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Fact Sheet

Inspector General Confirms Iraq Reconstruction Still Failing

On January 30, 2006, the Special Inspector General for Iraq Reconstruction issued his quarterly report.¹ This report reveals that despite the spending of billions of taxpayer dollars, U.S. reconstruction efforts in key sectors of the Iraqi economy are not improving the lives of Iraqis.

In his latest report, the Inspector General finds that, nearly three years after the U.S.-led invasion of Iraq, oil production, electricity generation, and access to drinkable water have actually fallen below pre-war levels. The Administration has not achieved its stated objectives in any of these sectors.

Electricity: The Administration has obligated over \$3 billion in U.S. taxpayer funds to increase Iraq's electricity generation and transmission. The Inspector General reports, however, that electricity generation was lower in late November 2005 than in March 2003. Before the war, Iraq's generation capacity was 4,500 megawatts. By November 30, 2005, generation capacity had dropped to 3,995 megawatts, with only 2,710 megawatts of this total coming from U.S. projects. Current electricity generation levels remain well below the Administration's objective of 6,000 megawatts and the actual demand of 7,000 megawatts. As a result, Iraqis living in Baghdad had an average of just 3.7 hours of power per day in early January 2006.

Oil: The Administration has obligated over \$1.4 billion in U.S. taxpayer funds to restore Iraq's oil infrastructure and boost crude oil production.² Yet according to the Inspector General, 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 2.0 million barrels per day. By November 30, 2005, Iraq was producing just 2.1 million barrels of oil per day and exporting only 1.6 million barrels per day.

Water and Sanitation: The Administration has obligated over \$1.4 billion in U.S. taxpayer funds for water and sewerage projects in Iraq. But fewer Iraqis have access to potable water and sewer service now than before the war. Before the war, 50% of Iraqis had access to drinkable

¹ Special Inspector General for Iraq Reconstruction, *Quarterly Report to Congress* (Jan. 30, 2006).

² This figure refers only to the oil sector portion of the \$18.4 billion supplemental appropriation of November 2003.

INSPECTOR GENERAL CONFIRMS IRAQ RECONSTRUCTION IS STILL FAILING

water. The Administration aimed to raise this figure to 90%. By November 30, 2005, however, only 32% of Iraqis had access to drinkable water. Sewerage access had dropped from 24% before the war to 19% in late November 2005. Iraq's water treatment capacity also declined from 3 million cubic meters per day before the war to 1.1 million cubic meters per day by late 2005. This is far short of the Administration's goal of 10 million cubic meters per day.