLE	52.0	650.0	702.0	315.0	51.9	1,000.0	1,000.0
		FMF						1,000.0	1,000.0
		ESF	382.5		382.5	383.0	346.2	325.7	325.7
		MRA/ERMA	300.0		300.0				
		NADR	30.3		30.3	29.8	29.8	32.4	32.4
		IDA/IDFA	32.7	9.7	41.9				
		IMET	2.0		2.0	2.0	2.0		2.0
		Subtotal	799.5	659.7	1,458.7	729.8	429.9	360.1	2,360.1
	Subtotal	1,039.3	1,659.7	2,698.5	2,929.8	1,999.9	360.1	2,000.0	2,360.1
Operating Expenses	DoD	OSC-I Support			245.0	129.1		524.0	524.0
	DoS	D&CP	1,121.6	1,030.0	2,151.6	1,787.1	1,119.4	495.9	3,725.4
		CIO	33.0		33.0		31.0	44.3	44.3
		ECSM						37.0	37.0
		ECA	7.4		7.4		6.9	7.0	7.0
		Subtotal	1,162.0	1,030.0	2,192.0	1,787.1	1,157.3	584.2	3,813.7
	Other Civilian	USAID	51.9		51.9	62.8	56.5	75.4	75.4
		DoS OIG	5.0		5.0		4.9	9.2	9.2
		SIGIR	23.0		23.0	22.0	22.0	18.5	18.5
		Subtotal	79.8		79.8	84.8	83.4	84.6	103.1
	Subtotal	1,241.8	1,030.0	2,271.8	2,116.9	1,369.7	668.8	3,772.0	4,440.8
Total		2,281.1	2,689.7	4,970.4	5,046.7	3,369.6	1,028.9	5,772.0	6,800.9

On February 14, 2011, the Administration released its budget request for FY 2012, which starts on October 1, 2011. More than \$6.80 billion was requested for foreign assistance and operating expenses for Iraq, \$1.83 billion (37%) more than was appropriated in FY 2010. The Administration's FY 2012 budget request draws close parallels between ongoing Overseas Contingency Operations (OCO) in Iraq, Afghani-stan, and Pakistan but bifurcates the DoS budget in those countries between OCO and base budgets. This new practice matches the precedent set by DoD and, according to the Administration, will improve transparency for "extraordinary and temporary" costs.

IRRF Aid as of 3/31/2011

IRRF: STATUS OF FUNDS, BY APPROPRIATION AND SECTOR, AS OF 3/31/2011
\$ Millions

APPROPRIATION	SECTOR	STATUS OF FUNDS		QUARTERLY CHANGE	
		OBLIGATED	EXPENDED	OBLIGATED	EXPENDED
IRRF 1	Subtotal	2,227.7	2,227.7		
IRRF 2	Security & Law Enforcement	4,929.0	4,892.8		
	Electric Sector	4,117.4	4,076.1	9.3 (0%)	13.9 (0%)
	Justice, Public Safety Infrastructure, & Civil Society	2,309.2	2,209.4	-0.1 (0%)	
	Water Resources & Sanitation	1,968.0	1,957.8		1.8 (0%)
	Oil Infrastructure	1,604.2	1,593.1		
	Private Sector Development	860.0	830.0		
	Health Care	816.7	802.8		0.4 (0%)
	Education, Refugees, Human Rights, Democracy, & Governance	519.5	447.6		
	Transportation & Telecommunications Projects	469.0	463.3	0.2 (0%)	1.9 (0%)
	Roads, Bridges, & Construction	280.5	275.7		1.2 (0%)
	Administrative Expenses	219.5	217.9		
	ISPO Capacity Development	44.9	36.3		1.2 (3%)
	Subtotal	18,137.8	17,802.8	9.4 (0%)	20.4 (0%)
Total		20,365.5	20,030.4	9.4 (0%)	20.4 (0%)

Note: Data not audited. Numbers affected by rounding.

IRRF 2: AUDITED STATUS, AS OF 9/30/2010, BY AGENCY
\$ Millions

	APPORTIONED	OBLIGATED	EXPENDED	UNOBLIGATED BALANCES	UNLIQUIDATED OBLIGATIONS
DoD/U.S. Army	13,521.06	12,966.79	12,868.55	311.00	98.24
USAID	3,043.57	3,048.01	3,040.39	28.90	7.62
DoS	1,483.31	1,344.68	1,306.08	62.34	38.60
U.S. Treasury	391.38	39.06	38.33	0.04	0.73
USIP	10.00	9.82	9.76	0.18	0.06
Subtotal				402.46	
OMB				26.62	
Total	18,449.32	17,408.36	17,263.11	429.08	145.25

The IRRF comprises \$20.86 billion made available through two appropriations: IRRF 1 (\$2.48 billion) and IRRF 2 (\$18.39 billion).

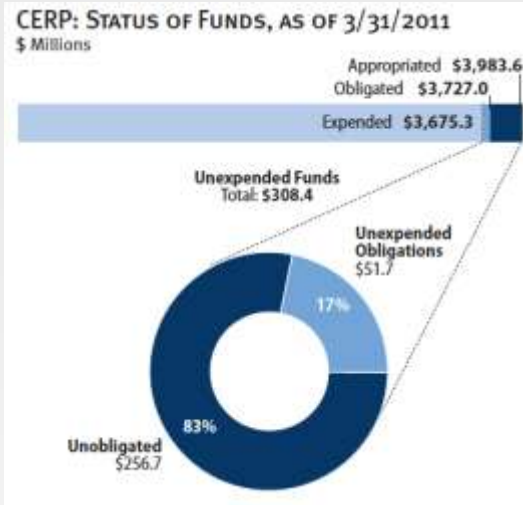
The IRRF 1 was canceled on September 30, 2009, and there is no longer authority to obligate or expend any funds from it. P.L. 109-234 and P.L. 110-28 extended the period of obligation for some of the IRRF 2 until September 30, 2008. Consequently, some IRRF 2 funds will remain available for expenditure until September 30, 2013.

As of March 31, 2011, \$335 million of obligated funds had not been expended from the IRRF 2.

This quarter, SIGIR released an audit of the status of IRRF 2 as of September 30, 2010. According to the audit, \$18.45 billion was appropriated for security, relief, rehabilitation, and reconstruction in Iraq, all of which was apportioned to five agencies: DoD/U.S. Army, USAID, DoS, U.S. Treasury, and the U.S. Institute of Peace (USIP)

All IRRF 2 funds that remain unexpended as of September 30, 2013, will be canceled and returned to the U.S. Treasury's General Fund.

CERP Aid as of 3/31/2011



Since 2004, the Congress has provided \$3.98 billion to the CERP in Iraq for the purpose of enabling military commanders to respond to urgent humanitarian relief and urgent reconstruction requirements within their areas of responsibility. This includes \$70 million provided by P.L. 112-10.130 As of March 31, 2011, \$52 million of obligated CERP funds had not been expended. An additional \$257 million had not been obligated, but \$226 million of this amount has expired. This leaves \$30 million available for obligation to new projects. In total, \$82 million in available budget authority remained unexpended for the CERP

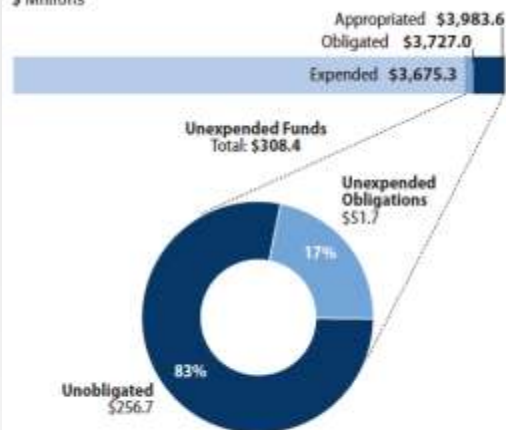
\$ Millions

PROJECT CATEGORY/FISCAL YEAR	STATUS OF FUNDS		QUARTERLY CHANGE	
	OBLIGATED	EXPENDED	OBLIGATED	EXPENDED
Status of Funds, by Project Category, According to the USF-I CERP Project Tracker				
Water & Sanitation	673.7	219.4	11.8 (2%)	3.4 (2%)
Protective Measures	490.2	267.5	1.1 (0%)	0.6 (0%)
Electricity	444.5	131.6	3.2 (1%)	0.5 (0%)
Education	428.3	177.5	3.7 (1%)	1.7 (1%)
Transportation	385.9	148.1	2.1 (1%)	0.5 (0%)
Civic Cleanup Activities	240.5	116.5	1.3 (1%)	0.7 (1%)
Other Urgent Humanitarian or Reconstruction Projects	224.3	83.6	7.5 (3%)	2.4 (3%)
Agriculture	208.4	74.3	2.0 (1%)	0.3 (0%)
Economic, Financial, and Management Improvements	183.0	76.3	1.6 (1%)	0.8 (1%)
Health Care	152.0	60.4	2.5 (2%)	1.6 (3%)
Rule of Law & Governance	112.2	44.7	19.2 (21%)	1.2 (3%)
Civic Infrastructure Repair	67.5	23.9		
Repair of Civic & Cultural Facilities	63.1	27.1	0.5 (1%)	
Civic Support Vehicles	58.5	30.8	4.6 (8%)	1.6 (5%)
Condolence Payments	50.7	35.4	0.1 (0%)	0.1 (0%)
Telecommunications	39.6	10.2		
Temporary Contract Guards for Critical Infrastructure	35.6	35.3		
Battle Damage Repair	23.7	17.9	0.1 (0%)	0.1 (0%)
Food Production & Distribution	21.2	8.0	0.3 (2%)	0.2 (3%)
Non-FMR	5.8		-21.8 (-79%)	
Detainee Payments	1.0	0.6		
Iraqi Hero Payments	0.7	0.7	0.0 (2%)	0.0 (1%)
Subtotal	3,910.3	1,589.8	39.8 (1%)	15.9 (1%)
Difference between ABO Financial Data and USF-I CERP Project Tracker, by Fiscal Year				
FY 2004	-5.8	133.6		
FY 2005	-49.2	404.4		
FY 2006	136.7	499.8	0.1 (0%)	1.2 (0%)
FY 2007	-180.5	324.0	0.1 (0%)	0.1 (0%)
FY 2008	-91.4	513.7	-2.9 (3%)	1.3 (0%)
FY 2009	-9.2	116.0	-1.5 (19%)	2.5 (2%)
FY 2010	16.1	94.0	38.6 (-172%)	107.9 (-777%)
FY 2011				
Subtotal	-183.3	2,085.5	34.3 (-16%)	112.8 (6%)
Total, According to ABO Financial Data	3,727.0	3,675.3	51.6 (1%)	114.9 (3%)

Total US Economic Support Fund (ESF) Aid: 2003 to 3/21/2011

CERP: STATUS OF FUNDS, AS OF 3/31/2011

\$ Millions



Note: Data not audited. Numbers affected by rounding.

Source: ABO, response to SIGIR data call, 4/18/2011.

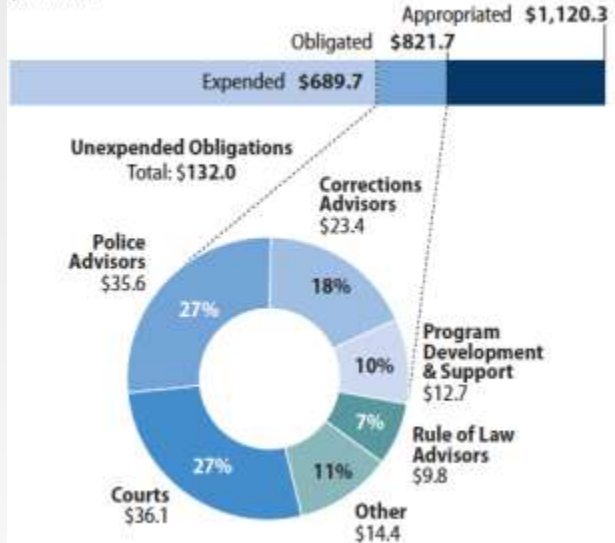
\$ Millions

TRACK	PROGRAM	STATUS OF FUNDS		QUARTERLY CHANGE	
		OBLIGATED	EXPENDED	OBLIGATED	EXPENDED
Security	Community Stabilization Program	619.3	608.6		-10.3 (-2%)
	PRT/PRDC Projects	586.3	534.6	5.9 (1%)	29.1 (6%)
	Local Governance Program	435.5	409.5		13.2 (3%)
	Community Action Program	384.3	324.5		5.4 (2%)
	PRT Quick Response Fund	273.8	233.1	3.1 (1%)	10.1 (5%)
	Infrastructure Security Protection	194.8	189.5		1.4 (1%)
	Subtotal	2,494.0	2,299.9	9.0 (0%)	48.9 (2%)
Political	Tatweer National Capacity Development	309.4	299.3		2.6 (1%)
	Democracy and Civil Society	260.6	183.5		14.9 (9%)
	Iraqi Refugees	95.0	93.2		
	Economic Governance II, Policy and Regulatory Reforms	85.0	83.9		-1.1 (-1%)
	Ministerial Capacity Development	37.6	35.5	-0.1 (0%)	1.0 (3%)
	Regime Crimes Liaison Office	28.5	28.4		0.4 (1%)
	Elections Support	13.9	13.8		
	Monitoring and Evaluation	8.5	5.4		0.3 (5%)
	Subtotal	838.6	743.1		18.0 (2%)
Economic	O&M Sustainment	275.2	273.7		0.3 (0%)
	Inma Agribusiness Development	144.8	128.9		4.9 (4%)
	Tijara Provincial Economic Growth	117.8	77.0		2.1 (3%)
	Targeted Development Program	60.4	45.9		4.8 (12%)
	Plant-Level Capacity Development & Technical Training	50.4	50.1		
	Primary Health Care Program	39.1		39.1	
	Izdiyar Private Sector Development	32.8	32.2		0.4 (1%)
	Financial Sector Development	31.6	3.3		0.6 (24%)
	Subtotal	752.1	611.0	39.1 (5%)	13.1 (2%)
Total		4,084.7	3,654.0	48.1 (1%)	79.9 (2%)

Note: Data not audited. Numbers affected by rounding.

Total US International Narcotics Control and Law Enforcement (INCLE) Aid: 2003 to 3/21/2011

INCLE: STATUS OF FUNDS, AS OF 3/31/2011
\$ Millions



Note: Data not audited. Numbers affected by rounding.

INCLE: STATUS OF FUNDS, BY SECTOR AND PROGRAM, AS OF 3/31/2011
\$ Millions

SECTOR	PROGRAM	STATUS OF FUNDS		QUARTERLY CHANGE	
		OBLIGATED	EXPENDED	OBLIGATED	EXPENDED
Criminal Justice	Police Advisors	432.4	396.8	375.9 (665%)	395.2 (24,609%)
	Courts	104.4	68.3	2.9 (3%)	5.5 (9%)
	Public Integrity	33.7	27.1		0.3 (1%)
	Rule of Law Advisors	26.0	16.1	3.6 (16%)	3.7 (30%)
	Major Crimes Task Force	13.1	9.1		0.8 (9%)
	Justice Integration	6.8	5.5		0.1 (1%)
	Legal Framework	2.5	2.5		
	Subtotal	618.9	525.5	382.5 (162%)	405.5 (338%)
Corrections	Advisors	88.0	64.6	1.5 (2%)	3.1 (5%)
	Construction	83.7	82.2		11.7 (17%)
	Subtotal	171.7	146.8	1.5 (1%)	14.8 (11%)
Other	Program Development and Support	30.1	17.4	3.1 (12%)	-0.1 (0%)
Counternarcotics	Counternarcotics	1.0	0.0	1.0	
Total		821.7	689.7	388.0 (89%)	420.3 (156%)

Note: Data not audited. Numbers affected by rounding.

Sources: INL, responses to SIGIR data calls, 1/10/2011 and 4/6/2011.

The INCLE has been allocated to 11 programs in four sectors: criminal justice, corrections, counternarcotics, and other (which includes funding for program development and support). The majority of INCLE obligations to date have been made to programs in the criminal justice sector.

Since 2006, the Congress has appropriated \$1.12 billion to the INCLE in Iraq to support rule-of-law activities.¹³⁷ This includes roughly \$52 million provided by P.L. 112-10.¹³⁸ As of March 31, 2011, \$132 million of obligated INCLE funds had not been expended. An additional \$299 million had not been obligated, nearly all of which is available for new projects. In total, \$431 billion in available budget authority remained unexpended for the INCLE.

US Transition Funding Requests for FY2012

On February 14, 2011, the Administration released its budget request for FY 2012, which starts on October 1, 2011. More than \$6.80 billion was requested for foreign assistance and operating expenses for Iraq, \$1.83 billion (37%) more than was appropriated in FY 2010. The Administration's FY 2012 budget request draws close parallels between ongoing Overseas Contingency Operations (OCO) in Iraq, Afghanistan, and Pakistan but bifurcates the DoS budget in those countries between OCO and base budgets. This new practice matches the precedent set by DoD and, according to the Administration, will improve transparency for "extraordinary and temporary" costs.

The Administration's OCO budget request for Iraq supports "key efforts" related to the transition from military to civilian-led reconstruction, including:

- drawing down all U.S. troops in Iraq by December 31, 2011, in accordance with the U.S.-Iraq Security Agreement
- establishing two consulates and two Embassy Branch Offices (EBOs) and having DoS take responsibility for more than 400 "essential" activities that DoD currently performs
- establishing police and criminal justice hub-facilities and security cooperation sites to continue enhancing security forces and ministry capabilities

Retroactive analysis by DoS indicates that approximately \$2.19 billion in FY 2010 DoS operating expenses would have been classified as OCO costs under FY 2012's criteria (exclusive of oversight costs associated with SIGIR). Compared with the request for FY 2012, this represents a \$1.04 billion (47%) increase to \$3.23 billion.⁸⁷ According to the Administration, this increase is "more than offset" by the decreased request for DoD, which is attributable to the withdrawal of U.S. forces from Iraq by December 31, 2011.⁸⁸

In addition, the Administration is requesting \$2.00 billion in foreign assistance under two accounts in the FY 2012 OCO budget for DoS:

- \$1.00 billion for the INCLE to support INL's PDP
- \$1.00 billion for the Foreign Military Financing (FMF) program to provide security assistance to the Iraqi military

Both programs that the requested funding is meant to support are being transitioned from DoD to DoS on October 1, 2011. According to DoS, the request supports "primarily short-term engagement programs ... meant to assist the GOI until it has the capacity and resources to perform critical government security functions on its own."

In addition to the OCO budget, the Administration has requested "significant" resources in the base budget for Iraq to support core Embassy functions and assistance programs. The \$584 million DoS budget justification for civilian operating expenses is intended to fund full-year operations for the planned DoS presence outside of Baghdad and provide for the transition of DoD's remaining Baghdad facilities to Chief of Mission control.

DoS will also continue assistance programs related to employment, agriculture, and essential services. According to Secretary of State Hillary Clinton, "these programs are designed to work themselves out of existence," and Iraq already "matches our assistance dollar-for-dollar."⁹³ Toward this end, the Administration is requesting \$360 million under three accounts in the FY 2012 base budget for DoS:

- \$326 million for the ESF—mostly to help "promote an Iraqi Government that is just, representative, and accountable" (\$202 million), but also to promote economic growth and opportunity (\$88 million) and support health, education, and other social services (\$36 million)
- \$32 million for Nonproliferation, Antiterrorism, Demining, and Related Programs (NADR)—to support security sector reform and counterterrorism efforts
- \$2 million for the International Military Education and Training (IMET)—to support military professional development courses

Of the three, the NADR and IMET requests are similar to appropriations in prior years, but the ESF request is \$57 million (15%) less than the FY 2010 appropriation.

Losing Instead of Winning?

Key US Funding Streams to Iraq: FY2012 Appropriations Requests

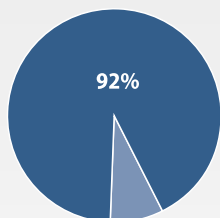
\$ Millions

Foreign Military Financing

Total Request: **\$6,550**

Top 5 Recipients

Israel	\$3,075
Egypt	\$1,300
Iraq	\$1,000
Pakistan	\$350
Jordan	\$300



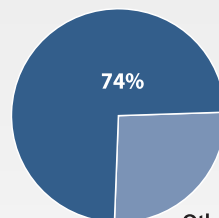
Other 74 Recipients

International Narcotics Control and Law Enforcement Affairs

Total Request: **\$2,510**

Top 5 Recipients

Iraq	\$1,000
Afghanistan	\$324
Mexico	\$249
Colombia	\$161
Pakistan	\$125



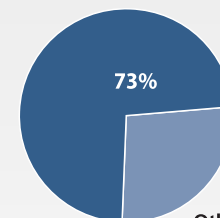
Other 41 Recipients

Economic Support Fund

Total Request: **\$7,190**

Top 5 Recipients

Afghanistan	\$2,804
Pakistan	\$1,360
West Bank and Gaza	\$400
Jordan	\$360
Sudan	\$336
Iraq (#6)	\$326



Other 20 Recipients

Source: DoS, "Executive Budget Summary, Function 150 & Other International Programs, Fiscal Year 2012," 2/14/2011, pp. 155-171.

In a letter to the chairman of the House Appropriations Committee, Secretary of State Clinton expressed her concern that Congress's proposed cuts to the Administration's budget request, "occur at exactly the most sensitive juncture as we transition from [a] military-lead to civilian-run programs and operations."

In March, the Under Secretary of State for Management testified before Congress that "to slash the State Department's budget in this way at this time is not only irresponsible, but it is a clear and present danger to our national security." He also agreed with the proposition that, without full appropriation of the FY 2011 and FY 2012 DoS requests for Iraq, the United States risks "mission failure."

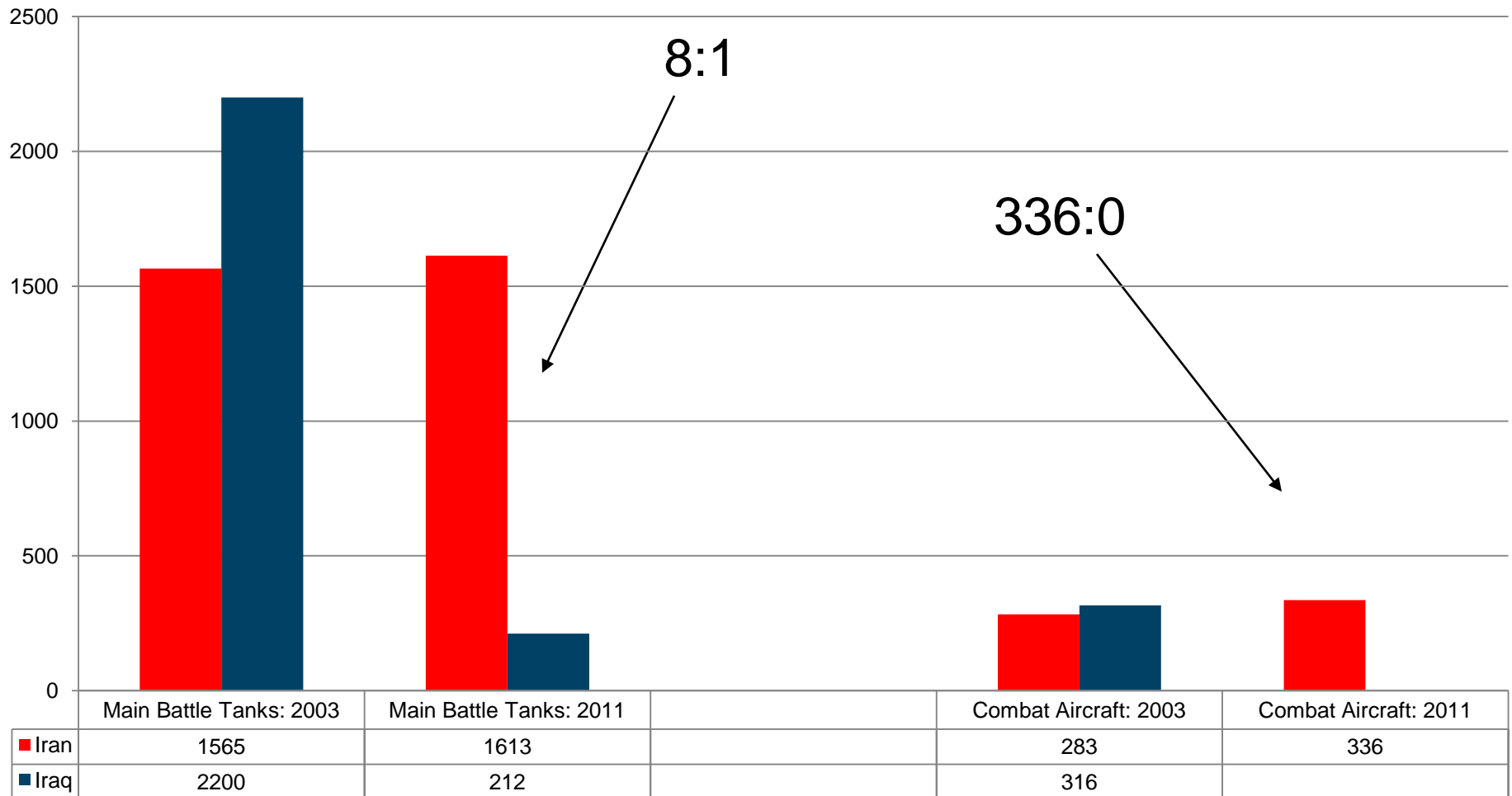
According to an October 2010 report issued by the DoS OIG, "it appears that provincial staffing is now being driven by budget constraints, rather than an appraisal of what is needed to accomplish the mission; certainly there is no indication that the missions have been redefined or reduced as funding and staffing projections shrink."

Iraqi Security Forces

Iran vs. Iraq: 2003 vs. 2011

Main Battle Tanks

Combat Aircraft



Details of Iraq's Loss of Deterrent and Defense Capability: 2003-2011

Category	2003			2011		
	Iraq	Iran	Force Ratio	Iraq	Iran	Force Ratio
Active Manpower	424,000	513,000	8:10	245,782	523,000	2:5
Reserve Manpower	650,000	350,000	19:10	0	350,000	NA
Main Battle Tanks	2,200	1,565	7:5	212	1,613	1:8
OAFVs	1,300	815	8:5	434	690	1:1.7
Reconnaissance				478	35	
APCs	2,400	590	4:1	1,479	640	2.3:1
Towed Artillery	1,900	2,085	9:10	0	2,010	NA
SP Artillery	150	310	1:2	0	310	NA
MRLs	200	889	1:5	0	876	NA
Combat Aircraft	316	283	11:10	0	336	NA
Attack Helicopters	100	85	6:5	0	50	NA
Major SAM Launchers	225	205	11:10	0	289	NA

Strength of Iraqi Security Forces: 3/31/2011

SERVICE		ASSIGNED PERSONNEL
Ministry of Defense ^a	Iraqi Army	191,500
	Army Air Corps	2,150
	Air Force	6,000
	Navy	1,800
	Training and Support	47,000
	Total MOD	248,450
Ministry of Interior ^a	Iraqi Police	303,000
	Iraqi Federal Police	45,000
	Department of Border Enforcement	39,330
	Oil Police	28,700
	Facilities Protection Service	97,000
	Total MOI	513,030
Counter-Terrorism Force		4,200
Total		765,680

^a Assigned numbers illustrate payroll data; they do not reflect present-for-duty totals.

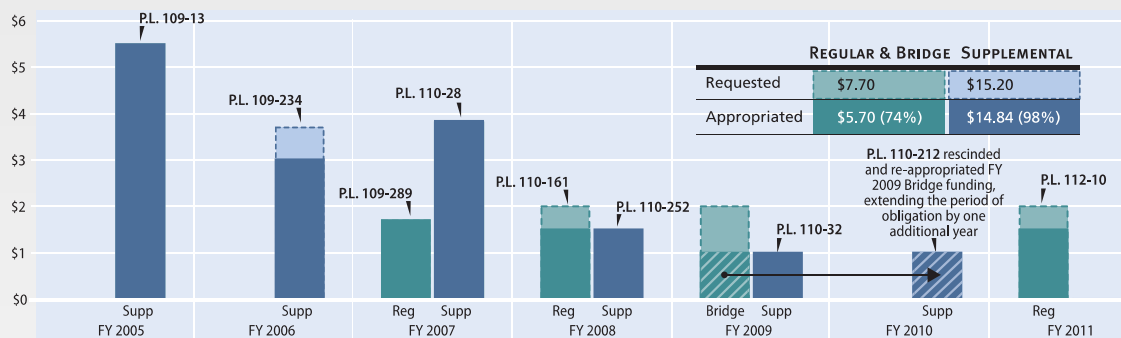
Note: Numbers affected by rounding.

Source: USF-I, response to SIGIR data call, 4/12/2011.

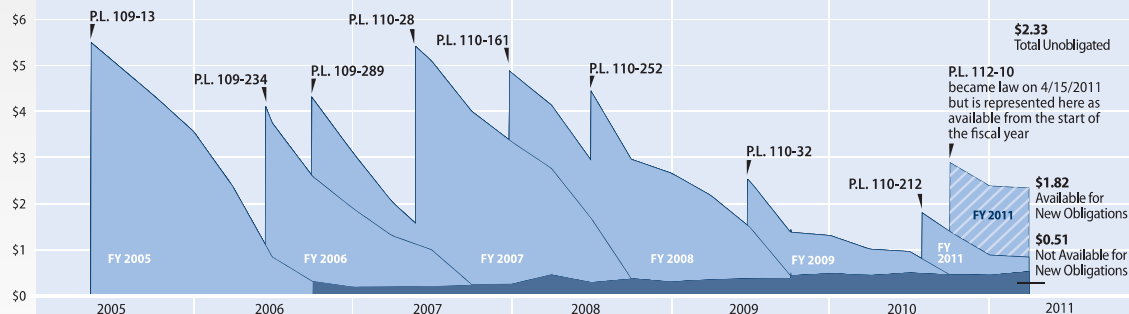
Iraqi Security Forces Fund Spending History FY2005-FY2011

\$ Billions

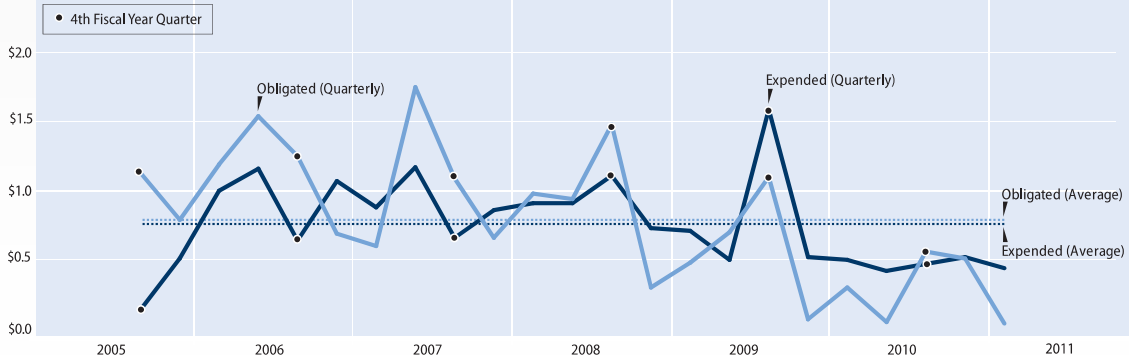
Regular, Bridge, and Supplemental Appropriations, FY 2005–FY 2011



Unobligated ISFF Appropriations



ISFF: Obligation and Expenditure Rates



Note: Data not audited. Numbers affected by rounding.

Iraqi Security Forces Fund Status

Since 2005, the Congress has appropriated \$20.54 billion to the ISFF to enable U.S. Forces- Iraq (USF-I) and its predecessor, Multi-National Force-Iraq, to support Iraq's Ministry of Defense (MOD) and Ministry of Interior (MOI) in developing the ISF and increasing ministerial capacity.¹⁰⁰ This includes \$1.50 billion provided by P.L. 112-10.¹⁰¹

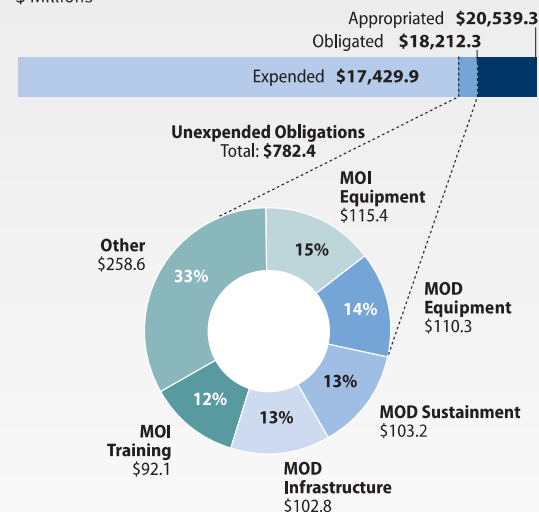
As of March 31, 2011, \$18.21 billion of ISFF had been obligated, surpassing the \$18.14 billion obligated for IRRF.^{2.102} By this measure, ISFF is the largest reconstruction fund for Iraq.

As of March 31, 2011, \$18.52 billion (95%) of the \$20.54 billion appropriated to the ISFF had been allocated to four major sub-activity groups: Equipment, Infrastructure, Sustainment, and Training. The remainder has been allocated to —related activities.”

As of March 31, 2011, \$782 million of obligated ISFF funds had not been expended. An additional \$2.33 billion had not been obligated, but \$509 million of this amount has expired. This leaves \$1.82 billion available for obligation to new projects. In total, \$2.60 billion in available budget authority remained unexpended for the ISFF.

The FY 2005–FY 2009 ISFF appropriations have expired. USF-I cannot obligate funds from these appropriations to new projects, but can adjust existing obligations and expend funds for a period of five years after their respective expiration dates.

ISFF: STATUS OF FUNDS, AS OF 3/31/2011
\$ Millions



Note: Data not audited. Numbers affected by rounding.

Status of Iraqi Security Forces 4/2011: I

Minimum Essential Capability

U.S. funding levels for the Iraq Security Forces Fund (ISFF) have been based on enabling the ISF to reach MEC standards prior to the withdrawal of U.S. troops by the end of the year. MEC means that the Iraqi security ministries, institutions, and forces can provide internal security and possess foundational capabilities to defend against external threats. Although facing significant challenges, the ISF continue to improve their capabilities through increased training and equipping. According to USF-I, the ISF is functioning well as a counterinsurgency Force.

MOD and MOI Deficiencies in Meeting MEC Standards

USF-I reported that, in general, the MOD security institutions and services are closer to attaining MEC than their MOI counterparts.

Institutionally, the MOD appears to have already achieved MEC with respect to Army training schools, training centers, and combat training centers. The current MEC rating of training capability among the five MOI police entities ranges from “functional, requiring minimal or no assistance” (Federal Police, Division of Border Enforcement, National Emergency Reserve Brigade) to “limited capability, requiring some assistance” (Iraqi Police, Ports of Entry).

Neither the MOD nor the MOI security services are likely to attain MEC with respect to either equipping or sustaining their forces by the end of USF-I’s mission. Moreover, challenges remain in both staffing and leading the security forces of both ministries. The USF-I has advised that “failure to address shortfalls will put at risk the Government of Iraq’s ability to secure the population, provide internal defense, and begin building the foundation for basic external defense by December 2011.” In a January 2011 report, the U.S. Senate Committee on Foreign Relations majority staff noted “alarming deficiencies” in MOD capabilities that “will have a serious impact on the State Department’s ability to provide for its own force-protection” beyond 2011.

The report cited four specific concerns:

- The MOD is deficient in its ability to maintain and support the armed forces. Although the Iraqi military has developed into a competent counterinsurgency force, the logistics, training, and maintenance requirements that contribute to its sustainment will potentially go unfulfilled without U.S. military assistance.
- The army and air force lack the full conventional ability to defend Iraq’s borders against external threats. Although Iraq does not currently face a conventional threat, it cannot yet deter its neighbors from interfering in domestic politics.
- Iraq’s skillful counterterrorism force is likely to become less capable because it still relies on the United States to integrate intelligence.
- The U.S. military presence helps bind together nascent cooperation between the Iraqi Army and Kurdish *Peshmerga*. Without U.S. troops to resolve disputes and foster relations, the situation could deteriorate, leaving the country with two separate, armed security forces at odds over long-standing ethnosectarian differences.

Equipment Shortfalls

Other MEC shortfalls appear likely as a result of the truncated budgetary outlay of the FY 2011 ISFF appropriation, arising from the series of continuing resolutions. Through almost the first half of FY 2011, the amount of ISFF funds provided to support ISF attainment of MEC under)

Status of Iraqi Security Forces 4/2011: II

continuing appropriations was just 26% of the \$1.5 billion in ISFF appropriations made available under the Department of Defense and Full-Year Continuing Appropriations Act, 2011 (P.L. 112-10). Moreover, P.L. 112-10 provided \$500 million less than the total requested in DoD's line-item budget submission (J-Book) for the year.⁴¹⁹ Projects for which funds have not been allocated to assist the ISF in reaching MEC include:

- the equipment necessary to develop the IA's Intelligence, Surveillance, and Reconnaissance (ISR) battalion-level capabilities to eliminate dependence on U.S. assets and "ensure unimpeded, independent intelligence operations throughout the Army that will be necessary for...developing an initial self defense" (MOD)
- radio relay-links equipment to facilitate Command, Control, and Communications (C3) systems, including compact tactical radio relay links, training, and repair facilities (MOD)
- secure communications capabilities through combat net radios (MOD)
- training programs, equipment, and facilities for pilots and the related ground crews/maintenance personnel (MOD)
- an "Iraqi Intelligence Network" to move operational and intelligence related data/voice communications to a secure network (MOI)

While the areas where shortfalls in MOD's attainment of MEC appear to be material, it is anticipated that MOD security services and institutions will receive some level of support after the USF-I's end of mission. The Office of Security Cooperation-Iraq (OSC-I) will likely assist MOD institutions to meet shortfalls in sustainment and IA modernization with Foreign Military Financing (FMF) and Foreign Military Sales (FMS) programs, although the existing Security Agreement might have to be amended to authorize specific training missions.⁴ Notably, however, the OSC-I activity will be much smaller than the existing ITAM components of USF-I. Moreover, the OSC-I is unlikely to be staffed or equipped to manage gaps in intelligence or to provide force levels necessary to support and harmonize the integration of GOI and KRG security forces.

MEC and the USF-I Transition to INL

As noted in Section 3, post-USF-I support for the Iraqi Police (IP) and MOI-related security forces is different than that provided for the MOD. Replacing the USF-I training, equipping, and capacity development mission will be a large U.S.-funded "advise and mentor" Police Development Program (PDP), administered by INL. From the USF-I perspective, the vision was for the MOI forces to achieve MEC by the end of its mission, providing a seamless transition to the PDP.⁴²⁶ USF-I had specified these goals in mid-2009: "By the summer of 2010, the [MOI] functions with little assistance in the most critical aspects of force

management, acquisition, training, distribution, sustainment, resourcing, and leader development; the MOI is transitioned to full adherence to the Rule of Law and police primacy throughout Iraq." It is now widely recognized that the MOI security services will not attain a fully functional MEC by the end of the USF-I mission, raising the likelihood that there will be enduring gaps in the MOI security services' capabilities.⁹ There are a total of 20 identified tasks to transition from USF-I programs to the INL-led effort—10 at the ministry and 10 related to the police force. USF-I notes that the transition of these enduring tasks to INL will be conditions-based, taking into account the complexity of the task, the MEC assessment for the task, and INL readiness to accept the task, as well as an assessment of the current operating environment. ITAM-Police will be balancing several priorities as the transition to the PDP approaches (beginning October 1, 2011):

Status of Iraqi Security Forces 4/2011: III

- developing ministerial capacity
- implementing “democratic policing” by enhancing investigation techniques, handling of evidence, laboratory procedures, and the application of the rule of law
- improving critical infrastructure police capability
- increasing KRG force integration
- improving facilities, detection systems, and unity of effort for border and port security
- improving sustainment support
- transitioning responsibility for internal security to the police

ITAM’s six-month campaign to address these priorities before handing off its mission to the PDP will be difficult not only because of the brief remaining time but also by previously unanticipated U.S. government and GOI funding constraints.

Status of MOD

The IA has established 196 operational combat battalions, 20 Iraqi protection battalions, and 6 Iraqi Special Operations Forces (ISOF) battalions and has met goals for establishing counterinsurgency capability. This quarter, USF-I reported that the IA continues to make steady progress toward the 2011 goal of establishing a foundational capability to defend against external threats, but it will not achieve MEC before December 2011 because of equipment-procurement delays and subsequent training requirements. Questions about the MOD’s transition of internal security to the MOI, as well as the MOD’s existing capabilities and funding to defend against external threats, suggests that self-reliance is not attainable in the near-term.

Status of MOI

USF-I’s December 2011 goal is an IP force that is professionally trained, sufficiently staffed, and adequately equipped to be capable of defeating insurgencies, of creating a safe and secure Iraq, and of enforcing the rule of law. Moreover, IP forces should be interoperable with each other and the IA. The Department of Border Enforcement (DBE) should be able to control borders with IA support, while the Oil Police and Facilities Protection Service should be able to provide a measure of security commensurate with their security objectives. These near-term goals at USF-I’s end of mission appear to be ambitious, as all interior security forces continue to have gaps in funding; command, control, and communications; information systems; intelligence; surveillance and reconnaissance; specialization; IA interoperability; and logistical infrastructure.

Status of the USF-I Advisory Effort 4/2011

The Iraq Security Assistance Mission (ISAM) is responsible for conducting a wide range of security assistance initiatives that focus on building a self-sufficient ISF that adheres to democratic government institutions. ISAM is also assisting in developing the OSC-I. These activities require coordination within USF-I and external coordination with the ISF ministries, U.S. Embassy-Baghdad, and CENTCOM.

ISAM has supported USACE transfer of two construction projects at Camp Taji that were originally undertaken for the USF-I to provide critical aviation basing capability for the IA. This quarter, a 118,400-square-foot helicopter maintenance facility and nearby squadron operations building were turned over to the Iraqi Army Air Corps.

The \$9.8 million hangar and \$1.5 million operations building took nearly two years to complete. According to USACE, the hangar is now the largest free-span building in the Middle East. USACE also completed the \$3.5 million Logistics Affairs Training Institute at Camp Taji. Four additional USACE projects remain ongoing in various phases of construction at Camp Taji:

- \$7.5 million air traffic control tower
- \$22.6 million power generation station
- \$22 million warehouse complex to store repair parts
- \$3 million fuel storage complex

Among many other activities, ISAM has been processing U.S. military Excess Defense Articles (EDA) for delivery to the IA. As of April 5, 2011, 23 of 24 M109 self-propelled howitzers have been delivered, with another 20 ready for transfer; 8 of 120 M198 towed howitzers have been delivered, with 7 ready for transfer; and 586 of 1,026 M113 armored personnel carriers are undergoing refurbishment.

Foreign Military Sales

Modernization of the ISF is being facilitated through the FMS program. As of March 31, 2011, the GOI had committed to 374 FMS ~~cases~~ "cases," worth \$8.59 billion; Iraq funded \$6.15 billion, or nearly 72%, and the United States funded the remainder. The GOI funded 46% of the \$792.6 million in cases already delivered. There are currently 78 cases in development, estimated to be valued at \$1.65 billion. If implemented, the GOI would fund almost 93% of these cases.

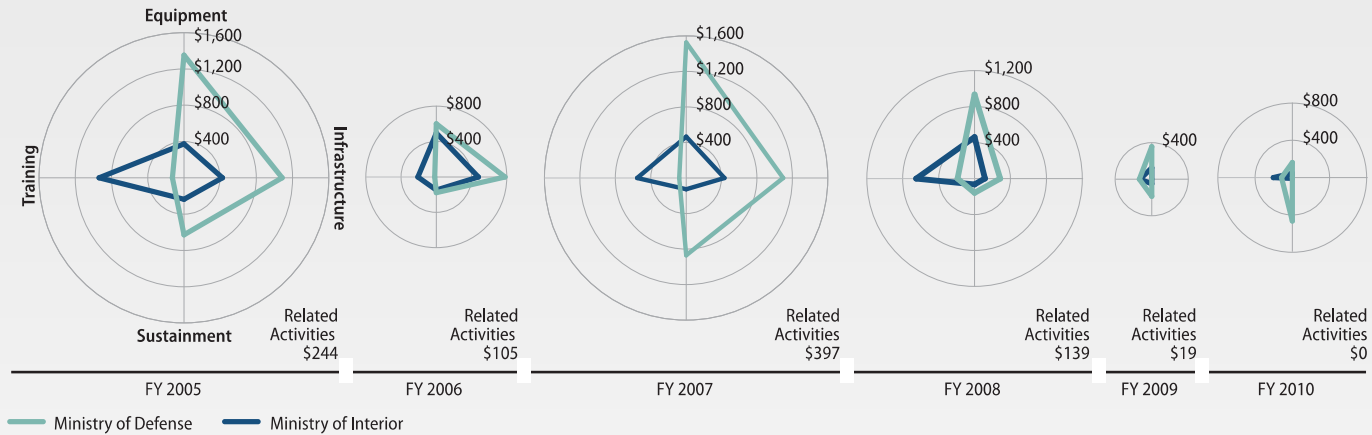
In December 2006, the Iraq Study Group noted that, ~~the~~ "the quickest and most effective way for the Iraqi Army to get the bulk of their equipment would be through our [the U.S.-administered] Foreign Military Sales program, which they have already begun to use." The study group recommended that the United States support more and better equipment for the IA by encouraging the GOI to accelerate its FMS requests and, as U.S. combat brigades move out of Iraq, by leaving behind some U.S. equipment for the ISF. The Military Attache at the Iraqi Embassy to the United States, Brigadier General al-Araji, noted that years of sanctions and isolation from the rest of the world eroded the MOD's knowledge of current equipment and technologies. He pointed out that increased engagement through programs such as FMS are a good way for Iraq to make up for that gap and filter the mass of information available—increasing its capability to sort out legitimate defense contractors from those who would exploit Iraq.

Iraqi Concerns about the FMS Program

During a meeting with SIGIR in January 2011, the MOI inspector general (IG) expressed several concerns about the quality and value of materiel delivered by the United States through the FMS program. Citing a January Board of Supreme Audit (BSA) of purchases released, the IG provided information about delivery delays, potential bid inflation, and cumbersome administrative processes that have contributed to inefficiency and potential waste. The audit contended that the program had several inherent limitations. Some concerns appear related to differences between Iraqi procurement laws and the FMS program, while others seem the product of elevated expectations (or misunderstandings) about the program. Prime Minister al-Maliki has tasked key advisors to further explore the FMS program to validate its value for the GOI. The number of GOI officials highly trained in the program is small, and many of those becoming engaged have little prior knowledge of the program. Key GOI National Security Advisory Council officials, however, believe that working to address the concerns and FMS program misconceptions through increased training and interaction is important to the continuing overall relationship between Iraq and the United States.

Iraqi Security Forces Fund by Ministry

ISFF: ALLOCATIONS, BY MINISTRY AND SUB-ACTIVITY GROUP, FY 2005–FY 2010
\$ Millions



Note: Data not audited. Numbers affected by rounding. Allocations for Related Activities are not made to a specific ministry.

Source: OSD, response to SIGIR data call, 4/18/2011.

\$ Millions

MINISTRY	SUB-ACTIVITY GROUP	STATUS OF FUNDS		QUARTERLY CHANGE	
		OBLIGATED	EXPENDED	OBLIGATED	EXPENDED
Defense	Equipment	4,858.9	4,748.6	66.5 (1%)	89.2 (2%)
	Infrastructure	3,074.7	2,971.9	-0.2 (0%)	36.8 (1%)
	Sustainment	2,264.9	2,161.7	30.0 (1%)	44.5 (2%)
	Training	600.0	526.3	4.5 (1%)	22.4 (4%)
	Subtotal	10,798.5	10,408.5	100.8 (1%)	192.9 (2%)
Interior	Training	2,660.3	2,568.2	8.8 (0%)	159.0 (7%)
	Equipment	1,921.5	1,806.1	-27.3 (-1%)	39.1 (2%)
	Infrastructure	1,346.9	1,259.9	-30.8 (-2%)	48.7 (4%)
	Sustainment	628.4	566.2	-0.8 (0%)	3.9 (1%)
	Subtotal	6,557.1	6,200.4	-50.0 (-1%)	250.7 (4%)
Varies	Related Activities	856.6	821.0	-5.9 (-1%)	-1.4 (0%)
Total		18,212.3	17,429.9	44.8 (0%)	442.1 (3%)

Note: Data not audited. Numbers affected by rounding.

Iraqi Security Forces Fund by Key Function: FY2009-FY2011

\$ Millions

MINISTRY	SUB-ACTIVITY GROUP	FY 2009 (P.L. 111-32)		FY 2010 (P.L. 111-212)	
		PROJECT	COST	PROJECT	COST
Defense	Equipment	Modernize Iraqi Navy and Support Equipment	107.2	Kurdish Regional Guard Integration	93.4
		Location Commands	88.8	Air Force Equipment	34.9
		Mobility and IED Defeat Engineering Structure	41.8	Iraqi International Academy	10.0
		Complete Signal Battalion Structure	36.9	JFSOCC-I Equipment	10.0
		Trainers at Units and Institutions	28.0	M109A5 Self-Propelled BN and Artillery School	5.0
		Comm. for Intelligence, C2, and Air Traffic Control	18.6	Other	7.3
		Training Capability for Enablers	18.1		
		Air Traffic Command and Control	12.3		
		Other	7.0		
		Subtotal	358.7	Subtotal	160.6
	Sustainment	Logistic Operations Sustainment	93.6	9th Mech DIV Modernization (USETTI Program)	243.1
		Combat Enablers Training Facilities Sustainment	37.2	Strategic Logistics	106.2
		Training Facilities Sustainment	20.9	Infantry Division Round-Out (USETTI Program)	34.3
		Logistics Support to IAF Data Links	20.0	King Air 350	25.0
		Sustainment of IED Defeat Engineering Structure	7.5	Armed & ISR Caravan Sustainment	22.3
		Other	7.1	Supply Chain Management	17.0
				Other	16.5
		Subtotal	186.3	Subtotal	464.4
	Training	Training Capability for Enablers	83.1	Ministry of Defense Advising and Training	43.5
		Trainers at Units and Institutions	33.2	RW/FW Training	36.0
		Complete Signal Battalion Structure	6.7	Signal Professional Development Training	14.0
		Mobility & IED Defeat Engineering Structure	6.6	Infantry Division Round-Out (USETTI Program)	10.3
		Other	5.9	Other	12.0
		Subtotal	135.4	Subtotal	115.8
	Subtotal		680.4		740.7
Interior	Equipment	Future Force Modernization	63.6	KMOI Integration	24.7
		National Police Equipment	50.3	ICDD and ERB Equipment	7.8
		Other	8.3	Other	19.2
		Subtotal	122.2	Subtotal	51.6
	Sustainment	Equipment Support	27.4	Other	8.1
		Vehicle Sustainment	23.0		
		Other	0.7		
		Subtotal	51.0	Subtotal	8.1
	Training	International Narcotics and Law Enforcement (INL)	71.8	International Police Advisors	175.0
		Ministerial Capacity Development	41.2	Ministry of Interior Advising and Training	8.0
		Command and Control for Ports of Entry	7.1	Professional Development & Training	7.7
		Border/Ports of Entry Screening and Capacity	6.0	DHS Border Mentors/Support	7.5
		Other	0.9	Other	1.4
		Subtotal	127.0	Subtotal	199.6
	Subtotal		300.2		259.3
Related Activities		Quick Response Fund	10.9		
		Other	8.5		
		Subtotal	19.4	Subtotal	0.0
Total			1,000.0		1,000.0

As with FY 2010 appropriation, the intent of the FY 2011 ISFF appropriation—according to USF-I—is to sustain, equip, and train the ISF to reach MEC by the “end of mission” on December 31, 2011. In particular, the FY 2011 spend plan prioritizes:

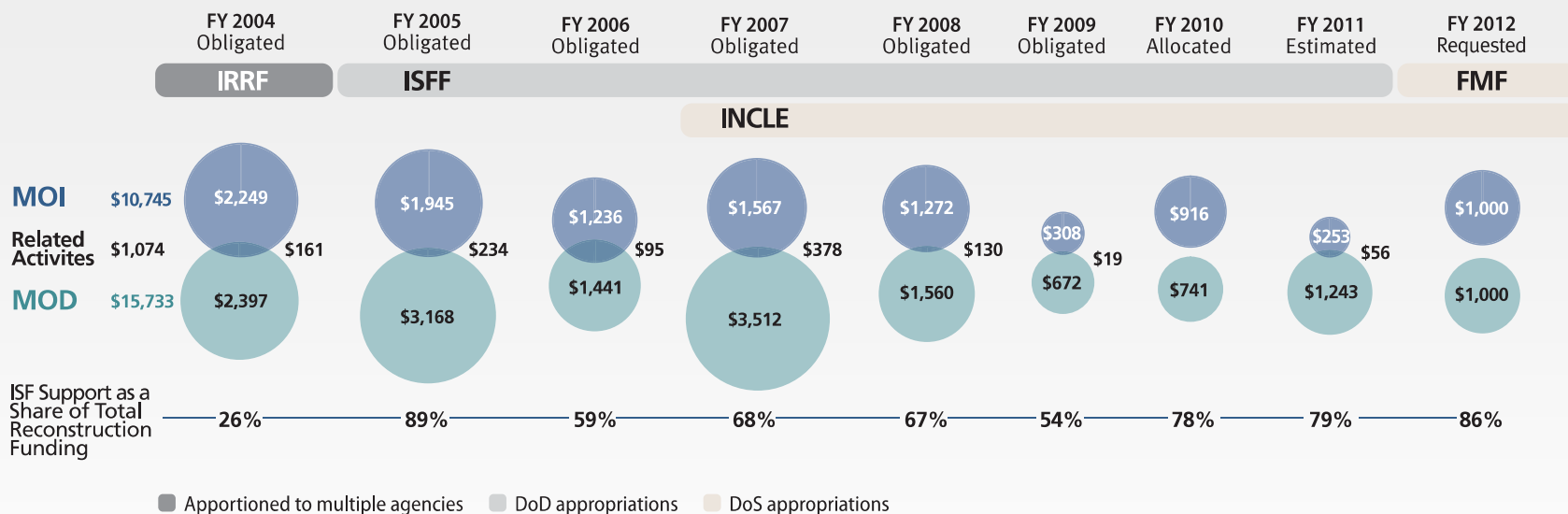
- sustainment of MOD forces through procurement of repair parts for the Iraqi Army’s key weapon systems, including tanks, trucks, armored personnel carriers, and artillery systems
- equipment for Corps Headquarters that will allow the Iraqi Ground Forces Command to support divisional units at Iraqi border protection locations, including an Iraqi Special Forces Academy and unmanned aerial vehicle services
- equipment for the 5th Federal Police Division, including surveillance and identification systems to conduct counterterrorism

The most recent spend plan available from USF-I was current as of the fourth continuing appropriation, which provided ISFF funding through March 4, 2011, at rates slightly reduced from FY 2010. That spend plan provides allocations for just \$388 million (26%) of the \$1.50 billion ultimately appropriated on April 15, 2011, all of which USF-I intended to execute in the second quarter of FY 2011.

As such, it provides only an approximate guide of USF-I’s intentions through September 30, 2012, when the FY 2011 appropriation is set to expire. More than half of the Administration’s \$2.00 billion request was to be allocated to MOD equipment.

US Aid to the Iraqi Security Forces: FY2004-FY2012

\$ Millions



Note: Data not audited. Numbers affected by rounding. U.S. support for the ISF includes: all of ISFF; the INCLE “Police Advisors” program; and selected subsectors of the IRRF 2 “Security & Law Enforcement” sector (Facilities Protection Service, IAF Equipment, IAF Facilities, IAF Training and Ops., ING Equipment, ING Facilities, ING Ops. & Personnel, ISF QRF, Police Training and Tech. Assist.). Funding excludes broader rule-of-law support to courts, prisons, and anti-corruption institutions. “Share of Total Reconstruction Funding” represents support for the ISF as a percentage of all activities supported by the five major funds, as well as FMF for FY 2012.