



Mission

Regarding U.S. reconstruction plans, programs, and operations in Iraq, SIGIR provides independent and objective:

- ❑ oversight and review through comprehensive audits, inspections, and investigations
- ❑ advice and recommendations on policies to promote economy, efficiency, and effectiveness
- ❑ deterrence of malfeasance through the prevention and detection of fraud, waste, and abuse
- ❑ information and analysis to the Secretary of State, the Secretary of Defense, the Congress, and the American people through Quarterly Reports

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SIGIR OVERSIGHT

Fund	Amount	Percentage
IRRF	\$20.91	45%
ISFF	\$15.44	33%
Other	\$4.07	9%
ESF	\$3.21	7%
CERP	\$2.66	6%


❖ **TOTAL \$ 46.30 billion**

❖ SIGIR will terminate 180 days after \$250 million remains unexpended

IRRF = Iraq Relief and Reconstruction Fund 1 & 2
 ISFF = Iraq Security Forces Fund
 ESF = Economic Support Fund
 CERP = Commander's Emergency Response Program
 PL = Public Law


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 Top 5 IRRF Projects		
Project	Cost (millions)	Outcome
Nassriya Water Supply Project	\$276.73	Provides potable water to 550,000 people
Kirkuk Substation Combustion Turbines	\$205.16	Installation of two new gas combustion turbines
Erbil City-Ifaz Water Supply Project	\$183.40	Provides potable water to 333,000 people
Basrah Children's Hospital	\$163.60	State of the art acute and referral care hospital
Qudas Expansion (electric)	\$162.73	Will add enough power to serve between 180k and 235k homes


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 Top 5 SIGIR Audits
<p>► <u>Oversight of Funds Provided to Iraqi Ministries through the National Budget Process (SIGIR 05-005)</u></p> <ul style="list-style-type: none"> ▪ CPA provided less than adequate controls for approximately \$8.8 billion in DFI funds provided to the Iraqi ministries through the budget process ▪ CPA did not establish or implement sufficient managerial, financial, or contractual controls to ensure DFI funds were used in a transparent manner <p>► <u>Management of the Primary Healthcare Centers Construction Project (SIGIR 06-011)</u></p> <ul style="list-style-type: none"> ▪ Approximately \$186 million was spent on the project with little progress ▪ Of the original 150 planned centers, 8 were descope, 1 was placed under another contract vehicle, 135 were partially constructed (with 121 subsequently "terminated for convenience") and only 6 were accepted as completed

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 Top 5 SIGIR Audits
<p>► <u>USAID's Management of the Basrah Children's Hospital (SIGIR 06-026)</u></p> <ul style="list-style-type: none"> ▪ USAID's accounting systems and management were inadequate and failed to identify either construction progress or accurate contract cost ▪ Only one contracting officer, one administrative contracting officer, and one cognizant technical officer were responsible for overseeing \$1.4 billion in contracts at the time of the audit <p>► <u>U.S. Government Anticorruption Efforts in Iraq (SIGIR 07-007)</u></p> <ul style="list-style-type: none"> ▪ The absence of a program manager with the authority and support to coordinate the effort posed a significant challenge ▪ There was no comprehensive, integrated plan with metrics tying the programs to the U.S. Embassy's strategy

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SIGIR Top 5 SIGIR Audits

► Effectiveness of the Provincial Reconstruction Team Program in Iraq (SIGIR 07-015)

- Iraq's complex and overlapping sectarian, political, and ethnic conflicts-as well as the ongoing security challenges-continue to hinder progress in promoting economic development, rule of law, and political reconciliation
- SIGIR recommended that the U.S. Ambassador and the Commanding General, MNF-I, jointly establish a comprehensive plan for the PRTs, with clearly defined performance measures and guidance to synchronize CERP funds to support the U.S. capacity development effort

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SIGIR Top 5 SIGIR Inspections

► Al Fatah River Pipeline Crossing (SIGIR SA-05-001)

- The \$75.7 million allocated to the project was exhausted and only 28% of the drilling scope was completed. The horizontal direction drilling project was discontinued in August 2004 and replaced with a new contract at a cost of \$29.7 million, which SIGIR considers cost overrun for the project
- The project failed because subsurface geologic conditions, such as loose gravel, made it impossible to retain open boreholes for large diameter pipelines. Unfortunately, warnings that these conditions existed were contained in a consultant's desktop study before awarding the drilling subcontract but were ignored

► Baghdad Police College (SIGIR PA-06-078 and 06-079.2)

- The U.S. government did not review daily quality control reports and was unaware of significant deficiencies at the project site
- Numerous deficiencies were found including poor plumbing installation, expansion cracks, and exposed rebar

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SIGIR Top 5 SIGIR Inspections

► Al Basrah Oil Terminal (SIGIR PA-06-080)

- Design information submitted for repairs and on-site assessment of work was satisfactory
- Contractor's quality control plan and government quality assurance program were satisfactory

► Relief and Reconstruction Work at the Mosul Dam (SIGIR PA-07-105)

- Numerous problems were found at the site including no design drawings and poorly installed foundation bolts
- Many contractor invoices lacked supporting details for materials and equipment claimed

► Doura Power Plant (SIGIR PA 07-103)

- Two generating units were not operational when SIGIR visited in June 2007
- The Ministry of Electricity had not operated effectively and had not sufficiently maintained the equipment

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 **Top 5 Shortfalls of the Reconstruction Program**

- ▶ **Wasteful Management Practices** – Weaknesses in program and contract management have made reconstruction programs vulnerable to fraud, waste and abuse.
- ▶ **Personnel Challenges** – Limited personnel resources and high turnover rates have contributed to ineffective administration and implementation of reconstruction contracts.
- ▶ **Fragmented Asset-transfer Program** – The absence of a uniform mechanism among U.S. agencies for transferring completed projects has hindered the effective handover of U.S.-funded reconstruction projects.
- ▶ **Inconsistent Coordination of Capacity-development Programs** – The U.S. reconstruction program has not been able to provide an overarching plan for building the capacity of the Iraqi ministries to address shortfalls in budget execution, and infrastructure development.
- ▶ **Weak Support for Iraq Anticorruption Entities** – U.S. anticorruption efforts lack a comprehensive plan featuring metrics that tie the program to an overall strategy, as well as baselines from which progress can be measured.

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 **Top 5 Current Challenges**

- ▶ **Sustaining the U.S. Reconstruction Investment** – The preservation of U.S. investment in Iraq's reconstruction remains a key concern because the ultimate success of the reconstruction program depends on Iraq's capacity to manage and sustain U.S.-funded projects.
- ▶ **Combating Iraq's Corruption** – Pervasive corruption poses a serious threat to Iraq's stability. SIGIR reported in 2005 that corruption in Iraq is a "second insurgency," endangering the fledgling democracy.
- ▶ **Improving Contract Oversight in Contingency Environments** – In a contracting environment of this magnitude-entailing more than 17,000 contracting actions to date-three prerequisites are essential to protecting taxpayer interests: (1) clearly defined roles and responsibilities, (2) continuous and effective oversight by qualified and experienced personnel, and (3) systemic and technical coordination among all contracting agencies operating in theater.

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 **Top 5 Current Challenges**

- ▶ **Right Sizing the U.S. Reconstruction Management Program** – With the IRRF now nearly depleted and the ESF, CERP, and ISFF having emerged as the dominant sources of funding, the U.S. reconstruction program as evolved into a series of agency-driven programs. This makes coordination more challenging. PRT management is a good example of this coordination problem.
- ▶ **Expanding Iraqi Governance Capabilities** – The World Bank's 2007 assessment of Iraq's progress measured six dimensions of Iraqi governance and found that Iraq ranks in the bottom 10% of all countries in the world for each category; control of corruption, voice and accountability, political stability, government effectiveness, regulatory quality, and rule of law.

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SIGIR 5 Years of Reconstruction

► "The era of U.S. major infrastructure projects is over."
--Ambassador Ryan Crocker

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