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## Fact Sheet

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# GAO Reveals Iraq Reconstruction Is Failing

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On July 28, 2005, the nonpartisan Government Accountability Office issued a report entitled *Rebuilding Iraq: Status of Funding and Reconstruction Efforts*. This audit report reveals that despite the spending of billions of taxpayer dollars, U.S. reconstruction efforts in key sectors of the Iraqi economy are failing.

In its new report, GAO finds that two years after the U.S.-led invasion of Iraq, oil and electricity production has fallen below pre-war levels. GAO also finds that the Administration has failed to measure how many Iraqis have access to drinkable water and has no plans to improve the primary health care of Iraqis.

**Oil:** The Administration has obligated over \$2.2 billion in U.S. and Iraqi funds to restore Iraq's oil infrastructure and boost crude oil production. Yet according to GAO, oil production and export levels have actually dropped below pre-war levels. In March 2003, Iraq produced 2.6 million barrels of oil per day and exported 2.1 million barrels per day. By May 2005, Iraq was producing just 2.1 million barrels of oil per day and exporting only 1.4 to 1.6 million barrels per day.

**Electricity:** The Administration has obligated over \$4.4 billion in U.S. and Iraqi funds to increase Iraq's electricity production. GAO reports, however, that electricity production was lower in May 2005 than in March 2003. In March 2003, Iraq generated about 100,000 megawatt hours of electricity per day. By May 2005, electricity production levels were as low as 51,000 megawatt hours per day and never exceeded 99,800 megawatt hours per day.<sup>1</sup>

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<sup>1</sup> In late June 2005, a jump in electricity production pushed generation levels to over 100,000 megawatt hours per day. GAO reported, however, that the increase in production capacity may not be permanent, stating that "U.S. program and contracting officials have raised concerns about the ability of the Ministry of Electricity and local power plant operators to sustain the added generation capacity." Government Accountability Office, *Rebuilding Iraq: Status of Funding and Reconstruction Issues*, at 22 (July 28, 2005) (GAO-05-876).

## GAO REVEALS IRAQ RECONSTRUCTION IS FAILING

**Water and Sanitation:** The Administration has obligated \$1.2 billion for specific water and sanitation projects in Iraq. Despite this significant expenditure, GAO was unable to determine whether any real progress was made. Though the State Department claimed that 64 projects were complete, GAO reported that “State was unable to provide a list of those completed projects.”<sup>2</sup> GAO also found that the Administration’s methods for tracking progress in this sector “do not show how the U.S. program is affecting the Iraqi people” because they do not “measure increased access to clean water and improved sanitation in Iraq.”<sup>3</sup>

**Health:** The Administration has obligated over \$500 million for health activities in Iraq. GAO found that there has been some progress in this sector, particularly with respect to immunizations. According to GAO, however, the U.S. assistance program is focused on long-term infrastructure construction projects rather than strengthening the delivery of primary health care. The impact of these infrastructure projects is not yet visible.

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<sup>2</sup> GAO Report, *supra* note 1 at 27-28.

<sup>3</sup> GAO Report, *supra* note 1 at 29.