PAST FAILURES AND FUTURE TRANSITIONS IN IRAQI RECONSTRUCTION

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Past Failures and Future Transitions in Iraqi Reconstruction

Outside aid has been critical in largely defeating the insurgency and in helping Iraq recover from the impact of the invasion in 2003 and the civil conflicts that followed. It has also helped mitigate the impact of previous decades of war, civil conflict, and misrule. At the same time, much of that aid has gone to waste, distorted Iraq’s economy, or left a legacy of projects Iraq does not need or cannot afford to support. From the onset, U.S. reconstruction efforts in Iraq were overly ambitious, disjointed and poorly planned. As the Inspector General for Iraqi Reconstruction puts it:

The U.S. government had neither the established structure nor the necessary resources to carry out the reconstruction mission it took on in mid-2003. The overuse of cost-plus contracts, high contractor overhead expenses, excessive contractor award fees, and unacceptable program and project delays all contributed to a significant waste of taxpayer dollars.¹

Both the poor security situation and the Iraqi government’s lack of capacity have factored into the inefficiencies of reconstruction operations; however, SIGIR is all too correct in assessing that the United States is largely responsible for the waste and mismanagement that hindered these operations. As SIGIR describes in painful detail, U.S. efforts have been driven by²

- the dramatic and frequently reactive course-changes in reconstruction strategy,
- the turbulence engendered by constant personnel turnover at every level,
- the waste caused by inadequate contracting and program management practices, and
- the poor integration of interagency efforts caused by weak unity of command and inconsistent unity of effort.

The United States and Iraq cannot force a strategic partnership that ignores these realities, particularly given the challenges Iraq faces in politics, governance, and security. Iraq, the United States, and other foreign donors must now try to make sense out of past efforts at Iraqi reconstruction and the government of Iraq must determine what now must be done to fund development and reconstruction in future years. The United States must recognize the failures in past efforts and draft a series of detailed plans that will shift the nature of reconstruction away from aid-driven activities to programs that are largely Iraqi-led and Iraqi-funded. This requires the U.S. government to do more than issue reports from SIGIR and the General Accountability Office. The U.S. State Department and other civil departments must become operational enough to act on their suggestions.

² Ibid., viii.
The Scale of Past Reconstruction Funding

There has been massive spending on Iraqi reconstruction since 2003. Figure 10.1 shows that $140.59 billion had gone to the relief and reconstruction of Iraq as of December 30, 2009. These funds came from three main sources:

1. Iraqi capital budgets and the Development Fund for Iraq, overseen by the Coalition Provisional Authority (CPA): $71.20 billion – this will increase by $19.70 billion to $90.89 billion after the 2010 budget is approved by the government.

2. International pledges of assistance from non-U.S. sources: $17.01 billion

3. U.S. appropriations: $53.30 billion

Figure 10.2 shows that international donors have contributed another $17 billion to Iraqi reconstruction efforts since 2003: $5.26 billion in grants and $11.75 billion in loans. These donors have committed $9.86 billion of the pledged funds thus far. The largest donors to relief and reconstruction after the United States have been Japan ($3.6 billion) and the European Commission ($0.72 billion). In the last quarter of 2009, Japan pledged an additional $780 million in soft loans to fund projects in western Iraq.

In addition, multinational organizations like the World Bank and the IMF have set up development assistance programs—providing both loan commitments and pledges—to help with Iraqi reconstruction. In 2004 a multinational effort created the International Reconstruction Fund Facility for Iraq (IRFFI) to help donor nations channel their funds through one coordinated program. This facility encompasses two components: the World Bank Iraq Trust Fund and the United Nations Development Group Iraq Trust Fund. As of June 30, 2009, these donors had contributed $1.84 billion to the Iraqi reconstruction effort.

The practical problem, however, is that so much of this aid money has been misspent or wasted, that large-scale aid has largely ended; and that Iraq’s National Investment Council predicts that the Iraqi government’s national development strategy will cost about $187 billion more over the next three years.

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4 Ibid.
7 SIGIR, Quarterly Report, April 30, 2009, 11.
Figure 10.1: Iraqi Reconstruction and Capital Funding Sources

Reconstruction Funding (SIGIR)


Capital Funding—Before 2009 Iraqi Budget Crisis (U.S. Embassy)

Figure 10.2: Overview of International Donors

INTERNATIONAL GRANTS AND LOANS, PLEDGED VS. COMMITTED, BY DONOR
$ Billions

U.S. Funding for Iraqi Reconstruction

U.S. funding remains focused on strengthening the Iraqi security forces, building the capacity of governing institutions, and developing Iraq’s economic and social infrastructure. The U.S. Congress has channeled funds through four main programs detailed below by the Special Inspector General for Iraqi Reconstruction (SIGIR):

As of December, 2009, Congress has appropriated $53.30 billion for reconstruction and relief operations Iraq. The Congress appropriated more than 89 percent of this money to four major funds: the Iraq Relief and Reconstruction Fund (IRRF)—$20.86 billion; the Iraq Security Forces Fund (ISFF)—$18.04 billion; the Economic Support Fund (ESF)—$4.56 billion; and the Commander’s Emergency Response Program (CERP)—$3.65 billion.

- **Iraq Relief and Reconstruction Fund (IRRF)**. At $20.86 billion, the IRRF is the largest U.S. Reconstruction fund, but only $534 million remains available to be expended for ongoing projects.

- **Iraqi Security Forces Fund (ISSF)**. $18.04 billion has been appropriated to the ISSF to support the infrastructure, equipment, training, and sustainment needs of the Iraqi Security Forces. The ISFF represents 60 percent of unobligated U.S. funding and 62 percent of funds remaining for expenditure.

- **Economic Support Fund (ESF)**. $4.56 billion has been appropriated for the ESF. Administered by the U.S. Department of State, the ESF supports projects in three program tracks: security, economic, and political.

- **Commander’s Emergency Response Program (CERP)**. At $3.65 billion, the CERP is the smallest of the major reconstruction funds. The Congress intends CERP to be used by U.S. military commanders to address the urgent relief and reconstruction needs in their areas of responsibility.

As of December 30, 2009, $44.45 billion (94 percent) of these funds had been obligated, and $40.41 billion (86 percent) have been expended by the four major funds.\(^8\) Congress also made $6.18 billion available through similar funding streams. These funding profiles are summarized in Figure 10.3 to put these data in context.

More than $42.59 billion had been obligated from these four major funds as of June 30, 2009, and $38.49 billion had been expended. Nearly $3.09 billion remains available to be obligated and $8.22 is unexpended. The majority of unexpended U.S. funds are in the ISFF, which supports Iraq’s military and police forces.

The supplemental Appropriations Act enacted in 2009 made an additional $439 million available for ESF programs, including $118 million specifically for democracy and civil society initiatives. The act also provided an additional $453 million in CERP funds for Iraq and Afghanistan.

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MNF-I stated that it will reduce the amount of CERP funds that it originally intended to spend in Iraq during FY2009 by $247 million—from $747 million to $500 million. One reason for the reduction was the termination in spring 2009 of U.S. financial responsibility for the Sons of Iraq (SOI) program. The program has now fully transitioned to the GOI.9

Figure 10.3: Status of Major U.S. Funds ($ Billions)

![Chart showing the status of major U.S. funds](chart.png)

**Unexpended Obligations**

$ Billions

Total: $3.09

ISFF $1.66

IRRF $0.48

ESF $0.82

CERP $0.14


**Transitioning Out of Dependence on Foreign Aid**

Iraq must now transition away from dependence on U.S. aid. The United States has stopped spending money on new projects in most regions of Iraq so as to finish works it’s progress before U.S. troops are scheduled to leave the country in 2011. This leaves the burden of reconstruction up to the Iraqi government, a responsibility that it may not be ready for, politically or financially.

U.S. spending to date from 2003 to 2009, and planned spending for FY2010, is shown in Figure 10.4. For the period 2007–2009, the U.S. government reduced overall expenditures in Iraq from $8.52 billion for FY2007 to $1.44 billion in FY2009 for new reconstruction funding. For FY2010, the administration requested $800 million, $500 million for Foreign Operations and $300 million for CERP funding, which represents less than 1 percent of the total request for Operation Iraqi Freedom (OIF). From this request, Congress appropriated only $466.8 million for foreign operations and $200 for new defense spending in Iraq (through CERP) – $133.2 less than the administration’s request.

Both Defense Department and State Department funds for Iraqi reconstruction have decreased since 2007 and are expected to decrease again. This is largely because of cuts in the ISFF and ESF. The change in strategy of the Obama administration will result in another decrease in funding for Iraq reconstruction in FY2010, largely due to the absence of a request for ISFF funds and a 23 percent decline in the ESF. Rather than rely on U.S. troops, the training of the Iraqi military will be conducted by an Iraq Training and Advisory Mission, or ITAM, and the State Department will take over training of the Iraqi police.

SIGIR estimates that all U.S. funding for major reconstruction projects in Iraq will end at some point between FY2012 and FY2014. Figure 10.5 gives a projection for U.S. funds that will be made available for Iraqi reconstruction in the next four to five years. This means that the Iraqi government must develop the capabilities to fully fund its own reconstruction programs in four years. Whether the government can do this will depend on its ability to secure oil deals and come to a consensus on oil contracts in order to expand production and increase exports. This is the only way, at least in the short run, that Iraq’s government can accrue a greater amount of revenue to fund its projects.

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13 SIGIR, *Quarterly Report* (30 Dec 2009), 21
14 CRS, 8.
15 Ibid., 13
Figure 10.4: U.S. Appropriations for Iraq

Table 1. U.S. Assistance to Iraq
(appropriations in $ millions)

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>Enacted Total 2003-2009</th>
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<td>Iraq Civil and Reconstruction Fund (IRC)</td>
<td>2,473.0</td>
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<td>20,874.0</td>
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<td>Economic Support Fund (ESF)</td>
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<td>—</td>
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<td>1,520.8</td>
<td>414.0</td>
<td>547.5</td>
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<td>—</td>
<td>250.0</td>
<td>75.0</td>
<td>—</td>
<td>—</td>
<td>325.0</td>
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<tr>
<td>INCLE (Int’l Narcotics &amp; Law Enforcement)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>91.4</td>
<td>170.0</td>
<td>83.0</td>
<td>20.0</td>
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<td>ITRA (Treasury Dept. Tech Assistance)</td>
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<td>—</td>
<td>—</td>
<td>13.0</td>
<td>2.8</td>
<td>—</td>
<td>—</td>
<td>15.8</td>
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<tr>
<td>IRA (Migration &amp; Refugee Assit)</td>
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<td>—</td>
<td>—</td>
<td>—</td>
<td>63.0</td>
<td>178.3</td>
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<td>NADR (Non-Proft, Anti-Terror, De-mining)</td>
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<td>—</td>
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<td>19.4</td>
<td>20.4</td>
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<td>11.0</td>
<td>—</td>
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<td>DLA (Int’l Disaster Assistance)</td>
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<td>80.0</td>
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<td>Other USAID Funds</td>
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<td>429.9</td>
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<td>Total U.S. Account</td>
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<td>DOD - Iraq Security Forces Fund (ISFF)</td>
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<td>5,361.0</td>
<td>3,087.0</td>
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<td>DOD - O&amp;M</td>
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<td>DOD - Iraq Freedom Fund - Business Support</td>
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<td>50.0</td>
<td>50.0</td>
<td>—</td>
<td>—</td>
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<td>Total U.S. Account</td>
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<td>140.0</td>
<td>6,319.0</td>
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<td>4,130.0</td>
<td>1,000.0</td>
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<td>Total U.S. Reconstruction Assistance</td>
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<td>18,530.2</td>
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<td>5,362.2</td>
<td>8,519.8</td>
<td>5,199.7</td>
<td>1,893.0</td>
<td>49,625.6</td>
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FY 2010 Appropriations Request and Recommendations

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<tr>
<th>Fund</th>
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<th>House Report/Bill</th>
<th>Senate Report/Bill</th>
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<td>Defense</td>
<td>ISFF</td>
<td>0</td>
<td>0</td>
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<tr>
<td></td>
<td>CERP</td>
<td>300.0</td>
<td>*</td>
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<td>Foreign Operations</td>
<td>ESF</td>
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<td></td>
<td>INCLE</td>
<td>52.0</td>
<td>52.0</td>
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<tr>
<td></td>
<td>NADR</td>
<td>30.3</td>
<td>*</td>
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<tr>
<td></td>
<td>IMET</td>
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<td>2.0</td>
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<tr>
<td>Total</td>
<td>800.0</td>
<td>*</td>
<td>659.3</td>
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</tbody>
</table>

Note: Data not audited. Numbers affected by rounding.
a The House Appropriations Committee recommended $1.3 billion total for the CERP—$200 million below the request—but did not recommend specific allocations for Iraq and Afghanistan.
b The House Appropriations Committee did not recommend a specific allocation for Iraq from the Nonproliferation, Anti-Terrorism, Demining and Related Programs (NADR) fund.

Figure 10.5: Projection of U.S. Funds Available for Iraq Reconstruction
Appropriations Less Expenditures, $ Billions

Note: Data not audited. Numbers affected by rounding. Projections include CERP, ESF, IRRF, and ISFF and assume that all appropriated funds not yet expired will be obligated and that all obligated funds will be expended. Projected rates of obligation and expenditure by quarter are based on historical obligation and expenditure rates in that respective quarter. The projected rate of obligation per quarter is equal to quarterly obligations divided by available appropriations (appropriations less obligations) as of the beginning of the respective quarter, averaged over the previous four years. The projected rate of expenditure is equal to quarterly expenditures divided by available obligations (obligations less expenditures) as of the beginning of the respective quarter, averaged over the previous four years. All three projections assume that the Congress will appropriate the entire $575 million recommended by the Senate Appropriations Committee for FY2010. The middle projection assumes that an additional $1.0 billion in supplemental funds will be appropriated in FY2010. The final projection assumes $1.0 billion in FY2010 supplemental funds, $1.0 billion in appropriations for FY2011, and $500 million in appropriations for FY2012.


Transferring Responsibility to Iraq: A Continuing Need for U.S. Aid

Iraq has made some progress in directly funding its reconstruction and development efforts. Since 2003, the government of Iraq has increased its financial role every year and now provides the bulk of funds that go to relief and reconstruction. Nearly 95 percent of oil revenues go to the government’s Development Fund for Iraq (DFI), accruing more than $71.01 billion in annual capital budgets. However, Iraq’s government still lags behind the United States in spending. At the end of FY2008, unspent appropriations contributed to a $21.5 billion surplus—although the government now faces a budget deficit of nearly $19 billion as a result of lower oil prices and higher public spending.16

There also is considerable concern from SIGIR and other observers that as the United States completes large-scale construction projects like power plants, sanitation systems, and oil facilities, Iraqi authorities may not have the financial or technical capacity to maintain them.

Power plants built using U.S. funds have already stopped operating because of inadequately maintained equipment and a lack of adequately trained personnel. A $270 million water treatment plant in Nasiriya operates only at a fraction of its intended capacity because few Iraqi employees know how to work the machinery, and several hospitals handed over to Iraqis closed because the government could not staff them with enough doctors, nurses, and technicians.17

Transitioning management to Iraqi hands is, however, a primary objective of U.S. infrastructure construction programs. Consequently, a considerable amount of the Economic Support Fund budget (nearly $300 million in FY2009) has been used to provide training for the personnel to operate and maintain these facilities.18 Similarly, at the ministry level the United States is helping to develop laws that promote the efficient use and maintenance of physical infrastructure.

Despite this funding, most Iraqis still lack access to clean water, electricity, and basic health and education services. Part of the problem has been poor management on the part of the Iraqi government but the United States also shares some of the blame—American authorities rarely ask Iraqis what types of facilities they need, and the United States spends a very small portion of its reconstruction budget on training Iraqis to operate and maintain facilities. The United States cannot continue to overlook this expense. It is often equally if not more important than constructing the facilities to begin with. These projects are wasted expenses if Iraqis lack the training to assume responsibility from American officials once the United States withdraws from Iraq.

16 Ibid.
18 CRS, Iraq, 13.
Furthermore, efforts to transfer reconstruction responsibilities to Iraqi officials will not succeed if the United States does not include them in the planning and implementation process now. If Provincial Reconstruction Teams (PRTs) continue providing basic services in their regions without bringing Iraqi officials into the process then not only will Iraqis continue to rely on American PRTs to provide these services, but Iraqi officials will also lack the experience and governing capacity necessary to assume responsibility for these tasks in the future. The United States needs to start channeling its funds through Iraqi offices when it can so that Iraqi officials can take the lead in administering relief and reconstruction projects. American PRTs need to ensure that they are supporting the efforts of local Iraqi governors and not competing with them in providing services for their constituents.

At the moment, Iraqi officials still lack the capacity and funding to take the lead in stability and reconstruction operations. Furthermore, the transition away from Iraqi dependence on the United States is occurring at a time when Iraq is experiencing a budget crisis and lacks anything close to revenue projections that are stable enough to make accurate long-term reconstruction or development plans. There also are serious questions about the quality of many aspects of Iraqi planning: a lack of validated requirements, uncertain cost and schedule estimates, overreliance on the state sector, and stove piping of some aspects of the planning process are just some of these concerns.

In order to help Iraqis develop the capacity necessary to implement short-term and long-term relief and reconstruction projects the United States must adopt a supervisory role, cooperating with Iraqi officials and advising them to help them take the lead in these operations. The United States must also continue to fund Iraqi programs, at least until Iraq can generate enough revenue from its oil industry to cover security, reconstruction and economic development expenses.

The speed of cuts in U.S. aid that the Obama administration is currently pursuing may have a detrimental effect on Iraqi politics. U.S. cash and contracts are what convinced most tribal leaders to renounce the insurgency and cooperate with coalition forces in the first place. By putting a stop to the funding of new reconstruction projects the United States now leaves a power vacuum in its wake. Without U.S. patronage, political and economic rivalries between tribal leaders, coupled with public dissatisfaction, may spark new waves of large-scale violence—particularly in Sunni provinces.

As has been reported earlier, insurgents appear to be regrouping in provinces like Anbar, which enjoyed improving levels of security over the past two years. In addition, insurgents are still able to carry out large-scale attacks like the ones that killed several hundred people and destroyed government buildings in August, October and December of 2009 and January of 2010. Complaints of fraud and corruption in local governments have also increased since the United States reduced its oversight role in Iraqi cities. If the Iraqi government cannot raise enough revenue through oil contracts to continue funding reconstruction projects once the United States has pulled out of Iraq, violence may continue to escalate.
In the future Iraqi oil revenues may be able to cover many of these expenses. The government of Iraq did approve a draft of a five-year, $65.7 billion reconstruction spending plan in April 2009 that allocates funds for housing ($25 billion), agriculture ($17.8 billion), transportation ($9.3 billion), water ($5.5 billion), and electricity and schools ($8.1 billion altogether). The feasibility of actually funding this plan, however, depends primarily on the success of oil export sales in the coming years. Fluctuations in the oil market could negatively affect the level of revenue available to the government and prevent it from fulfilling its ambitious reconstruction plans.

Much depends on the quality of U.S. planning to deal with these issues, and this will be a key challenge to both the U.S. country team in Iraq and the State Department as it takes the lead from the Department of Defense in aiding Iraq with reconstruction. New efforts are already under way:

U.S. reconstruction efforts now focus on building the capacity of Iraq’s governing institutions, completing remaining projects, and strengthening Iraq’s security forces. Moreover, as the security situation has improved, the international community has gradually re-engaged and now supports a modest array of capacity-development programs aimed at improving Iraq’s political, social, and economic infrastructure.

The U.S. Embassy in Baghdad is reorganizing to meet the evolving mission in Iraq. Since 2004, the Embassy has operated the reconstruction program through a series of temporary offices. As the program winds down, these offices have concomitantly been reduced in size and scope. Recently, the Embassy established a second Deputy Chief of Mission position for transition assistance specifically to manage continuing U.S. reconstruction initiatives and to improve the transfer process of projects and programs to the GOI.

The military withdrawal will occur against the backdrop of several other milestone events that will reshape the U.S.-Iraq bilateral relationship. The military drawdown will directly affect continuing U.S. reconstruction efforts. For example, by the end of July 2009, several of the major reconstruction support entities—including the Gulf Region Division of the U.S. Army Corps of Engineers (USACE) and the Joint Contracting Command-Iraq/Afghanistan—will move from the International Zone to Camp Victory on the outskirts of Baghdad. Additional USACE pullbacks will include the closure of its northern Iraq district office. For the rest of 2009, the Provincial Reconstruction Teams (PRTs) will maintain current levels—16 PRTs and 7 embedded PRTs (ePRTs)—but more program drawdowns will begin in 2010.

**Failures in U.S. Reconstruction**

The United States is largely responsible for the lack of planning and coordination that continues to undermine the reconstruction and development process in Iraq. The United States invaded Iraq in 2003 without meaningful plans for stability operations and any aspect of nation building, and then rapidly created a massive aid program without prior planning and without the mix of data and expertise necessary to make that plan effective. It turned to contractors and ideologues to implement these programs during the initial phases of the occupation in 2004. After that time, it turned to an ad-hoc interagency effort.

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21 Ibid., 4.
that was crippled by a lack of coordination and centralization, insufficient funds, time constraints and congressional actions.

Although the individual efforts of some PRTs have had positive effects in their regions – largely due to the efforts of capable, skilled people taking control of their situation – the overall U.S. reconstruction effort has suffered from poor management, a lack of planning and understaffing, and gross overdependence on a mix of contractors that have focused more on profiteering than performance. The United States went into the Iraq War without detailed or properly coordinated post-war plans, and as a result it had to rely on quickly assembled, ad-hoc organizations to whip up reconstruction plans on a moment’s notice, with limited resources and little capacity, in an increasingly hostile and violent environment. Since then, U.S. officials have had to play a constant game of catch-up in response to each new development in Iraq— all the while trying to put together a coherent development strategy that meets a wide spectrum of needs.

The Coalition Provisional Authority (CPA)

U.S. and Coalition armed forces entered Iraq thinking that they were going to stay only for a few months. As a result, the Coalition Provisional Authority devoted limited resources and personnel toward the formidable task of rebuilding Iraq’s physical and political infrastructure. A DOD team sent to assess the CPA’s personnel situation in 2003 reported that the CPA was “a pick-up organization [seeking] to design and execute the most demanding transformation in recent U.S. history.”22

Secretary of State Colin Powell also made it clear that the State Department was virtually excluded from all aspects of pre-invasion planning as the Department of Defense improvised their reconstruction plans: “I have no idea what CENTCOM was planning, and I have absolutely no idea what the Joint Chiefs of Staff were planning,” he stated. "I do know that the political guidance they were getting from Rumsfeld, the NSC, and the White House was, ‘You got about three months to get [the postwar Iraqi government] up and running.”23

Until its dissolution in June 2004, the CPA operated with roughly two-thirds of the people it needed to cover reconstruction projects, and experienced high turnover rates. Only seven people served for the entire 14-month period, with many employees leaving after only two or three months.24 Furthermore, because the CPA was so desperate to fill positions, most of its personnel were unqualified and many were hired based on political affiliation rather than experience. In addition, government offices experienced in economic and political development – particularly USAID – were often ignored and left completely out of the planning process for reconstruction projects.25

Early reconstruction efforts by the CPA suffered even more from poor planning and management. In 2003, the CPA described the U.S. mission statement for Iraq in a new

23 Ibid., 83.
24 Ibid., 83.
detailed framework titled *Achieving the Vision to Restore Full Sovereignty to the Iraqi People*. The report was overly ambitious and drawn up on a very short timeline. Among the goals listed were training 30,000 Iraqi police, re-establishing the Iraq Border Guard, reopening all courthouses, building 11 new prisons and detention centers, reforming the ministries, improving electricity generation capacity to 4,000 megawatts, restoring basic health care services, rehabilitating 1,000 schools, and reopening the airports and railroads—all within three months and with limited resources and staff.\(^{26}\)

Furthermore, the CPA did not consult Iraqis on almost any of these projects. Without any input from Iraqis about what the country needed, it was difficult to assess which projects would be effective, and it was even more difficult to hand the projects over to Iraqis once U.S. forces left the country. As a result reconstruction plans were often broad and simplistic, leaving out several important aspects of development like agriculture, which the CPA did not mention in its request despite USAID requests—USAID argued that agriculture would provide jobs for young men and keep them from moving to cities where insurgency movements could recruit them.\(^ {27}\)

Most CPA projects focused on constructing physical infrastructure and left little money for running elections, rebuilding local governance, building a university system, or expanding the health system—even though officials from USAID had outlined those objectives as key aspects of any reconstruction mission.\(^ {28}\)

**The Post–CPA Aid Effort**

These tensions between USAID and the CPA over reconstruction planning still influence the U.S. aid effort in Iraq to this day. As a result there has been a lack of coordination between U.S. officials experienced in development work and those actually implementing reconstruction projects. This is not an easy problem to fix—the Departments of State and Defense have operated independently of each other since 1947.\(^ {29}\) Only recently has the U.S. government actively tried to coordinate civilian and military efforts in what SIGIR defines as Stability and Reconstruction Operations (SROs):

[SROs] straddle an uncomfortable perch between conventional war-fighting and traditional development assistance, both of which—and particularly the former—the United States can do well. These operations require a mix of skills and training addressing a range of issues, including establishing public security and the rule of law, facilitating political transitions, rebuilding infrastructure, and jumpstarting economic recovery. To complicate matters, stabilization and reconstruction missions must operate in far more demanding and often hostile environments than do traditional economic development programs. And they face narrow windows of opportunity to produce results. Stabilization and reconstruction encompasses military and civilian across the full spectrum of conflict.\(^ {30}\)

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\(^{26}\) Ibid., 98.  
\(^{27}\) Ibid., 99.  
\(^{28}\) Ibid., 110.  
\(^{29}\) Ibid., 325.  
Civilian and military officials have become much more adept and effective over the past six years at funding and implementing reconstruction programs, mostly because of increases in funding and personnel. In another positive development, the Iraq reconstruction effort has moved away from a large infrastructure approach to an Iraqi-led effort focused on self-sustainment and political capacity.31 Some PRTs have implemented successful projects and have worked well with Iraqi officials to further stabilization and reconstruction operations.

But the initial lack of planning has continued to hamper the United States’ and Iraq’s ability to deal with new problems and adequately plan for future needs, and it has been further hindered by structural problems in the U.S. government. Cuts in U.S. aid, a shift to funding international organizations, and large chunks of self-managed aid automatically appropriated for Israel and Egypt have left USAID staff with only a limited capacity to offer emergency aid and contract out longer-term projects to other organizations. The U.S. State Department never created an effective overall structure for planning or managing aid in Iraq, nor did it ever come up with well-defined measures of effectiveness, and it had no operational capability to deal with the massive national building challenges that emerged in Afghanistan and Iraq.

Successive secretaries of state failed to address these issues, and it took years to even try to develop the required cadres of professional and well-trained civilians necessary to carry out reconstruction projects in Iraq. Major contracting efforts were turned over to the Corps of Engineers and Department of the Army, and then to U.S., regional, and Iraqi contractors. The State Department also failed to adequately validate aid plans and requirements, manage and audit funds, and measure contractor performance and effectiveness.

The State Department lived in a world of denial, constantly trying to claim failure was success and relying on short-term contract hires and the military to make up for the fact that far too many career Foreign Service Officers lacked competence and/or were unwilling to serve in Iraq. The situation was salvaged in part by the limited number of dedicated career professionals who did serve, often on extended tours and at great personal cost, but there were never the numbers and authority to make up for the broader structural failures in a department whose most senior leaders failed to lead.

Present and Future Reconstruction in Iraq

The United States has yet to show that it is capable of exerting either “soft” or “smart” power in cases like Iraq, and it may be years before it can reorganize its aid efforts and its national security structure to do so—if, in fact, today’s well-meaning rhetoric can ever be translated into efficient operations and practice. The immediate challenge, however, is not to be efficient or “smart.” It is to stop making critical mistakes while the United States ends large-scale aid and carries out the transition of all reconstruction responsibilities from the Defense Department to the State Department and, on a larger

31 SIGIR, Hard Lessons, 324.
scale, carries out the transition in security from the U.S. government to the Iraqi government.

The United States still has some $3.54 billion in unobligated funds—$0.85 billion for Economic Support Fund (ESF) aid, $0.22 billion for the Commander’s Emergency Response Program (CERP), and $2.47 billion for Iraq Security Forces Fund (ISFF) aid.\footnote{SIGIR, \textit{Quarterly Report}, July 30, 2009, 6.} The U.S. aid effort also seems to have corrected many of its past problems and is now seeking goals outlined above.

The Department of State has requested $500 million to spend on Iraqi reconstruction in FY2010 to assist those who have been displaced from their homes, consolidate security gains, and “end the war [and] help Iraqis assume responsibility for their own political and economic future.”\footnote{Department of State, \textit{Congressional Budget Justification: Foreign Operations FY 2010}, 16.} Non-humanitarian foreign operations assistance for FY2009 will come out to about $605 million, which is about the same amount Congress appropriated in 2008 but well below the $2 billion appropriated for FY2007.\footnote{CRS, \textit{Iraq}, 4.}

The $482 million foreign operations request breakdown is as follows: $415.7 million for the Economic Support Fund (ESF), $52 million for the International Narcotics and Law Enforcement (INCLE), $30.3 million for Nonproliferation, Anti-Terrorism, De-Mining, and Related (NADR), and $2 million for the International Military Education and Training Program (IMET).\footnote{Ibid., 5.} In comparison, the State Department has requested $4.4 billion for operations in Afghanistan and Pakistan for FY2010.

The Department of Defense outlined similar plans in its FY2010 Budget Request Summary Justification report for Overseas Contingency Operations. It has requested $1.5 billion for the CERP, which it will divide between Iraq and Afghanistan.\footnote{CRS, \textit{Iraq}, 1.} The funding for Iraq will be used to draw down the U.S. military presence and help the Iraqi government build up its security forces and political institutions. The document states that “by this time, U.S. forces will have completed the transition from combat and counterinsurgency to a more limited mission set focused on training and assisting the Iraqi Security Forces (ISF); providing force protection for U.S. military and civilian personnel and facilities; and conducting targeted counterterrorism operations and supporting civilian agencies and international organizations in their capacity-building efforts.”\footnote{Department of Defense, \textit{FY 2010 Budget Request Summary Justification: Overseas Contingency Operations}.}

110-417), agreeing that Iraqis should start providing such infrastructure using their own resources rather than relying on U.S. funding.

In its budget requests for FY 2010 the Defense Department made no request for the Iraqi Security Forces Fund (ISFF). Instead, the administration and Congress approved the release of $1.0 billion appropriated for FY2009 for use until September 30, 2010.38 This is the first time since 2003 that there has been no large funding request for the training and equipping of Iraqi forces.39 As of now, the ISFF is restricted to the remaining $1.0 billion, $58 million of which has been obligated and $300,000 expended.

Instead, the State Department is to assume responsibility of advising and assisting Iraqi police, using additional funding from the INCLE fund.40 Additionally, the IMET fund may be used to fund training Iraqi soldiers, but as of September 30, 2009, only $6.5 million has been appropriated for training activities in Iraq.41 Either way, the United States will be cutting overall funding for the program, handing it over to the government of Iraq with some supervision by the State Department. It is still unclear what role the Defense Department will play in further training Iraqi forces or how the State Department will serve as a military adviser to the ISF.

President Maliki has expressed concern over the drawdown of U.S. funds for security forces, complaining that the cost of maintaining the ISF payroll is taking funds away from other reconstruction projects.42 He brought up the possibility of security force reductions as the United States pulls out of Iraq that may prove dangerous if the level of violence rises. At the very least, it will hinder efforts to reduce the number of attacks that already occur in the country each month. To avoid this situation, the United States should continue to help Iraq fund its security forces as U.S. troops leave the country.

Much will depend on how well the U.S. country team in Iraq restructures both the civil and military parts of its joint campaign plan to create an integrated, long-term U.S. effort to aid Iraqi through 2011 and beyond. Much will depend on how decisive the Obama administration and the U.S. Congress are in supporting and sustaining such efforts.

It will also depend on the skill with which the United States avoids its past mistakes in aiding reconstruction and can refocus its efforts on broad-based SROs. Today, the Provincial Reconstruction Teams focus on creating jobs and building local economic stability. This has also been the focus of organizations like USAID, the Department of Treasury, and other civil departments. What is not clear is that there is any unity of effort tied to a cohesive strategy and plan to handle the transition of building up effective governance once the national election takes place, or a cohesive effort to push Iraq toward the level of economic reform and progress necessary to bring about stability and development.

38 SIGIR, Quarterly Report, October 30, 2009, 27.
39 CRS, Iraq, 8.
40 SIGIR, Quarterly Report, October 30, 2009, 27.
41 Ibid.
42 “Al-Maliki Complains about the Cost of Security,” St. Louis Post-Dispatch, October 9, 2009.
Most importantly, the United States must now find the best way to transition from using dollars as bullets, and from using aid to do the job for Iraqis, to helping Iraq help itself. Much of the current U.S. aid effort still seems to focus on pursuing individual stove-piped programs. Projects are often chosen indiscriminately and there is little oversight of funds. The purpose and scope of reconstruction projects and funding has never been well-defined, and the House of Representatives has proposed a hold on $500 million of appropriations until it can execute a thorough review of reconstruction spending.43

The U.S. Army Audit Agency (USAAA) recently performed an audit to assess the effectiveness and use of reconstruction funds, particularly from the CERP program. In its findings it stated that documents were often missing or lacking details like financial forms and memorandums of agreement. It also identified problems with lapses in oversight, questionable accounting activity, and shortfalls in the training and experience level of personnel performing management oversight and execution of the fund.

Furthermore, there often seems to be no clear relationship between projects or programs that perform narrowly structured “good works” and those needed to achieve the broader results necessary to strengthen Iraq’s governmental services and overall economy.

Furthermore, as the United States withdraws from Iraq it plans to continue downsizing its reconstruction efforts, decreasing the number of PRTs in the country and reducing funding for projects. Limiting funds and reducing the number of personnel in the country will make things even more difficult for U.S. officials remaining in Iraq. Until the Iraqi government shows that it has a strong capacity to take over all reconstruction efforts, the United States must provide adequate resources and management to support Iraq’s government in its efforts.

The United States lacks the political support to go on with major reconstruction aid efforts, and Iraqi leaders want to assert their own sovereignty and assume responsibility for all large-scale projects while the United States draws down its presence in the country. A sudden, total cutoff in aid can, however, severely restrict Iraq’s ability to make the transition as well as threaten its security and efforts to create a strategic partnership. The United States must help Iraq make a soft landing with small, well-focused aid efforts that will support Iraqi politicians in their efforts to provide for the Iraqi people.

The United States needs to establish a well-organized, coordinated system for implementing reconstruction projects after U.S. forces withdraw from Iraq. Adequate planning and coordination will go a long way toward implementing the right projects and doing so effectively.

**The Role the United States Can Play**

Near- and mid-term success in Iraq will depend on immediate efforts to act on lessons from the past, and realism about just how far Iraq still is from fully functional political

43 SIGIR, Quarterly Report, October 30, 2009, 30.
accommodation, governance, and security capabilities. The Iraqi election in March 2010 is not a magic deadline. Neither is full U.S. withdrawal by December 31, 2011. All that counts is the reality that actually emerges in Iraq over time. The United States needs to act now to restructure the U.S. aid effort for strategic partnership, and on continuing U.S. aid at high enough levels to maintain influence and give Iraq an incentive to act quickly and effectively.

The United States needs to both maintain the ability to provide quick reaction aid and to develop longer-term plans and programs that provide Iraq with incentives without imposing U.S. policies on the Iraqi government. This requires action to:

- **Ensure the flow of CERP/quick reaction civil aid:** The United States must pay special attention to ensuring the continuation of flexible, immediate aid. Cuts in major infrastructure and development programs should not deprive the PRTs, AI Brigades, and civil aid efforts of pools of the funds they need to effectively support the Iraqi government. The United States must give Iraqis the incentives to do things on their own while still providing proper economic and political support when they need it most. It is not clear what the post-FY2009 aid plan will really be and whether the United States will provide sufficient funding to transition from a military to a civilian-led reconstruction effort in 2010 and beyond. An integrated aid plan and funding profile seems to be needed.

- **Establish plans for multiyear aid funding.** A successful U.S. effort will need congressional and public support for continuing civil and military aid efforts. The country team needs to make their case for why the government should fund this program and why it is so important to continue updating information on future plans and budgets. This does not necessarily mean that it should provide an OMB-approved set of numbers or a specific request to Congress. It does mean making clear through budget planning that the United States will provide some aid, seed money, leveraged military aid, and help in equipment sales.

- **Avoid downsizing the Provincial Reconstruction Team effort too quickly or ending it too soon.** The PRT effort is being radically restructured. However these changes seem tailored more toward force reductions than toward creating a clear plan for how the State Department will shape its aid effort in Iraq, or how it will proceed after Iraq’s presidential election in early 2010 and the U.S. withdrawal in 2011. The United States needs to develop a clear long-term plan for manning and supporting the advisory effort in Iraq.

- **Ensure that efforts to trace the history of the PRTs and lessons learned be transformed into more standardized models and reporting systems.** Careful attention needs to be placed on comparing the lessons of Iraq and Afghanistan. This is an urgent need that cannot wait for the normal pace of historical analysis, given the pace of the AfPak conflict.

### Restructuring the U.S. Aid Effort in the Short Run

The United States needs to make fundamental reforms in the way it plans, funds, and manages aid; and needs to develop an operational capability for future relief and reconstruction operations. This requires action by both the State Department and the National Security Council to reform the structure of the U.S. foreign aid system. It also requires action by Congress, and bipartisan action may be possible when it comes to restructuring civilian-military efforts in Iraq.
The Reconstruction and Stabilization Civilian Management Act (RSCMA) of 2008, part of the Duncan Hunter National Defense Authorization Act for 2009, has already outlined several duties and responsibilities for future operations, including:

- Coordinating the development of interagency contingency plans and procedures to mobilize and deploy civilian personnel and conduct reconstruction and stabilization operations for various types of crises;
- Identifying personnel in state and local governments and in the private sector who are available to participate in the Civilian Reserve Corps or otherwise participate in reconstruction and stabilization activities;
- Taking steps to ensure that training and education of civilian personnel to perform reconstruction and stabilization activities are adequate and are carried out, as appropriate, with other agencies involved with stabilization operations;
- Planning, in conjunction with USAID, to address requirements, such as demobilization, disarmament, rebuilding of civil society, policing, human rights monitoring, and public information, that commonly arise in reconstruction and stabilization crises; and
- Maintaining the capacity to field on short notice an evaluation team consisting of personnel from all relevant agencies to undertake on-site needs assessments.

Such legislation at least begins to address the issues involved in conducting a counterinsurgency mission and planning for political and economic reconstruction. In the future the United States should engage several government agencies in a lengthy planning process before attempting any type of campaign of this size or magnitude—as well as in its humanitarian and development missions.

An effective plan requires unity of action and that one agency be totally responsible and totally in charge. The reconstruction experiences in Iraq and Afghanistan both show that contingency relief and reconstruction operations are extremely complicated and require coordinated and cross-jurisdictional structures, planning, resources, and management. At the same time, a large coordinated effort between different government agencies will always run into problems with chain of command, ultimately inhibiting unity of effort. In order to achieve this coordination, there must be strong leadership at the top—in this case, a single office or agency within the executive branch. The United States will also need to develop a better interagency system with new structures, resources, and approaches that will be able to coordinate civilian-military efforts in the future, now that these operations are becoming far more common.

The Special Inspector General for Iraqi Reconstruction outlines ten targeted reforms to further address the problems that still hinder U.S. reconstruction efforts including a lack of coordination in management, inefficient program and project execution and insufficient contract oversight. These suggestions include:

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44 Ibid., 341.
1. **The NSC should lead SRO doctrine and policy development:** SIGIR emphasizes that one organization should be formally tasked with establishing overarching policies for stability and reconstruction operations and to oversee civilian-military cooperation. This would provide a way for all agencies to agree upon well-defined doctrine and policies to govern operations.

2. **Integrative SRO planning processes should be developed:** SIGIR reports that the State Department still lacks sufficient capacity to develop and implement integrated plans for SROs. Defense has greater capabilities in this regard but coordination between the two branches of government remains limited. SIGIR suggest that Congress direct the DoD to provide resources and personnel to bolster civilian planning capabilities and provide trained and experienced advisors to facilitate the planning process without stepping on any toes.

3. **New SRO budgeting processes should be developed:** Defense spending continues to exceed civilian spending by an outlandish margin of eighteen to one. This forces the DoD to assume responsibility for urgent humanitarian and reconstruction assistance because “the agencies normally responsible for those functions – State and USAID – are underfunded and lack authorities that allow for sufficient flexibility to respond to urgent, unanticipated requirements.” Therefore more money should be channeled through State – especially as it assumes responsibility for all SROs in Iraq.

   Furthermore, SIGIR recommends establishing clear lines of authority in funding and managing projects as opposed to the current ad-hoc system in which managers spend reconstruction funds as they see fit with limited oversight.

4. **Federal personnel laws should be strengthened to support SROs:** SIGIR states that the current competitive service system does not provide agencies with incentives to detail their more experienced personnel to serve on PRTs or other reconstruction operations. To encourage State and Defense to staff PRTs with qualified and experienced personnel, Congress should establish greater deployment incentives for these civilian officers.

5. **SRO training should be integrated and enhanced:** developing a more integrated training system that involved personnel from several different agencies would improve civil-military cooperation.

6. **Uniform contingency contracting practices should be adopted:** Secretary Gates observed that “contracting in Iraq was done willy-nilly” with limited oversight and poor or incomplete contracting and procurement records. As Secretary Clinton has asserted, “Contractors are there to support, not supplant.” USAID and the State Department must have the staff, the expertise and the resources to

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46 Ibid, 15.
design, implement and evaluate our programs.” State does not currently have the personnel or funding to carry out these responsibilities so it needs to expand its efforts.

7. **Permanent oversight for SROs should be created:** Just as every other aspect of SROs in Iraq, oversight has been an ad-hoc process. Because several agencies are involved in the process, there are challenges in overseeing every aspect of operations in Iraq. Even Inspector General offices do not have interagency authority, which hinders their ability to oversee programs involving multiple U.S. agencies. Therefore, an agency should be set up to oversee all SRO activities in the future.

8. **Uniform SRO information systems should be developed:** Without common information management tools it is difficult for the U.S. government to accurately compile data and get a complete picture of reconstruction activities. Without shared information systems, funds often go to waste and oversight is far more difficult.

9. **International organizations should be integrated into SRO planning:** SIGIR suggests seeking advice and assistance from international development organizations in the SRO planning process and places special emphasis on ensuring maximum host country participation from the onset. This is a crucial part of transferring responsibilities to host country institutions once the United States leaves Iraq. If Iraqis are not included in the process then it will be extremely difficult to sustain SROs after the United States leaves the country.

10. **Uniform geopolitical boundaries should be implemented:** SIGIR recommends dividing SRO efforts by region as to reduce confusion and mixed conclusions from examining reconstruction situations across geographic boundaries. SIGIR suggests using the DoD Commander’s Areas of Responsibility map, shown in **Figure 10.6.**

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48 Ibid, 18.
Figure 10.6 U.S. Department of Defense Commander’s Areas of Responsibility

Source: Special Inspector General for Iraqi Reconstruction (SIGIR), Applying Iraq’s Hard Lessons to the Reform of Stabilization and Reconstruction Operations (February 2010), 22

Long-Run Structural Reforms

In addition to its short-term suggestions for reforming stability and reconstruction operations (SROs) SIGIR goes even further, recommending that the United States establish a new agency to oversee the planning and management of these activities: The U.S. Office for Contingency Operations (USOCO). In its Lessons in Program and Project Management report SIGIR asserted that Congress should draft a proposal to create this new agency:

The Congress should consider a “Goldwater Nichols”-like reform measure to promote better integration among Defense, USAID and States, particularly with respect to post-conflict contingency operations. In 1986 the Goldwater-Nichols Act initiated a fundamental reorganization of the Department of Defense. As a result of this Act, U.S. forces increased cooperation and integration. It was not an easy process, but over the past twenty years, the United States has benefited greatly from the improved coordination among the military services. The Iraq experience illustrates the need to expand cooperation and integration across U.S. agencies, but most especially among Defense, State and USAID on post-conflict reconstruction and relief planning and execution.

Ibid, 23
Figure 10.7 illustrates how USOCO would fit into the current organizational structure for interagency cooperation in contingency operations. It would operate under the NSC and combine elements from DoD and DoS who would work exclusively through the new agency. SIGIR explains that it would become the locus for planning, funding, staffing and managing SROs, replacing the fragmented ad-hoc system that exists today.

USOCO would also serve as the center for all future stability and reconstruction operations, with experienced personnel concentrated in one office rather than scattered throughout several different agencies. Right responsibilities for several DoD, DoS and USAID including:

- Office of the Coordinator for Reconstruction and Stabilization (DoS)
- Defense’s Stability Operations guidance
- USAID’s Office of Transition Initiatives
- The Department of Justice’s International Criminal Investigative Training and Assistance Program
- The Department of the Treasury’s Office of Technical Assistance

Creating a single agency to take over the responsibilities of these scattered organizations would streamline the decision-making process in the future. This would allow the United States to act quickly and decisively when the next contingency occurs – the sole mission of the office would be to plan accordingly to ensure that the United States can adapt to future situations.

The Departments of State and Defense have not endorsed this recommendation. Both feel that reforming the existing SRO organizational structure is preferable to implementing a new agency, which is not surprising since the two organizations have operated independently from each other since their creation. However, given the new nature of civilian-military cooperation, restructuring may be beneficial in future planning. It would consolidate resources and experienced officers, it would create a clear structure for accountability, it would facilitate oversight of funds and activities and it would develop and refine the skills and experience necessary for efficient management of future operations.

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51 Ibid, 28
Transferring Responsibility to Iraq

The United States is currently trying to transition to a more traditional diplomatic and development-orientated mission in Iraq, limiting its military role and decreasing the presence of reconstruction teams in the provinces. However, a large amount of reconstruction work has yet to be completed and transferred to the Iraqi government, and the U.S. government still does not seem to have a clear idea of how it will accomplish this. Although a general framework is emerging, details on organizational responsibilities, resource needs, program plans, and coordination mechanisms have not been planned out, and the U.S. Embassy in Baghdad is still assessing how best to allocate the remaining $6.31 billion in unexpended U.S. funds.\(^{52}\)

Right now the overall plan is to consolidate all reconstruction responsibilities under the Department of State and USAID while simultaneously downsizing all U.S. military and civilian programs in Iraq. This strategy will produce a shortage in personnel and resources, which will limit the State Department’s capacity for sufficient oversight and execution of reconstruction projects.

There are also two major changes in reconstruction management that the United States is trying to undertake in this process:

- Adjusting the responsibilities of the U.S. Army Corps of Engineers Gulf Region District (GRD) and U.S. Embassy-Baghdad’s Iraq Transition Assistance Office (ITAO) as the capacities of both organizations are simultaneously diminished

\(^{52}\) Ibid., 34.
• Downsizing the U.S. presence in the provinces and the capacity for administering more than $650 million in new reconstruction aid planned for the coming year.\(^{53}\)

Along with its reduction in troops, the United States plans reduce the number of PRTs in the country from 23 to 16 in 2010, and down to 6 by 2011.\(^{54}\) Additionally, the administration wants to transfer funds from the CERP, which operates under the Defense Department, to the Office of Provincial Affairs (OPA) under the State Department, which manages the PRTs and other reconstruction teams.\(^{55}\) **Figure 10.8** gives a more detailed description of the transitions in reconstruction management. The Defense Department has already begun transitioning its responsibilities to the State Department, which now faces its own reductions in staff and funding.

Since CERP provides additional support to communities where U.S. military units still operate, it will be difficult to manage CERP funds once the United States begins reducing its troop presence in Iraq. Therefore, the Defense Departments has asked the PRTs to embed reconstruction personnel with military units managing CERP programs so that U.S. Forces-Iraq (USF-I) can later consolidate these activities under the State Department.\(^{56}\)

However, if the United States continues to reduce the overall size and scope of the PRT program, the State Department will face serious difficulties undertaking these additional responsibilities—in terms of failing to provide the necessary scale of effort and to maintain the ability to deal with Iraq’s regional, ethnic, and sectarian problems. If the United States is to consolidate an effective aid program under the State Department, then it must make every effort to create strong consulates in Irbil and Basra, and PRT-like aid teams in critical parts of the country, and provide enough increased funding and resources to ensure that it has the capacity to carry out the necessary transition efforts after U.S. withdrawal in 2011.

The United States also needs to create an “operational,” and not a “normal,” embassy in Baghdad. As U.S. Mission-Iraq (USM-I) takes over from MNF-I, it must establish the kind of independent embassy that can carry out the additional responsibilities of shaping and managing a U.S.-Iraqi strategic partnership. The embassy now plans to reduce its size, security staff, and capabilities for operational and information management.\(^{57}\) It will phase out temporary organizations like the ITAO and consolidate all reconstruction programs under the State Department and USAID.

The United States should steer away from this policy of simultaneously shifting responsibilities and shrinking capacity at a rate that could prove detrimental to the overall reconstruction program in Iraq. If anything, the transition from Defense Department to State Department should be structured in ways that ensure the State Department has the proper number of trained and operational aid personnel—particularly at the management

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\(^{53}\) Ibid.

\(^{54}\) Ibid., 3.

\(^{55}\) Ibid., 35.

\(^{56}\) Ibid.

\(^{57}\) Ibid., 34.
level. They will be needed in both the embassy and the field. The embassy will also need the ability to purchase private-sector designs, contract oversight services to replace The United States Army Corps of Engineers (USACE) services, and assume responsibility for reconstruction projects from the Defense Department. Rather than embed PRT officers with military units, for example, USF-I can assign military commanders in charge of the CERP program to work with individual PRT units in order to provide the PRTs with support and guidance during the transition.

In short, the United States needs a more focused approach in shifting its aid efforts and management from reconstruction to strategic partnership—one that clearly outlines responsibilities and provides sufficient resources for executing changes. Otherwise, the State Department will find itself short-staffed and underfunded, which will limit its capacity to undertake the tasks needed to help the government of Iraq ultimately assume responsibility for Iraqi reconstruction.
Figure 10.8 U.S. Reconstruction Management in Transition

Source: adapted from SIGIR, Quarterly Report and Semi-Annual Report to the United States Congress (30 Oct 2009), 36