

HOW MUCH MONEY WAS SPENT

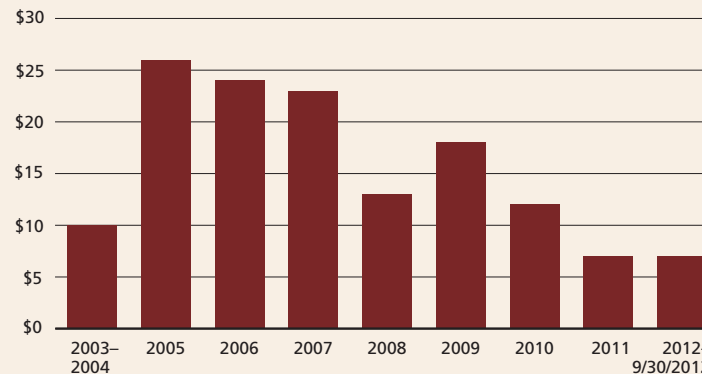
From 2003 through 2012, the United States provided \$60.64 billion for the relief and reconstruction of Iraq. As of September 2012, the United States had obligated at least \$55.19 billion and expended at least \$53.26 billion.

During the nine-year Iraq rebuilding program, U.S. expenditures averaged more than \$15 million per day. The expenditure rate generally decreased over time. In 2005, for example, the U.S. government spent more than \$25 million per day; by 2012, the rate had dropped to less than \$7 million (see Figure 4.1).¹⁰³

More than 85% of the appropriations, amounting to \$51.62 billion, went to these five major funds:

- **Iraq Relief and Reconstruction Fund**—With \$20.86 billion, this was the largest fund. The Congress created it in 2003, allocating IRRF money to a variety of project sectors that covered activities ranging from security and law enforcement to infrastructure and health care. By virtue of decisions made early in the program, the Department of Defense controlled the contracting and expenditure of most of the IRRF.
- **Iraq Security Forces Fund**—With \$20.19 billion, the ISFF, created in 2005, supported the U.S. military's efforts to develop Iraq's security forces. These funds supported the training of Iraq's police and soldiers, purchased enormous amounts of equipment, and provided mentoring in operations and maintenance. Defense controlled the fund. The Iraqis deemed it the most effective source of support from the reconstruction program.¹⁰⁴
- **Economic Support Fund**—With \$5.13 billion, the ESF, a long-standing account at State, served as the primary civilian-

FIGURE 4.1
Average Daily Expenditure of U.S. Funds, by Year, 2003–2012
\$ Millions



Expenditures averaged more than \$15 million per day.

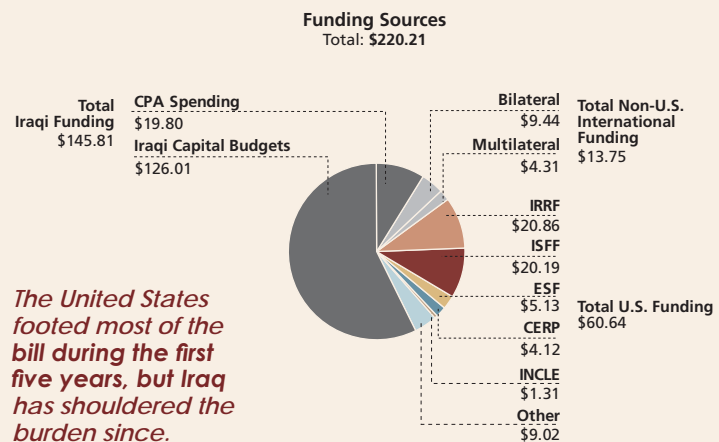
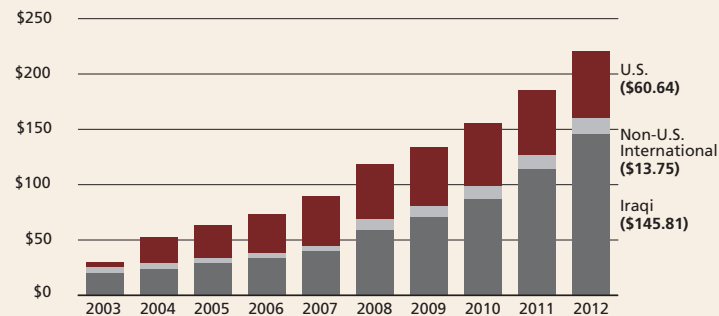
implemented funding stream. State and the U.S. Agency for International Development managed the obligation and expenditure of ESF money, which met a great many needs within the democracy, capacity-building, and economic-development areas. The ESF's significance as a funding source grew as the rebuilding program matured.

- **Commander's Emergency Response Program**—With \$4.12 billion, the CERP provided military commanders across Iraq with a funding source to address urgent relief and reconstruction needs in areas such as water and wastewater, education, electricity, security, rule of law, and protective measures, including the Sons of Iraq program. The CERP's importance diminished as the program evolved and security improved.

TABLE 4.1
U.S. Funding for Iraq Reconstruction, as of 9/30/2012
 \$ Millions

	Appropriated	Obligated	Expended
Major Funds			
Iraq Relief and Reconstruction Fund (IRRF 1 and IRRF 2)	20,864	20,343	20,076
Iraq Security Forces Fund (ISFF)	20,194	19,569	18,762
Economic Support Fund (ESF)	5,134	4,578	4,199
Commander's Emergency Response Program (CERP)	4,119	3,728	3,728
International Narcotics Control and Law Enforcement (INCLE)	1,313	1,155	989
Subtotal	51,624	49,373	47,754
Other Assistance Programs			
Migration and Refugee Assistance (MRA) and Emergency Refugee and Migration Assistance (ERMA)	1,501	1,494	1,339
Foreign Military Financing (FMF)	850		
Natural Resources Risk Remediation Fund (NRRRF)	801	801	801
Iraq Freedom Fund (Other Reconstruction Activities)	700	680	654
P.L. 480 Food Aid (Title II and Non-Title II)	395	395	395
International Disaster Assistance (IDA) and International Disaster and Famine Assistance (IDFA)	272	261	261
Democracy Fund (DF) and Human Rights and Democracy Fund (HRDF)	266	266	262
U.S. Contributions to International Organizations (CIO)	179		
Iraq Freedom Fund (TFBSO)	174	86	65
Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR)	163	62	62
Department of Justice (DoJ)	133	121	119
Child Survival and Health Programs Fund (CSH)	90	90	90
Education and Cultural Exchange Programs	46		
Overseas Humanitarian, Disaster and Civic Aid (OHDACA)	27	27	10
International Affairs Technical Assistance	16	16	14
International Military Education and Training (IMET)	11	9	6
U.S. Marshals Service	9	9	9
Alhurra-Iraq Broadcasting	5	5	5
Subtotal	5,638	4,323	4,093
Reconstruction-related Operating Expenses	2,937	1,152	1,085
Reconstruction Oversight	445	340	333
Total	60,644	55,187	53,265

FIGURE 4.2
Cumulative U.S., Iraqi, and Non-U.S. International Support for Reconstruction, 2003–2012
 \$ Billions



The United States footed most of the bill during the first five years, but Iraq has shouldered the burden since.

- **International Narcotics Control and Law Enforcement**—With \$1.31 billion, the INCLE, another State Department account, helped train Iraq’s police forces and supported rule-of-law programs. Its largest expenditures came later in the rebuilding effort for the Police Development Program.

The Congress made more than 80% of the dollars allocated to these five funds available through “supplemental appropriations,” that is, outside the perennial budgeting process (or “off book”).¹⁰⁵ It also

appropriated an additional \$9.02 billion through several smaller funding streams. SIGIR classified these into three categories:¹⁰⁶

- other assistance programs (\$5.64 billion)
- reconstruction-related operating expenses (\$2.94 billion)
- reconstruction oversight (\$445 million)

See Table 4.1 for a summary of U.S. appropriations supporting Iraq reconstruction, including the status of these funds through FY 2012.

Iraqi funds controlled by the CPA accounted for most of the money spent during the program’s first year, while U.S. funding chiefly supported rebuilding efforts from 2005 through 2007 (see Figure 4.2). Since 2008, Government of Iraq capital budgets funded most reconstruction activities.

As of September 2012, about \$220.21 billion had been made available for Iraq’s relief and reconstruction:¹⁰⁷

- \$145.81 billion in Iraqi funds: the Development Fund for Iraq, seized and vested assets, and Iraqi capital budgets (66% of the total)
- \$60.64 billion in U.S. funding (28% of the total)
- \$13.75 billion in international commitments of assistance and loans from non-U.S. sources (6% of the total)

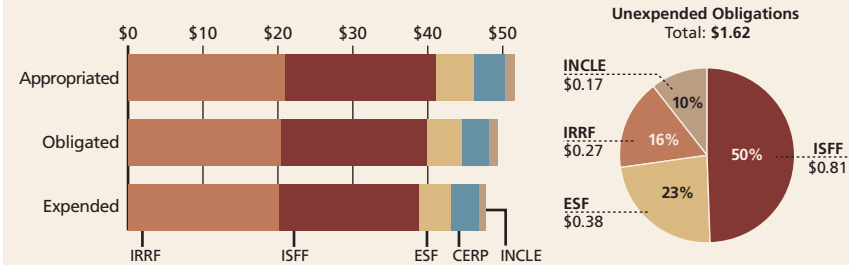
Major U.S. Funds

By September 2012, reconstruction managers had obligated \$49.37 billion (96%) and expended \$47.75 billion (93%) of the \$51.62 billion appropriated to the five major U.S. funds. There remain \$2.25 billion in unobligated funds and \$1.62 billion in unexpended obligations (see Figure 4.3).¹⁰⁸ Cumulative obligations for the five major funds through September 2012 are shown in Figure 4.4.

Iraq Relief and Reconstruction Fund

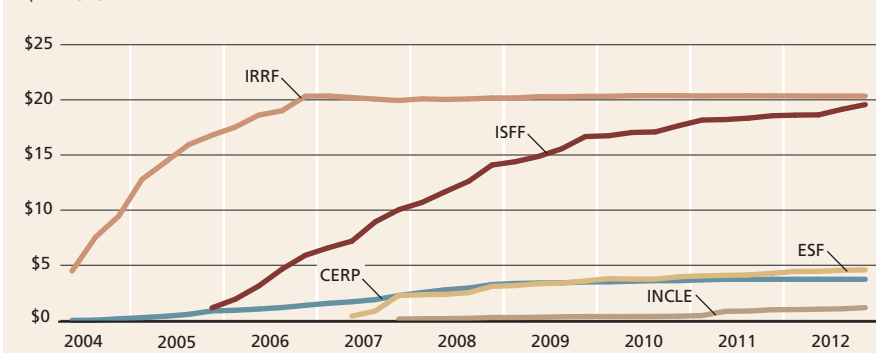
The IRRF was the first and the largest U.S. reconstruction fund for Iraq. The Congress appropriated money to the IRRF in two separate bills:

FIGURE 4.3
Status of Five Major U.S. Funds, as of 9/30/2012
\$ Billions



Almost \$52 billion was provided through five major U.S. funds.

FIGURE 4.4
Cumulative Obligations from Five Major Funds, 1/2004–9/2012
\$ Billions



The IRRF dominated funding in the early years, with the ISFF dominating funding in the middle years.

- **IRRF 1**—The April 16, 2003, bill provided \$2.48 billion for “humanitarian assistance” and “rehabilitation and reconstruction in Iraq.”The Congress identified 12 sectors for fund use, with the Office of Management and Budget apportioning the money. USAID received approximately 74% of IRRF 1.¹⁰⁹
- **IRRF 2**—In November 2003, the Congress appropriated another \$18.4 billion to the IRRF.¹¹⁰ Pursuant to the CPA’s request, the Congress allocated 70% of this new appropriation for large infrastructure projects, including electricity, water resources and sanitation, oil, transportation, telecommunications, and roads and bridges. The legislation imposed greater controls and more oversight, giving the CPA limited authority to make adjustments and creating

FIGURE 4.5
IRRF: Cumulative Appropriations, Obligations, and Expenditures, FY 2003–FY 2012

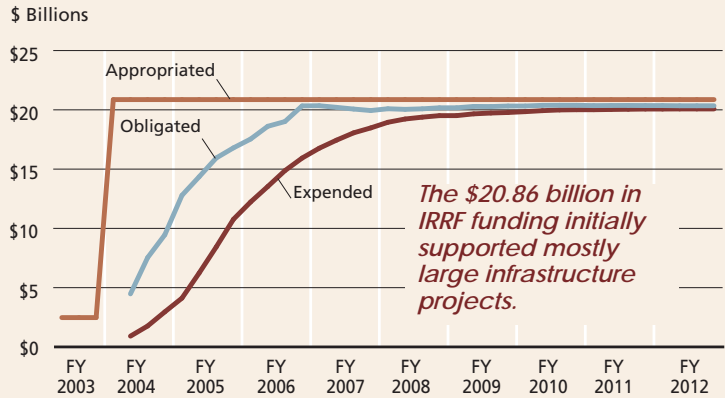


FIGURE 4.6
IRRF 2 “Reprogrammings” by Sector, 11/2003–9/2008

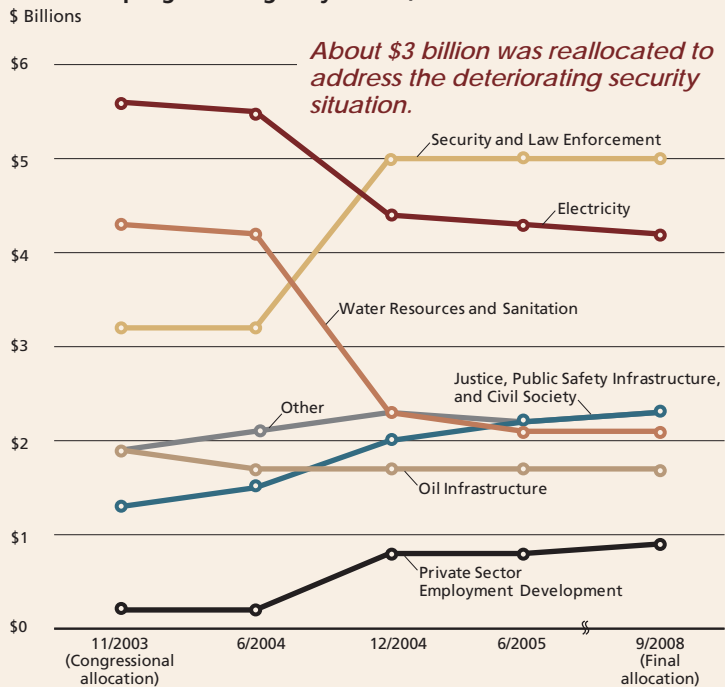


TABLE 4.2
IRRF Obligations and Expenditures, by Appropriation and IRRF Sector, as of 9/30/2012

\$ Millions

Appropriation	IRRF Sector	Obligated	Expended
IRRF 1	Subtotal	2,227.7	2,227.7
IRRF 2	Security & Law Enforcement	4,918.4	4,892.3
	Electric Sector	4,125.5	4,089.1
	Justice, Public Safety Infrastructure, & Civil Society	2,310.0	2,218.3
	Water Resources & Sanitation	1,965.0	1,961.4
	Oil Infrastructure	1,596.8	1,593.4
	Private Sector Development	860.0	830.0
	Health Care	808.6	805.4
	Education, Refugees, Human Rights, Democracy, & Governance	515.9	447.7
	Transportation & Telecommunications Projects	469.8	469.8
	Roads, Bridges, & Construction	280.9	280.7
Administrative Expenses	219.5	217.9	
ISPO Capacity Development	44.9	42.3	
Subtotal		18,115.3	17,848.4
Total		20,343.0	20,076.0

the Office of the CPA Inspector General.¹¹¹ A majority of the IRRF 2 was apportioned to Defense.¹¹²

The most active years for the IRRF were FY 2004 and FY 2005, with obligations averaging \$25.9 million per day in 2004 and expenditures averaging \$21.4 million per day in 2005. Reconstruction managers obligated 90% of the IRRF by March 2006, with 90% expended by June 2007 (see Figure 4.5). As of September 2012, total IRRF obligations equaled \$20.34 billion, and total expenditures equaled \$20.08 billion (see Table 4.2).¹¹³

Changing priorities in Iraq caused by the rise in violence in 2004 prompted numerous reprogrammings of funds. A key provision in the IRRF 2 legislation that enabled the reprogrammings permitted reallocation of up to 10% of any sector’s funding.¹¹⁴ During its life, the IRRF underwent over 250 reprogramming actions.¹¹⁵ The most significant occurred in December 2004, when \$3 billion in funds for the electricity and water sectors shifted to the security, justice, and employment-development sectors (see Figure 4.6).¹¹⁶

Iraq Security Forces Fund

From 2005 through 2011, the Congress appropriated \$20.19 billion to the ISFF, enabling the Multi-National Force-Iraq and then the U.S. Forces-Iraq to help Iraq’s Ministry of Defense and Ministry of Interior grow, equip, and train the ISF.¹¹⁷ During each of its seven years of appropriations, the ISFF’s expenditures comprised at least one-third of all U.S. assistance to Iraq.¹¹⁸

The ISFF grew out of the impetus underlying IRRF 2’s reprogrammings. The fund’s implementer, the Multi-National Security Transition Command-Iraq, prepared the first ISFF request, and MNSTC-I ensured that funding for ISF development remained consistent over the ensuing years.¹¹⁹ The shift in sourcing security

spending from the IRRF to the ISFF exponentially expanded support to Iraq’s military and police forces, improving them greatly. The process was not without challenge. In 2005, the first ISFF appropriation of \$5.49 billion severely strained the security assistance bureaucracy.

The ISFF’s earlier years saw larger appropriations that annually averaged \$4.68 billion from 2005 to 2007. From 2008 through 2011, appropriations dropped to an average of \$1.54 billion per year. During the seven-year period that the Congress funded the ISFF, supplemental appropriations were almost triple the size of regular appropriations—\$14.84 billion versus \$5.36 billion (see Figure 4.7 and Appendix B).¹²⁰

ISFF obligations and expenditures rose annually from 2005 to 2009, each averaging almost \$1 billion per quarter (see Figure 4.8). The obligation and expenditure rates thereafter slowed as the military focused on transition and departure. As of September 2012, military managers had obligated about \$19.57 billion (97%) of the ISFF and expended about \$18.76 billion.¹²¹ See Table 4.3 for a summary of cumulative ISFF obligations as of the end of FY 2012.

From FY 2005 through FY 2012, quarterly ISFF obligations averaged \$652 million, and quarterly expenditures averaged \$625 million. Obligations were highest in FY 2006, when they reached \$13.1 million per day, with expenditures topping out at \$10.4 million

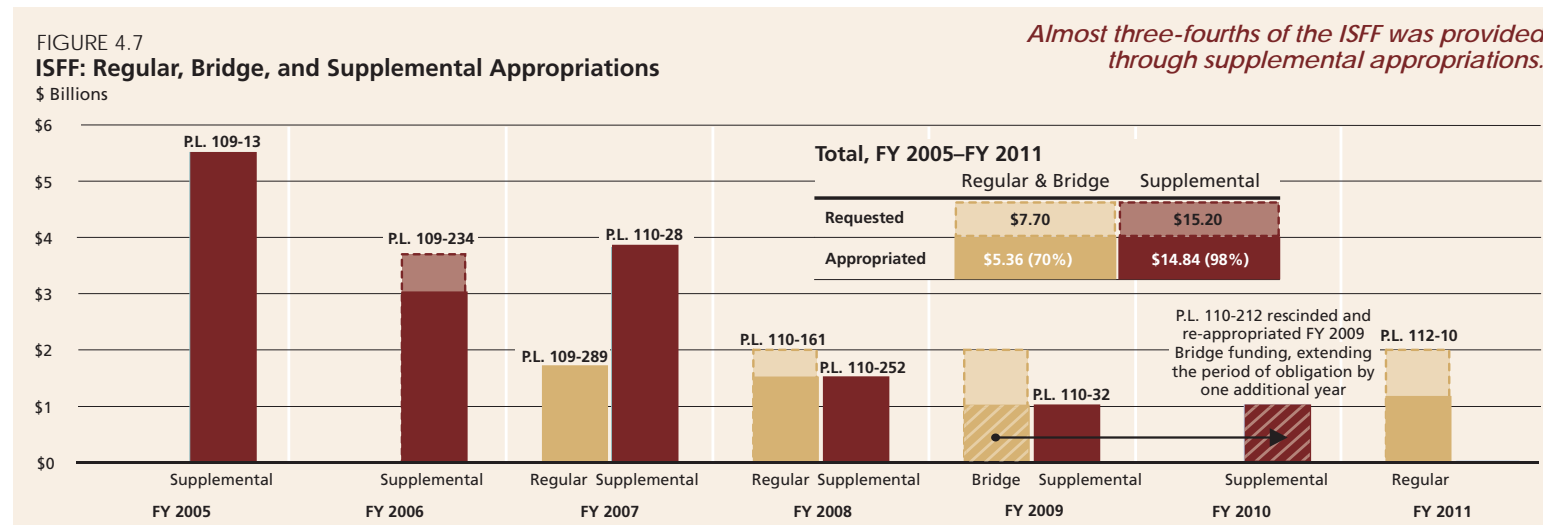
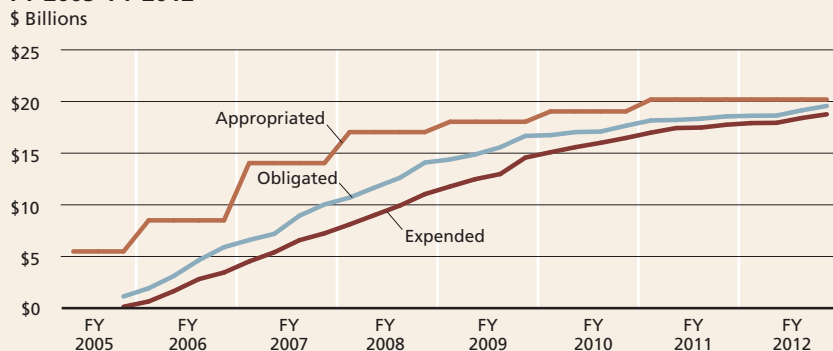


FIGURE 4.8
ISFF: Cumulative Appropriations, Obligations, and Expenditures,
FY 2005–FY 2012



From FY 2005 to FY 2009, ISFF obligations and expenditures each averaged almost \$1 billion per quarter.

per day in FY 2008.¹²² Similar to the other Iraq reconstruction funds, ISFF obligations demonstrated predictable cyclical propensities. A disproportionate share of obligations perennially occurred in the fiscal year’s final quarter (see Figure 4.9). This reflected the rush to commit and spend at fiscal year’s end.¹²³

As of September 2012, \$18.71 billion (93%) of the ISFF had been obligated to support the MOD and MOI in four major sub-activity groups: equipment and transportation, infrastructure, sustainment, and training. An additional \$859 million (4%) was obligated to “related activities,” which supported programs benefiting both ministries, particularly through the ISFF “quick response fund.” The remaining funds—\$625.4 million (3%)—expired.¹²⁴

Almost \$12.02 billion of the ISFF went to support the MOD, with more than 44% of those obligations spent on equipment and transportation.¹²⁵ For the status on the ISFF by year of appropriation, as of the end of FY 2012, see Figure 4.10.

When the U.S. military departed Iraq in December 2011, it transferred responsibility for administering the final tranche of the ISFF to the Office of Security Cooperation–Iraq.¹²⁶ Although staffed by U.S. military personnel, OSC-I falls under the authority of the U.S. Ambassador to Iraq. This money chiefly supported the Foreign Military Sales program.

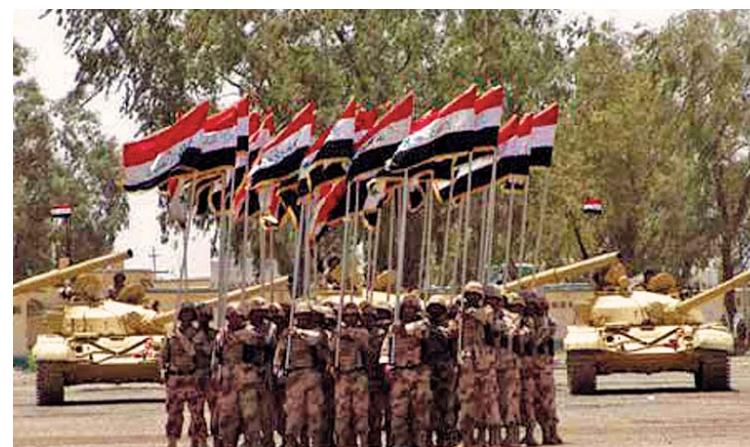
In FY 2012, the Foreign Military Financing program and INCLE functionally replaced the ISFF as U.S. security funding sources supporting Iraq.¹²⁷ The FMF and INCLE are U.S. accounts used worldwide to

TABLE 4.3
ISFF Obligations and Expenditures, by Ministry and Program,
as of 9/30/2012

\$ Millions

		Obligated	Expended
MOD	Equipment and Transportation	5,327	5,227
	Infrastructure	3,075	2,972
	Sustainment	2,894	2,620
	Training and Operations	723	698
	Subtotal	12,018	11,518
MOI	Equipment and Transportation	2,026	1,945
	Infrastructure	1,347	1,260
	Sustainment	663	623
	Training and Operations	2,656	2,592
Subtotal	6,692	6,420	
Related Activities		859	825
Total		19,569	18,762

provide civil and military security assistance. This transition fit within broader efforts to normalize Embassy operations.



More ISFF money supported the training and equipping of the Iraqi Army than any other service in the Iraqi Security Forces. (GOI photo)

FIGURE 4.9
ISFF: Obligation and Expenditure Rates, FY 2005–FY 2012
\$ Billions

A disproportionate share of ISFF obligations occurred in the fourth quarter of each fiscal year.

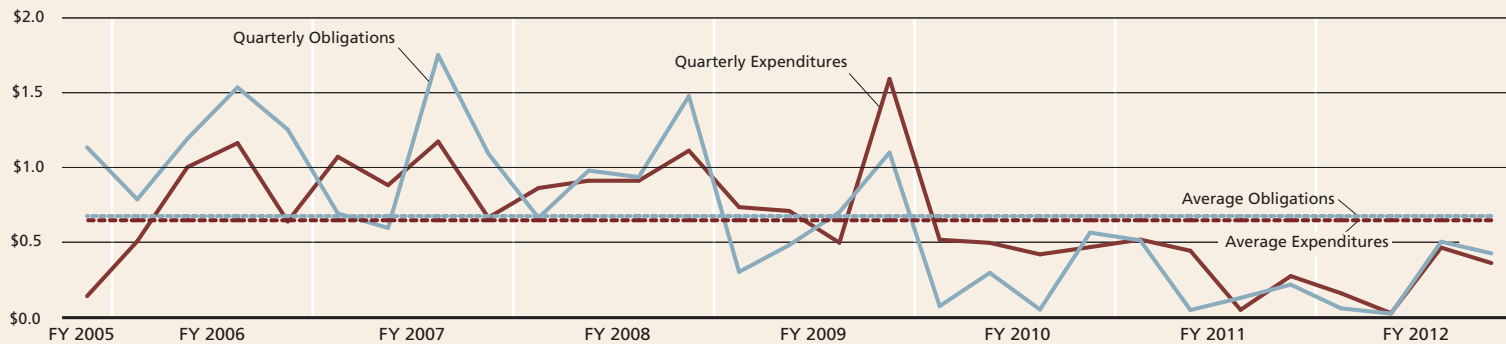
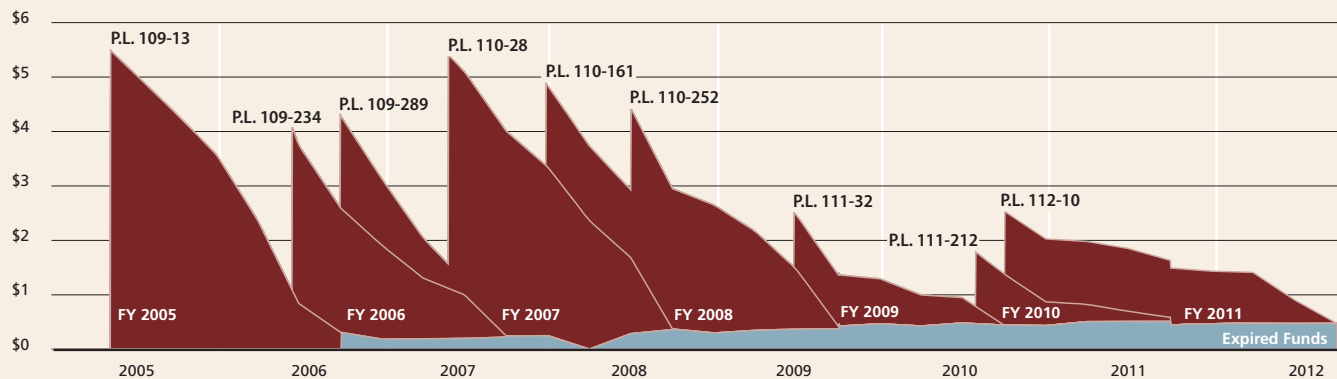


FIGURE 4.10
Unobligated ISFF Appropriations
\$ Billions



The first three fiscal years accounted for nearly 70% of total ISFF appropriations.

Economic Support Fund

From FY 2006 through FY 2012, the Congress appropriated about \$5.13 billion to the ESF to enable State and USAID to improve Iraq’s infrastructure, strengthen security, promote democracy, empower civil society, support capacity building, and promote economic development.¹²⁸

Quarterly obligations from FY 2006 through FY 2012 averaged about \$164 million, and quarterly expenditures averaged about \$150 million. During the first two years of its use, almost 70% of the ESF was obligated and more than 50% was expended (Figure 4.11). Obligations were highest in FY 2007, averaging \$6.2 million per day, and expenditures peaked at \$4.5 million per day in FY 2008. As of September 2012, the United States had obligated about \$4.58 billion

SIGIR Audit 09-006

ESF Spending: Low and Slow

A long-standing account at the Department of State, the ESF was the chief source of funding for non-military programs during the latter stages of the rebuilding effort. Its obligation and expenditure cadence in Iraq was lower and slower than other funds for two reasons:

- The fund has a two-year appropriation cycle. Its money remains available for deobligation and subsequent reobligation for a period of four years after the appropriation expires. This means that the end-of-fiscal-year pressures that pushed up spending rates for other funds

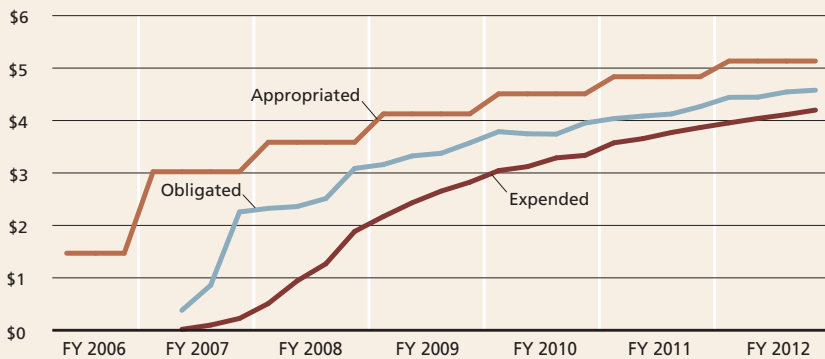
did not affect the ESF.

- State treats ESF funds as “obligated” when it executes an agreement to commit the money to a program. Contracts for specific projects come later. Other funds in Iraq treated money as “obligated” when it was put under contract. The ESF “obligation” practice obviated pressures to spend funds and led to slower expenditure rates. For example, a SIGIR audit showed that, in 2008, a party to an ESF agreement had yet to award contracts for 15% of 2006 ESF funds and 58% of 2007 ESF funds.



USACE expected to complete ESF-funded construction of the Missan Surgical Hospital by the end of 2012. (USACE photo)

FIGURE 4.11
ESF: Cumulative Appropriations, Obligations, and Expenditures, FY 2006–FY 2012
 \$ Billions



More than \$5 billion in ESF funds were provided to State and USAID to improve Iraq's infrastructure, strengthen security, promote democracy, empower civil society, support capacity building, and promote economic development.

of the total appropriations and expended \$4.20 billion.¹²⁹

The \$5.13 billion in ESF allocations for Iraq comprised about 75% of the \$6.89 billion in Administration requests. Most ESF money in Iraq was made available through the supplemental funding process, with the size of these requests and regular appropriations declining after 2007 (see Figure 4.12 and Appendix B).¹³⁰

Supplemental appropriations in FY 2006 and FY 2007 were obligated more quickly than appropriations in later years. For example, in the fourth quarter of FY 2007, the United States obligated the ESF at a rate of nearly \$15.7 million per day.¹³¹ Average expenditures across all years peaked at an average \$6.7 million per day during the fourth quarter of FY 2008, as obligations of the FY 2006–FY 2007 appropriations were liquidated. See Figure 4.13 for the status of obligations, by year of appropriation.

As of September 2012, \$379 million of obligated ESF funds remained unexpended. An additional \$556 million remained unobligated, with \$260 million expired. Expired funds cannot be obligated to new projects but can be used to modify existing ones. \$296 million remains for new obligations.¹³² For the status of each ESF program as of the end of FY 2012, see Table 4.4.



Under the ESF-funded Infrastructure Security Program, the United States supported construction of secured corridors to protect oil pipelines from insurgent attacks. The program contributed to an almost 12-fold increase in northern exports from 2006 to 2008.

USAID implements most ESF programs worldwide. Given the reconstruction program's early emphasis on infrastructure, generally outside of USAID's métier, State executed special agreements to execute ESF in Iraq.

As of September 2012, \$4.58 billion of the ESF had been obligated as follows:¹³³

- \$2.90 billion (63%) for USAID projects
- \$1.14 billion (25%) for projects implemented by the U.S. Army Corps of Engineers
- \$536 million (12%) for projects implemented by State through the Bureau of Democracy, Human Rights, and Labor and the Bureau of Population, Refugees, and Migration, as well as U.S. Embassy-Baghdad organizations

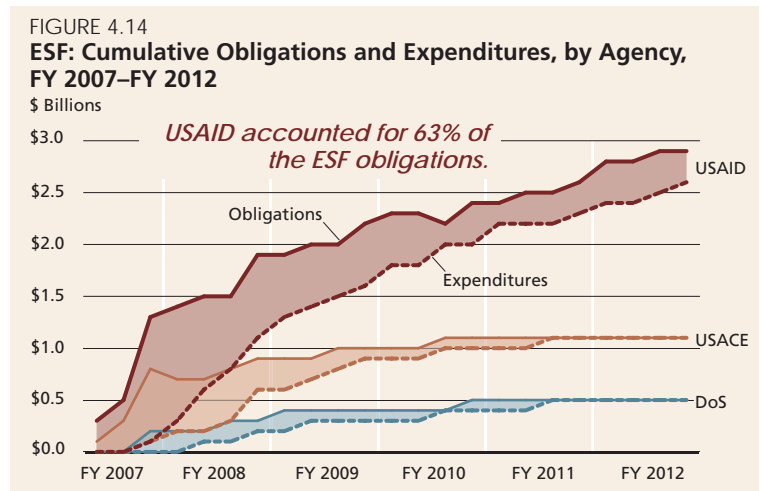
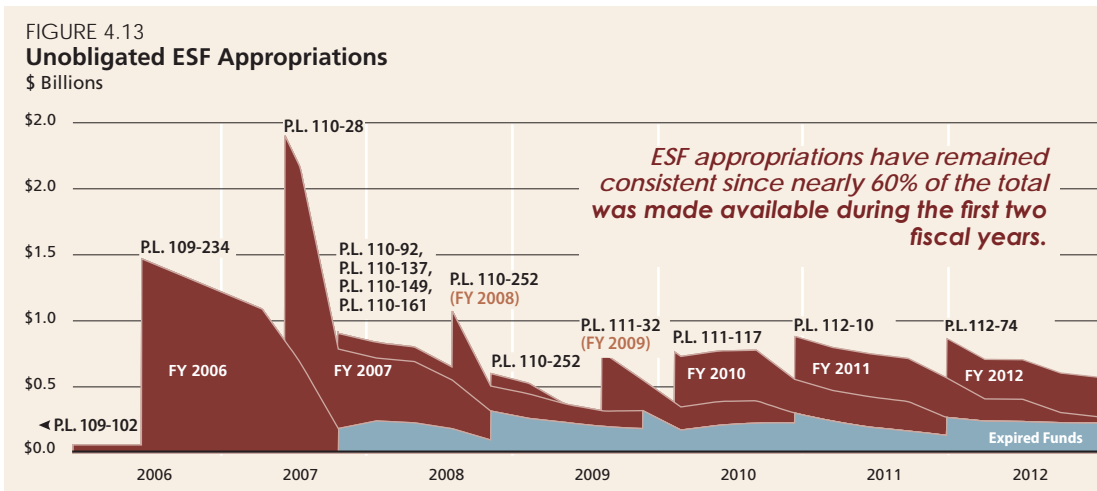
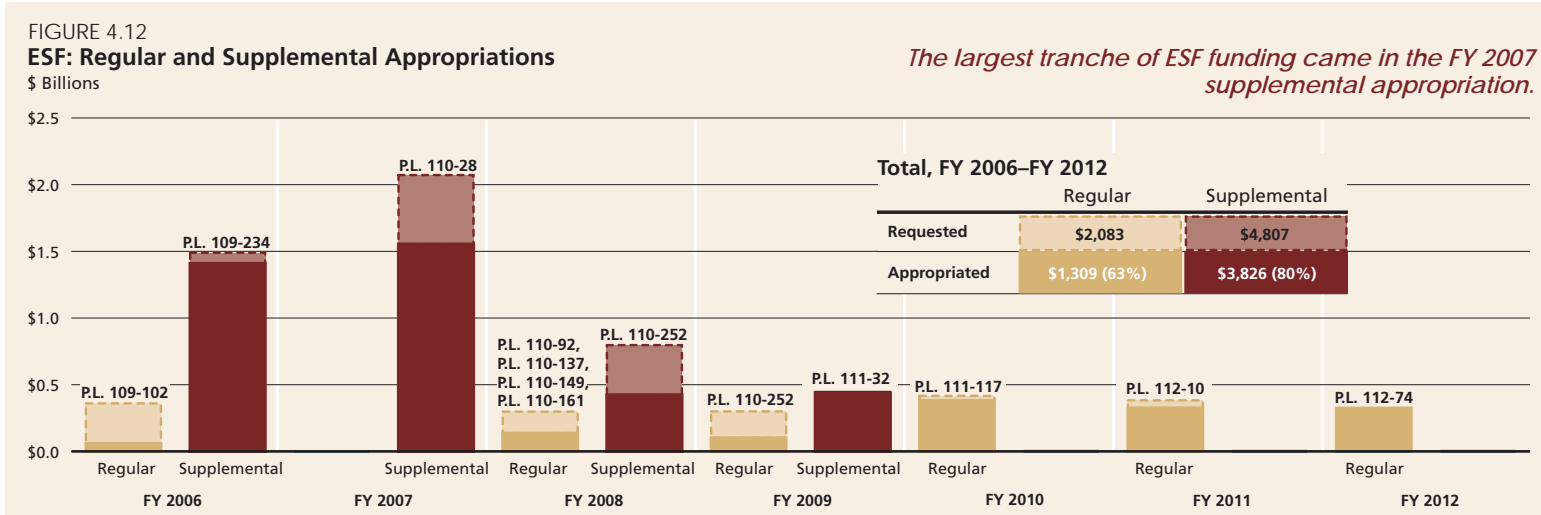


TABLE 4.4
ESF Obligations and Expenditures, by Implementing Agency and Program, as of 9/30/2012

\$ Millions

Agency Program		Obligated	Expended
USAID	Community Stabilization Program	619	615
	Community Action Program	450	448
	Local Governance Program	435	434
	<i>Tatweer</i> National Capacity Development	309	309
	<i>Inma</i> Agribusiness Development	180	162
	<i>Tijara</i> Provincial Economic Growth	173	144
	PRT Quick Response Fund	162	161
	Democracy and Civil Society	88	71
	Economic Governance II, Policy and Regulatory Reforms	84	84
	<i>Tarabot</i> Administrative Reform	82	30
	Primary Health Care	73	13
	Governance Strengthening	57	10
	Financial Sector Development	51	24
	Elections Support	40	22
	<i>Izdiyar</i> Private Sector Development	33	32
	Personnel Support	21	9
	Primary Education Strengthening	19	
	Monitoring and Evaluation	14	10
	Harmonized Support for Agriculture	10	
	Education, Health and Social Services	4	3
Subtotal		2,904	2,579
USACE/ GRD	PRT/PRDC Projects	618	591
	O&M Sustainment	276	275
	Infrastructure Security Protection	194	194
	Plant-Level Capacity Development & Technical Training	50	50
	Subtotal	1,138	1,110
DoS/ Embassy	Democracy and Civil Society	177	172
	PRT Quick Response Fund	125	122
	Iraqi Refugees	95	95
	Ministerial Capacity Development	45	40
	Regime Crimes Liaison Office	33	29
	Targeted Development	60	52
	Ambassador's Fund	1	
	Subtotal	536	510
Total		4,578	4,199

For details on ESF program obligations and expenditures, by agency, see Figure 4.14 and Chapter 3 of this report. For details on program and project activities, see Chapter 5 of this report.

Commander's Emergency Response Program

The CERP enabled U.S. military commanders to respond to urgent humanitarian relief and reconstruction requirements. Established by the CPA in 2003 with \$177 million in Iraqi funds from the DFI and seized and vested assets,¹³⁴ the CERP addressed acute local needs that, in the judgment of U.S. military commanders, called for immediate action.

On November 6, 2003, the first U.S. funding for the CERP provided \$140 million.¹³⁵ The Congress made 11 more appropriations to the CERP over the next seven years, amounting to \$3.98 billion.¹³⁶ In addition, the GOI provided \$270 million in DFI funds for a joint U.S.-Iraqi program called I-CERP, under which the U.S. military implemented reconstruction projects through CERP processes using these Iraqi funds.¹³⁷ From 2004 through 2011, the Congress appropriated \$4.12 billion to the CERP for Iraq.¹³⁸ The fund officially closed (for Iraq) on September 30, 2011.

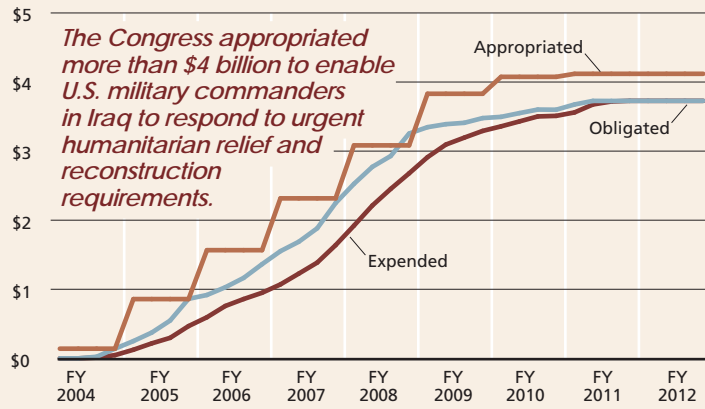
USF-I and its predecessors obligated and expended \$3.73 billion of CERP funds.¹³⁹ The remaining \$391 million expired,¹⁴⁰ but, under certain conditions, it could be used for other Defense activities, such as for CERP projects in Afghanistan.¹⁴¹

From FY 2004 through FY 2011, quarterly CERP obligations and expenditures both averaged \$116 million. FY 2008 was the CERP's most active year, with an average of \$2.8 million obligated and expended each day. Ninety percent of total CERP funds used in Iraq had been obligated by December 31, 2008, and expended by December 31, 2009 (see Figure 4.15).¹⁴²

From the military's perspective, the advantage of CERP projects was their quick execution and highly visible results, which had counterinsurgency effects. The Defense Department's *Financial Management Regulation* (FMR) and the *Money as a Weapon System* (MAAWS) manual provided CERP regulations.¹⁴³

Throughout the CERP's life, there were tensions between the need for centralized direction to ensure program results and the

FIGURE 4.15
CERP: Cumulative Appropriations, Obligations, and Expenditures, FY 2004–FY 2012
 \$ Billions



dispersed authorities necessary for quick execution. CERP projects sometimes duplicated the efforts of other U.S. agency programs.¹⁴⁴

In 2006, the Congress expressed concerns that increasingly large project sizes indicated a shift away from the CERP’s intent. In 2007, the House Committee on Appropriations expressed similar concerns about the growth of high-dollar CERP projects.¹⁴⁵ After the Congress put controls in place, obligations for large projects decreased to 15% of total obligations in FY 2008. The downward trend continued, and the percentage gradually decreased to zero for FY 2011 (see Figure 4.16).¹⁴⁶

The Congress ended support for the CERP in Iraq in FY 2012, providing a limited extension of budget authority through November 18, 2011.¹⁴⁷ Defense ended up reallocating most of the \$100 million appropriated in FY 2011 for other purposes. Ultimately, it only obligated \$44 million of this funding.¹⁴⁸

CERP record keeping was inadequate. SIGIR could not provide a thorough accounting of the final disposition of all projects executed under the program. USF-I’s CERP project tracker—Defense’s only systemic database—was only updated through the end of the fiscal year in which the funds were appropriated. If a project was not completed during that fiscal year, there were no records in the system indicating

SIGIR Audit 11-020

Strategic Drift in the CERP: Project Cost Up, CERP Stock Down

The Commander’s Emergency Response Program was a key innovation in Iraq. Formalized by a CPA order in the summer of 2003, the CERP provided about \$4 billion in assistance to the rebuilding program over the next eight years. The program’s original intent aimed to support urgent small-scale projects that met local needs. Most of the early projects cost less than \$25,000.

As CERP matured, SIGIR found evidence of strategic drift. That is, it began to fund higher-cost projects far afield from the program’s mandate. SIGIR audits questioned using CERP money to fund multimillion-dollar infrastructure projects or to support civil capacity-development programs. CERP’s ethos had a counterinsurgency core; these capacity-building programs departed from it. The Congress acted at various points to rein in overreaches, but Defense never established a formal program office to oversee the program. Instead, it created a three-tier “oversight structure” comprising a CERP Steering Committee, a CERP Management Cell, and a CERP Working Group.



The United States spent \$4.2 million in CERP funds to build the Caravan Hotel at Baghdad International Airport.

FIGURE 4.16
CERP Obligations, by Project Size, FY 2004–FY 2011
 \$ Millions

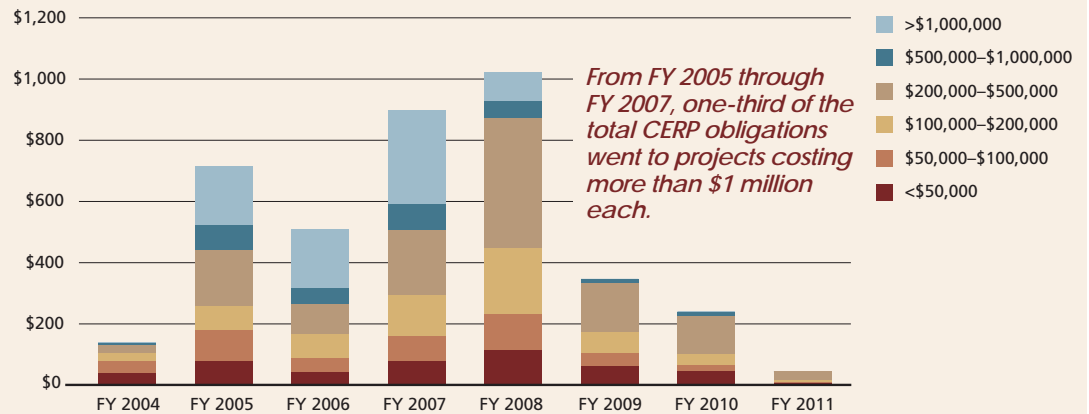


TABLE 4.5
CERP Obligations and Expenditures, by Project Category, as of 12/31/2011

\$ Millions

	Project Category/Fiscal Year	Obligated	Expended
Status of Funds, by Project Category, According to the USF-I CERP Project Tracker	Water & Sanitation	673.8	227.8
	Protective Measures	490.6	268.1
	Electricity	444.7	134.5
	Education	428.8	180.1
	Transportation	386.1	150.0
	Civic Cleanup Activities	240.9	117.6
	Other Urgent Humanitarian or Reconstruction Projects	224.5	84.9
	Agriculture	208.5	76.2
	Economic, Financial, and Management Improvements	183.4	77.7
	Health Care	152.5	61.7
	Rule of Law & Governance	113.4	46.2
	Civic Infrastructure Repair	67.5	23.9
	Repair of Civic & Cultural Facilities	62.9	27.4
	Civic Support Vehicles	58.5	33.7
	Condolence Payments	50.8	35.5
	Telecommunications	39.6	10.2
	Temporary Contract Guards for Critical Infrastructure	35.6	35.3
	Battle Damage Repair	23.8	18.0
	Food Production & Distribution	21.2	8.2
	Non-FMR	5.8	
	Detainee Payments	1.0	0.6
	Iraqi Hero Payments	0.7	0.7
	Subtotal		3,914.4
Difference between ABO Financial Data and USF-I CERP Project Tracker, by Fiscal Year	2004	-5.8	133.6
	2005	-49.2	404.4
	2006	136.7	499.8
	2007	-181.5	324.2
	2008	-91.6	513.5
	2009	-9.5	116.2
	2010	14.2	118.0
	2011		
Subtotal		-186.6	2,109.7
Total, According to ABO Financial Data		3,727.9	3,727.8



In a \$10.2 million, CERP-funded project completed in three phases, USACE installed 1,200 solar-powered street lights along 35 kilometers of roadway in and around Falluja. (USACE photo)

when it was eventually completed.

The Army Budget Office prepared financial reports detailing the total number of outstanding projects and the sum of unliquidated obligations by fiscal year, but it did not track projects on an individual basis. SIGIR found that financial data maintained by the Army Budget Office and CERP project data reported by USF-I differed substantially. USF-I generally over-reported CERP obligations, while under-reporting CERP expenditures (see Table 4.5).¹⁴⁹

No Defense Department office has a comprehensive picture of what the program actually accomplished in Iraq. The best available CERP data provides a rough approximation of actual activities. This renders suspect commander narratives, academic studies, and other analyses that claim success based on that data.

International Narcotics Control and Law Enforcement Affairs

From FY 2006 through FY 2012, the Congress appropriated \$1.31 billion to the INCLE for use in Iraq by State to support rule-of-law activities.¹⁵⁰ Although modest by comparison to the ISFF, CERP,



Cadets are trained at the Baghdad Police Academy.

and ESF, appropriations to the INCLE became a significant portion of U.S. reconstruction funding after FY 2009.

The Congress allocated INCLE to 12 programs in four areas: criminal justice, corrections, counternarcotics, and program development and support. The criminal justice sector received the majority of obligations through FY 2012 (see Table 4.6).¹⁵¹

In February 2010, the Administration requested \$832 million and received \$765 million in FY 2010 supplemental and FY 2011 regular appropriations for the INCLE to prepare for the transition of police-training responsibility from Defense to State.¹⁵² The two appropriations accounted for nearly 60% of the cumulative funding appropriated from FY 2006 through FY 2012.¹⁵³

From November 2005 through September 2012, INCLE quarterly obligations averaged \$41 million, while quarterly expenditures averaged \$35 million. FY 2011 was the INCLE's most active year, with \$1.6 million obligated and \$1.5 million expended each day. As of September 2012, at least \$1.16 billion of the total INCLE appropriations had been obligated and \$989 million had been expended (see Figure 4.17).¹⁵⁴

The Administration's proposed uses of the INCLE in Iraq evolved.

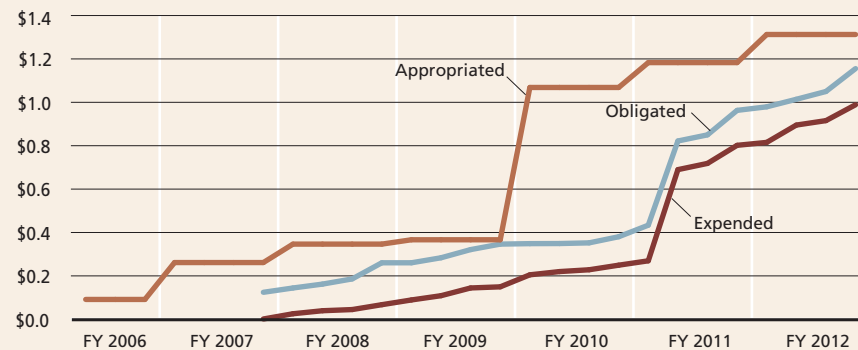
TABLE 4.6
INCLE Obligations and Expenditures, by Sector and Program,
as of 9/30/2012

\$ Millions

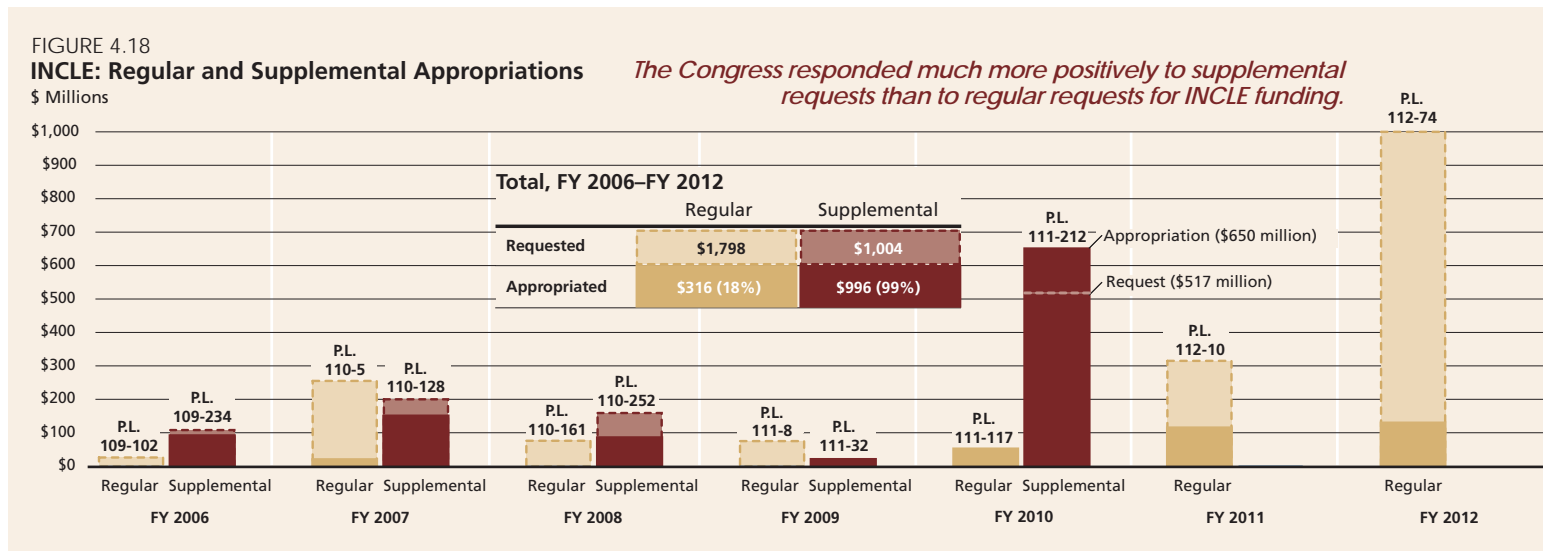
Sector	Program	Obligated	Expended
Criminal Justice	Police Advisors	710.2	620.6
	Courts	109.3	86.1
	Public Integrity	31.7	25.9
	Rule of Law Advisors	26.1	18.9
	Major Crimes Task Force	13.5	11.9
	Justice Integration	6.8	6.3
	Justice Programs	9.5	4.7
	Legal Framework	2.5	2.5
	Subtotal		909.6
Corrections	Construction	83.7	83.3
	Advisors	98.2	81.6
	Corrections	13.2	10.9
	Subtotal	195.1	175.8
Other	Program Development & Support	47.3	35.8
Counternarcotics	Counternarcotics	3.5	0.2
Total		1,155.4	988.8

FIGURE 4.17
INCLE: Cumulative Appropriations, Obligations, and Expenditures,
FY 2006–FY 2012

\$ Billions



More than half of the total INCLE appropriations came in FY 2010 to help State prepare for its new Police Development Program.



Early requests focused on corrections, but later they shifted to judicial capacity building and security.¹⁵⁵ Requests to support the transition of police training responsibility to State began with the FY 2009 supplemental appropriation and increased in FY 2010–FY 2011 (see Figure 4.18 and Appendix B).¹⁵⁶

Flow of the Major Funds

The Congress allocated almost all U.S. funding for relief and reconstruction initially to DoD, USAID, and DoS. The agencies passed on some of these funds to others to implement programs in Iraq. Defense and State transferred amounts ranging from a few thousand dollars to more than a billion through interagency agreements, which allowed the legal transfer of funds to programs run by other U.S. government agencies or United Nations organizations. Figure 4.19 shows how appropriations flowed first to the agencies and then to four broad reconstruction areas.

Smaller U.S. Funding Streams

Other Assistance Programs

The Congress provided about 85% of appropriations for Iraq’s reconstruction through the five major funds addressed above. Several smaller funding streams also proved crucial to the program. Almost \$5.64 billion was made available through these smaller funds, including \$1.50 billion for the Migration and Refugee Assistance and Emergency Refugee and Migration Assistance funds.¹⁵⁷

Curiously, the FMF program received \$850 million, but none was obligated or expended as of the end of FY 2012.¹⁵⁸ See Appendix B for details on all other assistance programs, including the total amount appropriated by fiscal year. For a brief description of selected programs, see Table 4.7.

Operating Expenses

Since 2003, the Congress made at least \$2.94 billion available for reconstruction-related operating expenses. This included expenses totaling \$908 million incurred by the CPA in FY 2004. Other



The State Department's Bureau of Population, Refugees, and Migration used MRA and ERMA funds to support the work of UN agencies and other organizations that provided shelter and other humanitarian services for Iraqi refugees and internally displaced persons at camps such as this one near the border with Iran. (UNHCR photo)

entities that reported substantial operating expenses were the Project and Contracting Office (\$830 million), OSC-I (\$524 million), and USAID (\$446 million).¹⁵⁹ For more detail, including total amounts appropriated by fiscal year and agency, refer to Appendix B.

Oversight Expenses

The Congress made at least \$445 million available for reconstruction oversight since 2003. This included \$246 million for SIGIR's work during FY 2004 through FY 2013 (yearly average of about \$25 million).¹⁶⁰ Other agencies reporting oversight expenses included the Defense Contract Audit Agency (\$111 million), Department of State Office of Inspector General (\$35 million), USAID OIG (\$29 million), and the Department of Defense OIG (\$26 million).¹⁶¹ While SIGIR funding data covers the entire cost of doing business, including personnel costs, the funding data for the other oversight agencies does not. Total oversight expenses were under-reported. For more details, including total amounts appropriated by fiscal year and agency, refer to Appendix B. 📄

TABLE 4.7
Selected Other Assistance Programs, by Implementing Agency

Fund (Amount Appropriated)	Purpose
Department of Defense	
Foreign Military Financing (FMF) (\$850 million)	First made available to Iraq in FY 2012 when the Congress made no new ISFF appropriations; FMF is intended to support the continued development of the Iraqi military.
Natural Resources Risk Remediation Fund (NRRRF) (\$801 million)	NRRRF was used for early reconstruction of the oil sector. USACE reported that all funds were fully expended as of September 30, 2008.
Iraq Freedom Fund (IFF) (\$700 million)	The IFF was established by P.L. 108-11 to fund additional expenses for ongoing military operations in Iraq and elsewhere. It allows the Secretary of Defense to transfer funds to finance combat, stability operations, force reconstitution, and other war-related costs. Once funds are transferred, they "take on the characteristics" and are subject to the same rules and restrictions as the receiving fund or account.
Overseas Humanitarian, Disaster, and Civic Aid (OHDACA) (\$27 million)	OHDACA provides basic humanitarian aid and services to populations in need. According to the Defense Security Cooperation Agency, which oversees OHDACA, these funds build indigenous capabilities and cooperative relationships with allies and potential partners and improve access to areas not otherwise available to U.S. forces.
Department of State	
Migration and Refugee Assistance (MRA) and Emergency Refugee and Migration Assistance (ERMA) (\$1,501 million)	MRA and ERMA are administered by the Bureau of Population, Refugees, and Migration and used to fund contributions to international organizations that benefit Iraqi refugees, internally displaced persons, and other conflict victims; funding is also provided to non-governmental organizations that fill gaps in the multilateral response.
Democracy Fund and Human Rights Democracy Fund (\$266 million)	The Democracy Fund is allocated by the Bureau of Democracy, Human Rights, and Labor to support democracy-promotion programs of organizations such as the National Democratic Institute and the International Republican Institute.
Nonproliferation, Anti-Terrorism, Demining, and Related Programs (NADR) (\$163 million)	NADR supports security and humanitarian-related initiatives, including humanitarian demining, antiterrorism, and small-arms destruction.
International Military Education and Training (IMET) (\$11 million)	IMET is intended to strengthen alliances and promote military professionalism through training and education for students from allied and friendly nations. The program is administered jointly with DoD.
Educational and Cultural Exchange Programs (ECA) (\$46 million)	ECA supports education, democracy, civil society, and cultural heritage activities in Iraq through educational and cultural exchanges.
U.S. Agency for International Development	
International Disaster Assistance (IDA) and International Disaster and Famine Assistance (IDFA) (\$272 million)	The USAID Office of Foreign Disaster Assistance is responsible for IDA and IDFA. These funds allow the U.S. government to respond to disasters in foreign countries through famine relief, cash food aid, and related programs.
P.L. 480 Food Aid (Title II and Non-Title II) (\$395 million)	P.L. 480 Title II Food Aid, or Food for Peace, provides for the donation of U.S. agricultural commodities to meet food needs in other countries.
Child Survival and Health (CSH) (\$90 million)	USAID's Bureau of Global Health is responsible for CSH, which funds maternal, newborn, and child health programs implemented by voluntary organizations and NGOs.
U.S. Treasury	
International Affairs Technical Assistance (\$16 million)	The Department of the Treasury is responsible for International Affairs Technical Assistance, which is funded in Iraq by State under a reimbursable agreement. Technical Assistance advisors work with foreign governments to improve their financial systems.

FIGURE 4.19
Flow of Major U.S. Reconstruction Funds to Agencies and Reconstruction Areas
 \$ Billions

