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IRAQ: ASSESSMENT OF PROGRESS IN ECONOMIC RECONSTRUCTION AND GOVERNMENTAL CAPACITY

STAFF TRIP REPORT

TO THE

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LETTER OF TRANSMITTAL

Dear Colleague:

The committee recently sent Mr. Patrick Garvey of the professional staff to Baghdad to assess progress in the U.S. mission to stabilize Iraq.

We are pleased to share with you his trip report, which we believe provides significant insight into several areas—particularly economic reconstruction and the capacity of Iraqi governing institutions—that will be key to a stable and democratic Iraq. The report pays significant attention to the U.S. strategy to improve Iraqi institutional capacity and engender policy reform that often receive less attention in the press, providing insight into the successes we have achieved and the challenges that lay ahead.

The report also provides a number of recommendations that may be helpful as the Committee on Foreign Relations continues its oversight of Iraq and the Department of State whose ability to manage complex stabilization and reconstruction missions is so critical.

We look forward to continuing to work with you on these issues and welcome any comments you may have on this report.

Sincerely,

RICHARD G. LUGAR,
Chairman

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IRAQ: ASSESSMENT OF PROGRESS IN ECONOMIC RECONSTRUCTION AND GOVERNMENTAL CAPACITY

From November 4–12, 2005, a member of the professional staff from the United States Senate Committee on Foreign Relations (SFRC) traveled to Baghdad, Iraq. At the request of the Chairman, the purpose of the trip was to examine two issues:

1. Reconstruction progress in the area of economic development.
2. Capacity of Iraqi ministries and Iraqi governing institutions, including those at the provincial level, to function independently of U.S. assistance.

These two pillars in the reconstruction effort were chosen because of their importance to the long-term stability of the country, the relative lack of media attention they receive, and their relevance to the oversight responsibilities of the committee. This report also explores other areas of concern to the SFRC, specifically:

- The "New" Joint Strategic Plan, which includes Provincial Reconstruction Teams.
- Construction of the new embassy complex, as well as staffing and security issues.
- The Rule of Law program.

Staff visited with lead Embassy officials, Iraq Reconstruction Management Office (IRMO) leadership, the Director of the Gulf Regional Division of the Army Corps of Engineers, Project and Contracting Office members, the USAID Mission Director, two members of the Iraqi National Assembly, and numerous embassy personnel (see Appendix II for complete list).

Staff's movement was restricted to the International Zone for security reasons and Ambassador Khalilzad and many senior Iraqi government officials were traveling outside the country.

SUMMARY/OVERVIEW

Staff found that U.S. and coalition reconstruction projects, investments and other program and policy reforms implemented since 2003 appear to be having a stabilizing effect on the economy. U.S. officials agreed with recent IMF Executive Board comments citing Iraq authorities for "having established and maintained a degree of macroeconomic stability under extremely difficult circumstances, and for having initiated structural reforms."[1] While reliable statistical measurements are hard to come by, embassy

[1] IMF Survey, Vol. 24, No. 16, August 29, 2005, p. 251.

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economic advisors cite soaring demand for every type of good and service; improvements in salaries—especially for government workers that are up ten or twenty times pre-war levels; stabilized oil exports; increasingly reliable electricity generation; and Iraqi government initiatives to reduce subsidies and re-join the IMF. The country's economy, while still vulnerable to major disruptions, has progressed despite the ongoing insurgency and high demand-driven inflation (measured at 42% from August 2004–August 2005).

Iraq's legacy as a controlled economy that further suffered the impact of internationally-imposed sanctions and isolation from the world financial community looms large in some respects, from a lack of natural market mechanisms to a business community that is unaccustomed to having the freedom to develop their own business solutions. Like the Russians of fifteen years ago when the Communist political economic system collapsed, Iraqis enjoy their new civic and religious freedoms, but some are finding it hard to give up the financial benefits of a state-controlled system.

U.S. policy and governance assistance to date was characterized by one official as "doing and directing." For example, Iraqi participation in determining spending priorities for the Iraq Relief and Reconstruction Fund (IRRF) and even the Development Fund for Iraq (DFI) spending has been minimal. This practice—by which we make the decisions and then get the Iraqis to accept them (described as getting "Iraqi buy-in") has muted the Iraqi voice and stifled capacity-building. Officials interviewed suggest that simply giving grants and funding projects outright (hand-outs) should not continue as the practice can perpetuate governmental mismanagement and laziness. More than one official suggested we could help Iraq more by requiring matching funds or funding small business loans rather than making grants. Continuing to state the obvious: that U.S. funding is finite and designed to jump-start the economy is also a useful reminder. As one senior advisor stated, "scarcity sharpens the mind."

Among State and DoD officials leading the Iraq mission, past frictions seem to have been overcome and State and DoD operate and coordinate more closely as a team. Ambassador Khalilzad and General Casey are in the final stages of a joint strategic plan with numerous metrics and a red-yellow-green indicator system to mark progress toward milestones. Officials suggest the plan will be finalized by mid-December, but many details have already been worked out and discussed. Nevertheless, resources to implement the plan in 2006 and beyond remain untallied and sources have yet to be identified.

Although the military and civilian cultures do not always understand each other, U.S. government civilians, contractors and military officials have formed a team in Iraq and respect one another's expertise. On the one hand you have action-oriented, results-driven individuals with a penchant for Power Point; on the other hand you have thoughtful, analytical consensus-builders who are used to writing diplomatic cables and offering policy options. Style and personality count significantly in such an environment, both at the operational level and in management. Ambassador Khalilzad and his Chargé d'Affairs Ambassador Satterfield, paired with General Casey and General Vines are a strong and capable leadership

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team, but agreement at the top does not always translate at the operational level, where Army veterans and young, inexperienced Foreign Service Officers must execute policies.

Mistakes of the past two years are being dealt with directly by Ambassador Khalilzad and his team. There is open recognition that disbanding the Iraqi Army and deep level de-Ba'athification were mistakes. This has gained the Ambassador greater credibility and respect among Iraqis and U.S. personnel alike. He not only speaks about a long-term U.S. vision for Iraq, but he has also demonstrated a personal long-term commitment to Iraq, which has further engendered trust among Iraqis. When the Iraqi people elect and install a "permanent" government in the coming months, embassy leadership is optimistic that government will be able to provide the type of consistent leadership necessary to build lasting, capable institutions and a stable, prosperous and democratic Iraq.

The joint strategic plan mentioned above, contains a one, two and four year development strategy. It ties into the clear-hold-build strategy that Secretary of State Rice set forth in testimony to the SFRC on October 19, 2005 and will require close collaboration of all the various civilian and military elements of the coalition, including: the Multi-National Force Iraq (MNFI), USAID, NGO's and contractors.

The ability to execute the plan is not assured. To be successful, it will require (1) firm commitment on the part of the Iraqis; (2) top-notch US civilian personnel; (3) properly-managed and focused resources; and (4) the dedicated constructive involvement of the international community and all regional actors.

THE ECONOMY

OBSTACLES TO PROGRESS

Lack of security and a reliable mercantile infrastructure—according to embassy analysts and Iraqi business leaders alike—are preventing the economy from taking off. Mercantile infrastructure includes: power and communications, reliable transportation (move goods to/from market); and a free market structure to include laws, subsidy elimination and privatization of state-owned enterprises. Subsidy elimination will also help control aggregate demand, which continues to rise unchecked.

The U.S. Treasury Attaché, who notably has held that position for two years, suggested that Minister of Finance Ali Allawi is taking on many of these issues and has demonstrated the necessary acumen, asking for assistance and taking initiatives without waiting for direction. The Minister is expected to continue in the job after the new government is in place, but even if he does not, many of the policy reforms are underway and should proceed apace, regardless of who is in that job.

Poverty, as noted in the testimony of Dr. Keith Crane of the RAND Corporation appearing before the SFRC on 19 July 2005, is a continuing challenge. Embassy officials suggest that an estimated 25% of the population lives beneath the Iraq-defined poverty level of $1 per day. Saddam dealt with it through a complex welfare system that provided free food and jobs that may not have required work.

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FINANCIAL SECTOR AND PRIVATE INVESTMENT

Officials explained that the financial sector remains constrained. An estimated 90% of all assets are in the two state-owned banks, which have "deeply negative net worth" according to detailed assessments. They are not inter-connected. There's no electronic funds transfer capacity. Salaries are paid in cash (although a direct deposit system for government workers will soon come online). Private banks are more like family-owned investment companies. There is no foreign investment in the Stock Exchange. There is no demand for 30-year paper, which could fund long-term liabilities such as pensions or large capital investments. There is no credit, which could enable short term loans.

The Senior Consultant for Private Sector Development, who has been in that position for 21 months, reported that a lending program she has overseen, providing loans of up to $25,000 through Iraqi-trained loan officers working in a dozen neighborhood offices to provide seed money for small or start up local business, has made more than 16,000 loans disbursing more than $31 million with no write-offs in two years. Women make up 9% of the borrowing pool. A program audit is forthcoming.

She explained that it has been her experience that there is tremendous pent-up demand for credit to rebuild and begin entrepreneurial endeavors. It is her view that Iraqis respect the loan regimen and that she could easily expand the program to enable even larger businesses to get on their feet. She expressed her frustration with other programs (i.e. USAID) that provide public sector grants rather than private sector loans. She said her programs were looking for another $70 million, and demurred when prompted for further thoughts on the scalability of the programs to accomplish large-scale reconstruction.

Recommendation 1—SFRC should formally request a proposal and feasibility commentary on how aid could be structured to capitalize on the commercial lending concepts the Private Sector Development office has implemented. The question is to what extent these private sector solutions can be expanded effectively in Iraq.

IMF STANDBY ARRANGEMENTS (SBA)

Iraq has been negotiating with the IMF for standby arrangements (SBA), which are the second step in Iraq's re-entry into the IMF and the world economy. The first was the Emergency Post-conflict Agreement (EPCA) entered into in November 2004, which laid out policy and performance goals to develop fiscal and monetary data; financial management and information systems; a national payments system; a national budget process; a plan to restructure state banks; and a subsidies reform plan. The EPCA allowed small IMF borrowings and led to the first tranche (30%) of Paris Club debt reductions.

The SBA will govern the Iraq-IMF relationship for the long term. It requires Iraq to significantly reduce subsidies. On 18 December, fuel prices for premium gas at the pump will increase from 20–50 ID/liter (about 5 to 13), and according to Embassy Baghdad Economic advisors, will step up in 2006 to reach market prices (700

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ID) for premium by the end of the year. SBA will allow larger IMF borrowings (< $1.5 billion) and the 2nd and 3rd tranches of Paris Club debt reduction on the agreed upon schedule of 20% in January 2006, and the final 20% in January 2007. Of note, black market fuel prices were already at market level.

Embassy Baghdad's Economic section has prepared several cables on subsidies and the IMF agreements, which SFRC Staff has requested be made available to Members.

IRAQ'S OIL SECTOR

Oil is the lifeblood of Iraq's economy. More than 95% of government revenue is derived from oil exports. Oil will generate $24 billion in export revenue this year, an estimated $27 billion in 2006 and $40 billion in 2007.[2] Iraq is the world's second largest oil reserve, with large upside potential from future exploration. The industry, however, remains crippled after decades of sanctions and Saddam's mismanagement. Current production hovers around 2.3 mbpd (million barrels per day), about a half million below existing feasible capacity because of insurgent attacks in the North and "field decline" in the South.[3] The U.S. government is investing $2.4 billion to restore production capacity to meet or exceed pre-war capacity. The goal is 3.0 mbpd, and work should be completed in 2006. Because of steady attacks, money originally allocated for this sector is now limited to repairing existing infrastructure, helping to sustain operations and set the stage for revenue growth. Despite lagging production, the world market oil price increases have boosted revenues.

Fuel crises exist in the country on a daily basis because refineries produce only 55% of fuel demand, requiring Iraq to import the rest at market rates. The Economic section has prepared a cable on this subject and staff will provide that analysis to Members when it is made available.

The Project & Contracting Office (PCO) stated that their number one priority is to complete the repair on the pipeline at Al-Fathah crossing. This bridge crossing in the pipeline leading to Turkey has been previously repaired, but has been sabotaged. The Corps of Engineers is now proceeding to bury the pipeline under the river at that point. This repair will enable exports to Turkey once again and improve progress toward a 3.0 mbpd production capacity.

U.S. efforts have also improved efficiencies in the Oil-Natural Gas sector. Iraq continues to flare more than 1,000 million cubic feet per day (mcfd) of natural gas, which could be used to fuel gas turbine electric generators that currently burn less efficient liquid fuels. Experts suggest that perhaps as much as 100% of Iraq's domestic power could be generated if the natural gas that is now being flared was captured and distributed.

Smuggling, corruption and diverted deliveries persist, as noted in recent SFRC hearings. See below for more on the corruption issue.

Assessment: In order not to look as if we had designs on Iraqi oil, the United States has foregone meaningful in-

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[2] Numbers provided by IRMO. Oil revenues based on $9 less than West Texas Intermediate Reference prices.

[3] Post war production levels were about 0.6 mbpd and pre-war levels were approx. 2.6 mbpd.

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vestment in the one area that would have made the biggest difference, namely Iraq's oil-exporting infrastructure. Coupled with economic and subsidy reforms, the Iraqis need to repair the pipeline, install storage tanks at the ports and borders so that a pipeline interruption doesn't mean export interruption, build refineries, and secure the whole system. Capacity in the Oil Ministry is assessed as "good." The ministry managed their budget well this year, unfortunately to the point that the nearly $3 billion allocated for capital improvements was not programmed. This is symbolic of the challenges many ministries face in overcoming the command-directed style of Saddam. Deputies still insist that every action be authorized in writing, and there is little delegation of authority.

ELECTRICITY

Since mid-2003, the SFRC has followed closely the electricity sector as our aid workers, the US military, contractors and the Iraqis have struggled to improve this crucial sector that the Saddam regime left in a fragile and decrepit state. Our three senior advisors on electricity report marked progress against the unchecked tide of demand for power from an influx of electrical good—refrigerators, air conditioners, washers, dryers, TV's and microwaves—and industrial demands such as oil refining.[4] Electricity remains a virtually free commodity, and most Iraqis make little effort to conserve. There is metering, but no collection, which is further complicated by the lack of a postal service. Without a check on demand, Iraq will not be able to meet 100% of its power needs (or supply more than 16 hours per day of power) for the foreseeable future. Technology is available to govern demand through current limiters, whereby a home would only be able to use a certain kilo-wattage per day. Bearing Point is conducting a feasibility study of this practice.

Demand this winter is expected to reach a daily peak of 9000MW, while current peak generation is 4750MW. IRMO advisors stated that even now, further generation would not improve the situation as transmission and distribution capacity is weak. Transmission projects underway will improve Iraq's ability to import power from Iran, Syria and Turkey, and make the grid more resilient to sabotage by creating redundant line routes and additional substations.[5]

By the end of 2006, investments managed by the U.S. of $7.74 billion in the power sector will have brought Iraq's power generation capacity to 6000MW while improving operations and maintenance procedures, increasing transmission capacity and continuing distribution improvements. Approximately $2.9 billion worth of projects are underway, with another $955 million funded and awaiting award.[6]

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[4] Of note, USAID's chief electricity advisor has been in Iraq for more than 30 months, and the two advisors from the U.S. Department of Energy have been in country for more than 21 months each.

[5] Figures provided by IRMO.

[6] $7.74B total includes DFI ($1.8B), Donor ($0.6B), IRRF I ($0.94B), IRRF II ($4.3B) and CERP ($0.1B); source IRMO. UN and World Bank assessments from October 2003 suggest a total of $20 billion is needed to reach national targets of 20% over demand.

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The capacity of the Ministry of Electricity is improving. Policies have improved load-sharing and reduced brownouts, but the ministry awaits cabinet or assembly-level decisions on subsidy and rate reform. The ministry understands the need to invest in operational sustainment, and build redundancy into the system, but have fought US advice to run their grid at normal frequency. Iraqis run their grid under frequency—at 49Hz—which the ministry believes saves power, but U.S. engineers say is very damaging. The Ministry of Oil has begun to cooperate with the MoE to invest in generation requirements, which will allow the MoO to pump and refine more oil and take some of the pressure off of the budget in the long term.

2006 IRAQI BUDGET

Iraq Budget Outlook in Summary[1]

($ billions)

	2005 Plan	2006 Draft	FY 06(–) FY 05	2005 Actual[2]
Revenue	19.3	28.2	8.9	23.4
Oil	17.1	27.2	10.1	22.2
Other	2.2	1.1	–1.2	2.2
Expenditures	24.0	33.2	9.2	23.0
Surplus/Deficit	–4.7	–5.0	–0.3	1.4

[1]From briefing documents provided by Treasury Attache/IRMO-FFA.

[2]Assumes Oct.–Nov. oil revenues at the 9 month mean, oil product arrears, underpending elsewhere.

The 2006 Budget draft forecasts a $5 billion deficit. Embassy briefers suggested this gap could easily be overcome by updated revenue figures or expenditures that will be determined once the new government is in place and oil and revenue figures are firmed up. The Budget is summarized in the table. The nearby pie chart depicts expenditures by category for 2006. Note that 21% of the budget is subsidies, and Iraq continues to pay 5% of oil revenues into the UN compensation fund. The UN Compensation Commission is a subsidiary organ of the UN Security Council. It was established by the Council in 1991 to process claims and pay compensation for losses resulting from Iraq's invasion and occupation of Kuwait. Compensation is payable to successful claimants from a special fund that receives a percentage of the proceeds from sales of Iraqi oil. The Security Council established Iraq's legal responsibility for such losses in resolution 687 of 3 April 1991.[7]

[7] Several UN Security Council Resolutions have amended the original terms of UNSCR 687, but the commission continues its work.

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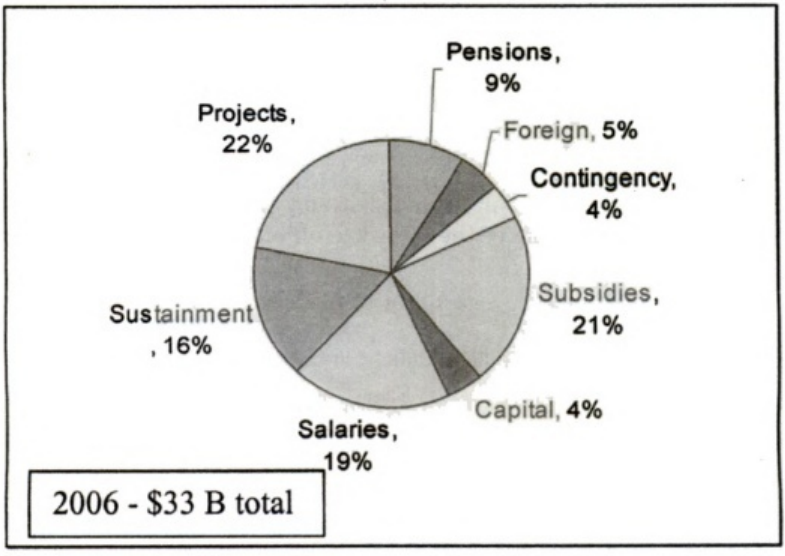
2006 Expenditures



CORRUPTION

While U.S. efforts have helped put in place several institutions to fight corruption and have worked to train and empower Inspectors General, corruption has not abated and we should not expect that it will for quite some time. As one official pointed out, "it is not only endemic, it is systemic." The Treasury Attaché offered that one cannot just fight corruption by itself. He said that the largest source of corruption is "simply the lack of proper modern administration and controls." Iraq continues to be a cash economy, and there are no checks and cross-checks in the system. They are very good at record-keeping and receipts, but, "you can't have the guy that wrote the contract paying it too."[8]

Reformed systems are coming online. USAID has developed a government-wide strategy to support the automation of planning, budgeting and reporting processes across ministries, including the creation of a Financial Management Information System (FMIS), an accounting and reporting system for all Iraqi ministries. Montran, a payment solutions company, is working with Treasury and OTA to install a direct deposit system for government workers. These and other systems, however, must ultimately be paid for by Iraqi banks and the government of Iraq; a fact the Ministry of Finance understands.

Embassy Economic Officers promised to provide the SFRC with cables analyzing the effects of corruption.

In a Fall 2005 survey by Zogby International and the US Center for Private Enterprise, 62% of Iraq business leaders surveyed said corruption is a serious problem and more needs to be done to com-

[8] Interview with Treasury Attaché, 9 Nov. 2005.

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bat it. Unfortunately, some 32% hold out little hope for change. Thirty-eight percent of respondents estimate that corruption adds more than 40% to their business costs and blame corruption on a combination of weak property rights and civil servants who extract bribes.[9]

FOOD, AGRICULTURE & AGRIBUSINESS

In many sectors of Iraq's economy, the forces of supply and demand do not act normally. Food is a good example. Most of the country continues to rely on the free food provided by the government through the Public Distribution System (PDS), a legacy of the UN Oil-for-Food program now managed by the Ministry of Trade, which no longer employs advisors from the World Food Program (WFP) to help manage this complex system. At an annual cost of approximately $4.5 billion, the government buys these staples offshore, undercutting and virtually eliminating the domestic market for wheat, vegetable paste and cooking oil. Despite these expenses, because of poor management and dissipated stockpiles, most Iraqis did not receive rations for the months of August, September and October.

USAID and IRMO advisors state that there is significant room for development in agriculture, and the wider aspects of agribusiness. USAID's $100 million contract for agricultural revitalization has restored veterinary clinics, introduced improved cereal grain varieties, repaired equipment, and trained farmers and ministry staff. USAID has also invested significantly in rehabilitating the Mesopotamia Marshlands. The Marshlands and its people were the object of many an atrocity under the Saddam regime. Food subsidy reform and further private sector agribusiness development would have significant sector-wide and economic impact and help cut poverty, reduce the significant budget burden and revitalize the country's third largest value sector and the country's largest employer.

Embassy Baghdad Economists and the WFP assess that Iraq could easily face a food crisis in the coming months. Staff has requested cables prepared by the Econ Section and will provide further information and analysis when they are received.

Recommendation 2: Our policies should continue to encourage Iraqi government officials to make the bold moves necessary to remove the subsidies, reduce the PDS to a means-tested entitlement for the poorest Iraqis, and provide the commercial legal framework to stimulate not only agriculture, but canning and other agribusiness.

CAPACITY OF IRAQI INSTITUTIONS AND THE "NEW" STRATEGIC PLAN

NATIONAL LEVEL

Whether or not Iraqi ministries and Iraqi governing institutions, including those at the provincial level, are capable of functioning independently of U.S. assistance depends upon a combination of

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[9] *"Business Leader Attitudes Toward Commercial Activity, Employee Relations, and Government in Iraq."* a Fall 2005 survey by CIPE and Zogby International, p. 11.

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stability, planning, leadership, resources and dedicated personnel at all levels of the particular organization.

Stability has not been helped by the various iterations of Iraqi governments in the past two years, and by changes in U.S. leadership and emphasis. Chargé d'Affairs Satterfield expressed the expectation that the election and installation of a new "permanent" government will provide leadership committed to the serious tasks at hand. (More than one U.S. official expressed their frustration with the interim governments' inability to focus on basic governing necessities.) Ambassador Satterfield emphasized the importance of the next year becoming a collective effort led by the Iraqis with strong participation by the Coalition, regional nations and the international community. He further highlighted the outreach the Iraqis are leading to generate regional and international support, such as the Arab League organized conference held 19–21 November in Cairo.

Although it is unfair to compare a coalition government operating in a parliamentary system to U.S. politics, as yet, no one Iraqi leader has emerged with a vision for Iraq that has captured the imagination or provided a rallying point for the people. This will be a challenge for whoever is elected in December to lead the country for the next four years.

MINISTERIAL LEVEL CAPACITY

The right formula appears to be in place, with excellent relations established between experienced U.S. advisors and their respective Ministers at the Ministry of Electricity, the Ministry of Oil, the Ministry of Finance, the Ministry of Planning and International Cooperation and the Minister of Municipalities and Public Works. A great deal of controversy surrounds management and advisement at the Ministry of Interior, which is perhaps the most critical to establishing law and order. Recent news stories about abused prisoners in MOI jails and the comments of Minister Bayan Jabr presage challenges that lie ahead. The Ministry of Transportation—run by a Sadrist who has literally thrown the American advisors out of his office—is also struggling.

Under Saddam Hussein, the Ministry of Interior leadership was 100% Ba'ath and the enforcer of Saddam's rule. Purged of its senior Ba'ath party elements, the MoI faces great challenges in building capacity to handle not only the insurgency and law and order challenges but also the routine business of training and discipline, providing pay and benefits, writing regulations and managing personnel. Staff visited the Ministry and met Assistant Deputy Minister Ayden Qadir to discuss Elections Security, Deputy Minister Ali Ghalib to discuss police training and policy matters, and General Ghazi who led a tour of his National Joint Operations Center. Staff also visited the Karida-Marium District Police Station in the International Zone.

Deputy Minister Ayden Qadir had a solid grasp of the mission of elections security. He described with pride, and with nodding heads of the U.S. advisors, the progress the Iraqi Security Forces demonstrated from January to October and looks forward to December elections for which they have a solid plan to maintain control with greater autonomy from U.S. forces.

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Other Ministry leaders fail to grasp the basics of problem-solving, management, programming and budgeting. The deputy minister in charge of the Iraqi Police spent the better part of an hour listing the problems in his forces, but when asked what he was doing to remedy the problems, he had no answer. He did not seem to grasp that problem-solving and policy direction was his responsibility, not this staff member's or the U.S. advisors.

Finally, because ministers were not appointed by the Prime Minister, but rather by the Presidential Council, most do not owe their allegiance and are not accountable to him, but rather to their party. This creates management challenges that are likely to continue in the new government.

RULE OF LAW PROGRAM.

The Rule of Law program should be operated in partnership with the Ministries of Interior, Justice and Defense. Because of the recent shift that placed MNF-I in the lead advisor roles at MOI and MOD, the Rule of Law Program is now the lead civilian program designed to build understanding and capacity in the wider concepts of rule of law.

The embassy provided a briefing slide that summarizes the challenges:

- *Where we started:* A police state that ignored the rule of law, and used police and other security forces as instruments of oppression.
- *Where we are now:* Relatively advanced legal framework. Human rights—improved, but abuses persist at unacceptable rate. Judiciary—most capable institution in the justice system, but lacks adequate security and productive working relations with police and prisons.

Rule of Law program officials remain concerned about the level of effort and commitment to these challenges. They have $380 million in unfunded requirements for the next two years, and hope that the international community will step up in these areas where they have been traditionally very strong. The Rule of Law Coordinator also expressed concern that the military and even U.S. Department of Justice officials "think that Rule of Law is simply Rule of Law and Order," or, in other words, arresting people and putting them away. Many other elements of an appropriate Rule of Law program are not being resourced or emphasized at all, she said. In a complex civil society, and one emerging from conflict and tyranny perhaps more so, a Rule of Law program must cut across the entire spectrum of capacity-building, access to legal aid and information about human rights, commercial and civil law-making, legal professional training, etc.

SFRC staff inquired of embassy officials about the decision to put the military in charge of advising the MoI. Training and developing civilian police is a traditional State Department rather than a Defense Department mission. Nevertheless, embassy leadership defended the decision as making sense at this time because of logistical challenges that DoD was better equipped to handle. Staff expressed concern that DoD had neither the interest nor the expertise to pursue overarching rule of law issues. Embassy leadership

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assured staff that the Chief of Mission maintains overall policy oversight. Nevertheless, several embassy and State Department personnel shared their concern over this move with staff. They worry about the long-term stability of perhaps the most crucial ministry in the law-and-order equation, especially once the military withdraws. One advisor to the Ministry of Interior told staff that the "The MOI situation with DOS/DOD is screwed up . . ." He said, "There are a lot of good DOD people working on it but they have their own faults, and now they don't have any interference from people who can provide oversight, policy and long term direction . . . " He shared further his view that " . . . the military is developing solutions that cost a lot of money, which dramatically change the way that the Iraqis do things and in my opinion won't last when we leave."

Staff also raised questions about the findings made in OIG Report No. ISP-IQO-06-01 of October 2005 regarding the Rule of Law program.[10] Everyone indicated that a strategy had been put together to address the first major finding that "a fully integrated approach to justice sector reform in Iraq does not exist at the present." Time limitations prevented a more extensive inquiry, so progress in addressing the serious shortcomings found in the IG report was difficult to assess. It is important to note, however that neither the new senior Rule of Law coordinator nor the INL program chief have any prior experience in Rule of Law or INL programs.

Recommendation 3: (a) To ensure success in this area, the Department of State must put in place experienced INL experts whom the Iraqis will respect and seek out. They must engage actively with the military and Iraqis to provide long-term policy guidance. (b) International donors must be pressed harder for contributions in this area, not only financially, but also with experienced trainers and programs. (c) The SFRC should follow-up with Embassy Baghdad officials for details on the corrective measures undertaken to address the OIG's findings about the Rule of Law program.

PROVINCIAL LEVEL CAPACITY

According to embassy officials, the capacity of Iraqi provincial governments, with the exception of the Kurdish territories, has not been developed. Their legal mandate is not clear, they lack experience and resources, and many have been officially in position only since January 2005. Nevertheless, their capacity is essential to the long-term success of the Iraqi mission and the stability of the country. This is where the Provincial Reconstruction Team plan announced 11 November by Secretary Rice in Mosul is intended to play a strengthening role.

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[10] United States Department of State and the Broadcasting Board of Governors Office of Inspector General, Report of Inspection, Rule-of-Law Programs, Embassy Baghdad, Report Number ISP-IQO-06-01, October 2005.

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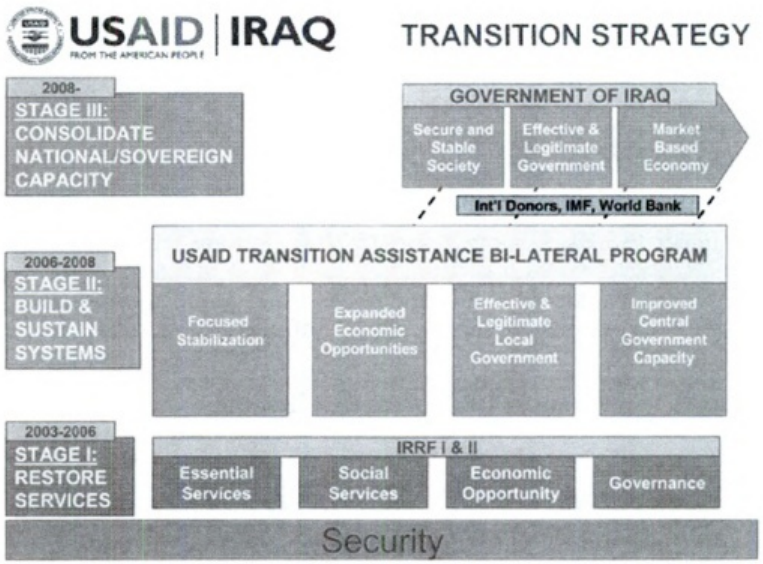
THE "NEW" STRATEGY

USAID officials provided information regarding their portion of the plan (see graphic). In the first year (or the third year of the U.S. reconstruction mission) the emphasis will continue to be on restoring essential services through fulfilling the IRRF commitments, completing construction projects, re-establishing social services, building governance and stabilizing the economy. From now through 2008, efforts will be on "building and sustaining systems." The idea is to accelerate Iraqi ownership and develop capacity at the national level. USAID and PCO will lead the capacity-building effort at key ministries, with a two-year focus beginning once the permanent government is in place. The provincial and local level plan involves Provincial and Regional Reconstruction Teams. The third phase for 2008 and beyond suggests a more traditional relationship among U.S. government, Iraqi government and the international community and will seek to "consolidate national sovereign capacity."



PROVINCIAL/REGIONAL RECONSTRUCTION TEAMS (PRT/RRT)

One of the significant elements in the strategy is the implementation of PRTs. The plan calls for 15 PRTs and one RRT, which will cover the Kurdish region. The emphasis will be on partnering with local government officials to build security, improve governance and bring about economic development. By recasting the Regional Embassy Offices (REO's) that have been in place for 18 months, the first three are already formulated in Ninewa (Mosul), Babil (Hillah) and Tamim (Kirkuk). The next three will rollout following the December elections, and the remaining ten will be in place by the end of Spring 2006.

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Program lead for the PRTs will lie with the Chief of Mission and Department of State, who will provide central management via a National Coordination Team, as well as through the PRT Leader, who will be Officer Counselor level Foreign Service Officers from either the Department of State or USAID. PRTs will be made up of from 97–140 personnel, broken down as follows: 28–30 U.S. civilians, 49–85 U.S. military and 20–30 locally employed staff.

> *Analysis:* On paper, the concept appears to be a substantive and logical follow-through on the reconstruction mission. Many of the lessons identified from Afghanistan have been incorporated in this plan; for example, the PRTs are comprised of a significant civilian component and there is a central command element. It is worth noting, however, that the first three PRTs are re-cast Regional Embassy Offices that have been in place for 18 months, and it appears that subsequent PRTs will envelop the State Embedded Teams or SETs that work with the Major Subordinate Commands. It appears to be more an evolution than a change in strategy, but without a visit to the regional offices, further assessment was difficult. Nevertheless, other than among those involved directly with the planning, the Iraq PRT concept is discussed with a healthy degree of skepticism.

Robert M. Perito of USIP has looked at the use of PRTs and post-conflict reconstruction missions. In a recent publication that the Staff Delegation shared with IRMO leaders who briefed the plan, Mr. Perito draws a comparison to the Vietnam-era CORDS program:

> Much could be achieved if the military component of the PRT was matched with a robust staff of civilian personnel. The Civil Operations and Rural Development Support (CORDS) program in Vietnam might provide a model for such a program. CORDS was an integrated civilian-military organization, but USAID was the lead agency and its personnel were overwhelmingly civilian. Even in the hotly contested I Corps area of Vietnam, only 750 of 2,000 CORDS personnel were military. The State Department assigned several hundred FSOs to serve on CORDS Provincial and District Advisory Teams, according to a veteran FSO who served in CORDS and in a PRT in Afghanistan. These officers received four to six months of Vietnamese language and area training prior to eighteen-month to two-year assignments. CORDS received funding for development assistance and was provided its own transport and logistical support. CORDS was developed when it became apparent that U.S. military operations were alienating the rural population they were trying to protect. [11]

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[11] Perito, Robert M., *"The U.S. Experience with Provincial Reconstruction Teams in Afghanistan, Lessons Identified."* United States Institute of Peace Special Report 152, October 2005, p. 14.

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CORDS may provide a better model for Iraq than the Afghanistan PRT program, which has worked well in some areas, but has struggled in others because of lack of qualified civilian personnel, lack of central coordination and inadequate resources.

CONCERNS WITH THE PRT PLAN

- *Collaboration:* The PRT concept appears again to be a large-scale U.S.-imposed solution. It was not developed in concert with the Iraqi Interim Government, provincial governments or coalition partners. Although no resistance has been met, further calibration may be needed when the New Iraqi Government takes office in January.
- *Personnel:* The list of more than ten "task focused activities" is extensive and far-reaching. This will require a robust complement of qualified civilian experts. The Iraq reconstruction mission has, from the General Garner days, been challenged to recruit and retain qualified civilians to serve lengthy tours of duty. There is no evidence that this challenge has abated. Stability operations, capacity building and reconstruction are not military missions and should not be left to the MNF-I. There is no surge capacity in the civilian agencies. USAID, whose expertise is essential, has had trouble filling the seats it has in Baghdad (see Appendix I). The Army's ready supply of Civil Affairs Teams, which have been hard hit by serial recalls to Kosovo, Afghanistan and Iraq, is another potential problem.
- *Security/Force Protection:* The Mission Regional Security Officer demonstrated a clear understanding of the risks involved in this plan. On one hand, the challenge is to protect people outside the Forward Operating Bases, where they will be living and having offices. On the other hand, if people are protected such that they travel around like a squad of storm troopers, how can they interact directly, humanely and in a culturally-sensitive manner? Extending the reach extends the risk.
- *Mission Integration:* The PRT design includes a Rule of Law Coordinator. Is this piece integrated with the P3 - Police Training Program?

Recommendation 4: The SFRC should continue to press the Department of State and USAID for the substance of this joint strategic and PRT plan, including how it will be funded and how personnel will be identified to fill positions. The SFRC should also inquire of State/USAID and DoD about training they are providing PRTs before they deploy.

FUNDING FOR THE JOINT STRATEGIC PLAN

Mission leadership is concerned about the lack of funding for 2006. During the visit to Baghdad, word arrived that the Conference on Foreign Operations Appropriations had allocated $60 million in Economic Support Funds (ESF) for Iraq in 2006. The President's had requested $360 million. IRMO and USAID leaders were unanimous in their disappointment at this news.

Ambassador Khalilzad recently directed a review team to see what money had not yet been obligated that could be fenced off to

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fund some projects and seed money for the New Iraqi Government come January 2006. Between $750 million and $1 billion has been identified for these purposes. But this figure does not include money for the PRT strategy, USAID's programs, IRMO initiatives (which extend until June 2007 when IRMO will officially sunset), or embassy operations.

An IRMO deputy stated "it would be a real shame if we were to risk failure in this mission for a lack of a billion dollars or two." It was difficult to pin down a figure backed up by hard data, but $2 billion was mentioned by more than one official, or as they indicated, the amount that was re-programmed from the IRRF to pay for army and security force training. Others compared the figure to the MNF-I expenditure rate of about $1 billion per week or annual foreign aid figures in the billions for Egypt and Israel, suggesting that $1 or $2 billion per year in assistance for Iraq would not seem a unreasonable investment, recognizing the investment that has been made thus far.

Recommendation 5: Ensuring a steady funding stream for civilian reconstruction missions, many of which require contract negotiations and long lead time planning, as well as military operations is essential. The SFRC should continue active oversight of reconstruction funding, engage foreign officials to make good on their pledged contributions, and encourage the Department of State and DoD to share plans for funding Iraq operations for 2006 and beyond.

THE NEW EMBASSY COMPOUND

The 104-acre construction site of the New Embassy Compound is on the edge of the International Zone, on the banks of the Tigris, west of the 14th of July bridge and approximately ½ mile south of the Festival and Parade Grounds and the Unknown Soldier Monument. The ambitious project with 21 structures is slated to be completed in 24 months.[12] Underway for four months, it is on schedule and approximately 16% complete. The Senior Project Director stated, "We have every confidence that we will be completed by June 2007."

[12] The 21 Structures are: the NOB (New Office Building), containing the classified portions of the embassy and the unclassified areas that support those functions; the NOX (New Office Annex) an unclassified office building containing such sections as Public Diplomacy, Consular Affairs, USAID; the IOB (Interim Office Building) designed for future use as a school (the core and shell will be completed now and used as office space for many of the functions now in the Palace); the GSO Annex—offices for facilities management, break areas and locker-room facilities for warehousemen, maint. staff, local guard force, etc.; Staff Housing—6 apartment buildings containing 619 one-bedroom (700SF) apartments; CMR (Chief of Mission Residence); the DCMR (Deputy Chief of Mission Residence); the MSGQ (Marine Security Guard Quarters); CAC's (Compound Access Control buildings) two service CAC's, a Consular CAC, two main CAC's, an emergency exit/entrance CAC; a Recreation Building—gym, exercise room, swimming pool, locker-rooms, the American Club, commissary, food court, barber/beauty shop; a Warehouse; a Motorpool/Maintenance building for vehicle maintenance, facilities management shops; the Utility Building—power generation; a Water treatment plant—water storage, fire pump, water treatment; and a Waste water treatment.

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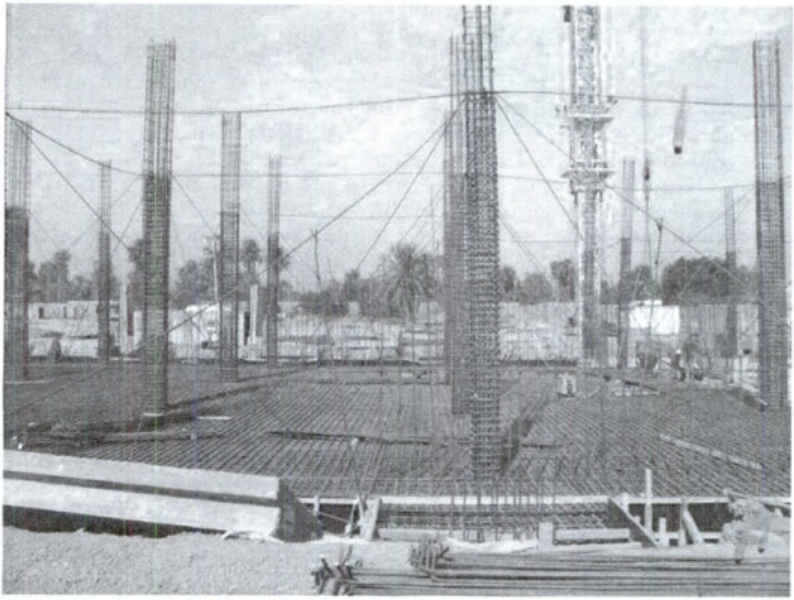

Embassy Baghdad Construction 11/06/2005

Four Tower Cranes

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All excavation has been completed and more than 10,000 m^3 of concrete have already been poured from concrete batch plants erected on the premises. A great deal of effort has been made to secure the site and to pre-load materials to alleviate work stoppages due to waylaid deliveries, as materials make the journey from outside Iraq. The third-country national workforce of more than 900 men is housed on the premises.

The Overseas Building Office staff collaborates closely with Diplomatic Security personnel. They have incorporated into the design additional set-backs, additional perimeter clearance areas, structures are reinforced to 2.5 times the standard and they will build systems to allow 100% independence from city utilities, including wells, electric generation and sewerage.

First Kuwaiti is the lead contractor for the project that is budgeted at the Congressionally-appropriated level of $592 million. $483, 202,966 has been awarded to date.

The progress that has been made in only four months is impressive, reflecting a high level of planning to allocate and distribute risk in this unprecedented effort to build an embassy in a war zone on time and on budget. Most major construction projects undertaken in Iraq since 2003 have not met these standards. The Senior Project Director stated that the Iraqi government has reacted very positively to the building efforts, as they demonstrate that the U.S. is committed to staying and seeing the Iraq mission through. It also shows that that we are committed to returning properties to the Iraqis, such as the Republican Palace, that we have been occupying.

Recommendation 6: The SFRC should maintain its close scrutiny of this program. No large scale, US-funded construction program in Iraq has yet met its schedule or budget. First Kuwaiti, the lead contractor, should be encouraged by the Department of State's Overseas Building Office to consider hiring more local nationals as personnel screening and security conditions allow.

CIVILIAN PERSONNEL SECURITY ISSUES

This SFRC staff member was not permitted to travel outside the International Zone (IZ), which may say more about the security situation in Iraq than anything. Interactions between US officials and their Iraq counterparts do not occur frequently, and when they do, Americans travel in five-vehicle convoys with a very heavy complement of security. Many Foreign Service Nationals, Iraqi Assembly members and other government officials live in the IZ, either in homes or apartments or in the al-Rasheed Hotel, because they have been threatened directly or fear that their association with the government or the Americans endangers them or their families. The brother of one of the deputy ministers staff met during this trip was assassinated, and one of the Iraqi National Assembly members interviewed said that members of his family have been threatened.

The Regional Security Officer (RSO) has 44 permanent officers and 2237 contractors providing security for the Embassy and its personnel. The RSO is very engaged in working to manage the

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risks embassy personnel face every day. He told staff that he challenges the necessity of meetings outside the International Zone that appear overly risky, noting that almost all Iraqi officials have U.S.-issued cell phones to facilitate communications. Most embassy and USAID staff said they go outside the IZ rarely if at all. Staff and the RSO discussed the net worth of having an Embassy when it is so isolated, because of the risk avoidance posture he enforces, the ability of its personnel and the USAID team to carry out their responsibilities, and the challenges of working with the military who operate under different regulations. It causes friction and challenges the mission's effectiveness when the civilian advisor cannot go to a meeting, but military advisors can.

The RSO stated candidly that there are no rules for this mission—ensuring the safety of civilian personnel and securing an embassy in a war zone. Normally, there is an Emergency Action Plan that outlines the tripwires that would lead to a closure and evacuation of an embassy. And, he said, "We cross those tripwires every day. EVERY day."

The Assistant Secretary of State for Diplomatic Security confirmed that there is not a clearly defined arrangement for operating an embassy in a war zone. Safety of the Mission and its personnel is delegated to the Ambassador and his principle security advisor, the RSO.

U.S. Embassies have been the target of large scale attacks as recently as the 1998 al-Qaeda bombings in Kenya and Tanzania. The Department of State makes considerable efforts to manage the risks undertaken by diplomats living in dangerous places around the world. Unlike the U.S. military, it does not "accept" casualties. Iraq embassy personnel, all of whom are volunteers and who receive limited crisis reaction training to deploy to Iraq, are not expected to sacrifice their lives for the mission. State will need to become an even more effective risk manager to be truly effective in an environment like Iraq. Officials in Baghdad and Washington recognize that these issues will be compounded by the "PRT" plan.

Recommendation 7: The SFRC should continue active dialogue with Diplomatic Security personnel on these challenging issues, which are not unique to Iraq. Funding improved telecommunications, such as video-teleconferencing systems in countries where risks are high, can save lives and improve interaction.

PERSONNEL AND EMBASSY STAFFING

Embassy management, staffing and personnel issues were raised with the Embassy's Management Counselor, Ambassador Greg Engle, with respective section heads and with the Chargé d'Affairs. In short, State Department personnel are out-gunned by the military. Ambassador Engle joked that when he has meetings with the military, a half-dozen colonels will file into the room and wonder why there is only one official on his side of the table. There is no redundancy in embassy staffing. An empty position or vacationing official means that work is left undone. It also means that Foreign Service Officers find themselves at their desks for long hours, often spending as much time keeping up with Washington as with Iraq.

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One year ago, following a trip to the region, SFRC staff reported:

> There are too few civilian and military civil-affairs personnel available for the scope of Iraq reconstruction efforts. Those available reportedly do not have the right expertise and language skills and the duration of their assignments are too short (90–120 days) with few incentives available to encourage the civilians to continue to serve in Iraq. Several people who had or were serving in Iraq expressed astonishment at the responsibilities they were given for which they felt unprepared. For example, personnel with no budget or program management experience were overseeing enormous budgets and developing technical assistance programs. Learning on the job took time. Civilian and military linguists, budget and contracting specialists are also in too short supply to adequately support the mission.[13]

Some of the problems found a year ago have been addressed. In their place, however, new challenges constantly present themselves. Reconstruction and stabilization missions such as Iraq and Afghanistan are a new paradigm that require a combination of innovative incentives to bring in the right people. So-called "directed assignments" is one solution that may be considered but has been thus far resisted by the civilian agencies. In a directed assignment a civilian employee whose contract stipulates worldwide availability, such as a Foreign Service Officer, is directed to serve in a particular post and risk promotion or their career in refusing the assignment.

As mentioned above, to staff the Provincial Reconstruction Teams, State will be challenged not only to find the senior FSOs that are indicated in the briefed plans, but also to find those with the necessary skills. Reconstruction and stabilization missions demand program management skills and hands-on field experience, rather than the policy management and analytical skills needed in traditional embassy positions, a point with which Ambassador Engle agreed. Several Foreign Service Officers shared that many who enter the Foreign Service today are eager for the chance to engage in such missions when they join the service, but they quickly find themselves working the visa window and staffing embassy desk jobs. By the time many FSOs have developed the seniority to lead such a mission, they have not engaged in running programs or spent much time operating outside embassy confines.

These challenges are not unique to Iraq. The Department of State has over 600 positions in 'unaccompanied' posts (where spouses and family are not allowed because of the risk).[14] While Iraq and Afghanistan are the highest priority, getting staff to the priority areas is increasingly difficult due to security issues and the

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[13] SFRC Staff Inquiry Report, December 2004.

[14] Unaccompanied posts include Kabul, Afghanistan; Algiers, Algeria; Banja Luka, Bosnia-Herzegovina; Bujumbura, Burundi; Bangui, central African Republic; Brazzaville, Republic of Congo; Abidjan, Cote d'Ivoire; Baghdad, Iraq; Pristina, Kosovo; Beirut, Lebanon; Monrovia, Liberia; Islamabad, Karachi, Lahore, and Peshawar, Pakistan; Riyadh, Jeddah, Dhahran, Saudi Arabia; Khartoum, Sudan; and Sanaa, Yemen.

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absolute quantity of these needs relative to the size of the entire Foreign Service corps.[15]

Charge D'Affairs Ambassador Satterfield stated that the Department made some mistakes in staffing the Embassy on the first rotation. In too many cases, positions were filled with junior personnel, instead of FS-02s, and FS-03s. In some cases there were Ambassador and Minister Counselors heading sections with no one in between them and the first tour officers. Like any organization, mid-grade officers carry the load, mentor, and convey essential on-the-job training. They are also needed to interact competently and authoritatively with seasoned Iraqi and US military personnel. USAID has done better, but is facing a challenge filling positions for its next rotation.

U.S. Mission Staffing Summary*

Agency	Authorized U.S. positions	U.S. onboard	Percentage
State Department	157	145	92.5
IRMO/Other State	348	286	82.2
Defense	245	210	85.7
Agriculture/FAS	2	2	100
Commerce/FCS	2	2	100
HHS	2	2	100
DHS	21	1	4.8**
Justice	62	26	41.9**
Labor	1	0	0
Treasury	4	2	50
Transportation	3	3	100
USAID	99	62	62.6
Other	—	—	—
Baghdad Total	946	739	78.1

*See Appendix I for full staffing summary, as of 4 November 2005.
**This summary table does not reflect TDY personnel. DHS and DoJ fill many positions TDY.

Staffing challenges will intensify with the new initiative to build Iraqi governing capacity in the regions. The first three PRTs have been manned, but 11 of the remaining 12 and the one Regional Reconstruction Team destined for the Kurdish region, will be headed by as yet unnamed Officer Counselor (flag equivalent) Foreign Service Officers.

Satterfield reported that the entire Department—all the way up to the Secretary—had committed to making personal appeals to individual candidates to fill the positions with the right people. The Iraq desk at State indicated that bids were not coming in for the PRT positions that had been posted. Staff asked if "directed assignments" were being considered. Feelings were mixed on this issue. The Management Counselor suggested that would have far-reach-

[15] There are 12,666 members of the U.S. Foreign Service. Of those, 11,066 are at the State Department, 1131 are at USAID, 255 serve in the Foreign Commercial Service, 170 serve in the Foreign Agricultural Service, and 44 serve with the International Broadcasting Bureau.

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ing effects in the Foreign Service and that the union (American Foreign Service Association) would react loudly. Ambassador Satterfield told Staff that directed assignments made sense if it were up to him. Others agreed, saying that the only way State can show it means business and is committed is to "call up its best FSOs and put them in charge of the PRTs."

Traditional State Department positions in Iraq are filled to 92% (145 of 157). But, it is worth noting that six of those unfilled permanent positions are allotted to the Office of Inspector General who currently has no staff in Baghdad. Asked about this shortfall, State OIG Howard Kroengard stated that although he has been able to inspect the Rule-of-Law Program as mentioned above, he has received no funding to do Baghdad work. Most of the work the OIG does is mandated by Congress, and to do program audits or inspections of reconstruction efforts, he would have to surge and probably hire additional people.

Recommendation 8 (Staffing):

(a) The SFRC should initiate an inquiry into State Department staffing patterns at post-conflict reconstruction and stabilization missions, including a review of the training received prior to deployments specific to the mission.

(b) The SFRC should inquire as to whether the State Department, USAID and other cabinet agencies are willing to go to "directed assignments" to fill positions with persons of appropriate rank.

(c) The SFRC should ask the State Department management experts to suggest what other options are available—long and short-run—to remedy these challenges. This complex environment demands not only people who can live on adrenaline and cope with some level of chaos, but also that have experience.

(d) The State Department should consider recruiting more mid-level personnel with skill sets appropriate to leading PRT-like missions.

(e) The SFRC should continue to push the State Department to establish a Ready Response Corps within the Department of State (the so-called "Lugar Corps") made up of 250 experienced civilians trained to work in hostile environments as detailed in Title VII of S. 600.

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APPENDIXES

APPENDIX I.—EMBASSY STAFFING SUMMARY

U.S. Mission Iraq Staffing Summary
(As of 11/04/2005)

Agency	Notes	U.S. Authorized	U.S. on board (12)	TDY (13)	Locally Eng. Staff Authorized	Locally Eng. Staff on board	Estimated Contractors (supporting COM) (9)
1. Embassy Baghdad NSDD-38 positions under COM							
State	(1)						
Consular		7	6				
Econ		10	8				
Executive Office		12	10				50
Executive Secretariat		4	4				
Management	(14)	37	36				13
Political Section		18	17				
Pol-Mil		6	6				
INL	(2)	3	3				500
Public Affairs		7	7				
Security	(3)	44	44				2237
OBO		9	4				
State Subtotal		157	145	16	155	75	2800
Temporary/Other State Units	(4)						
Iraq Reconstruction Mgt Office (IRMO)		219	163				
Legal Office		3	3		3	1	
ORA		120	120				
State OIG		6	0				
Temp/Other State Unit Subtotal		348	286		3	1	0
Agriculture/FAS		2	2		4	1	
Commerce/FCS		2	2	8	2		
Defense							
PCO/JCC-I (requested)		134	123				419
Def. Contract Audit Agency (DCAA)		20	19	0			
SIGIR (requested)		45	45		0	2	
MSG Det		14	14				
DCMA		32	28				
DIA				4			
DoD Subtotal		245	210	23	0	2	419
DHS							
DHS Headquarters		2	1		1		
TSA		1	0	2	1		
CBP		18	0	17	6		

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U.S. Mission Iraq Staffing Summary—Continued
(As of 11/04/2005)

Agency	Notes	U.S. Authorized	U.S. on board (12)	TDY (13)	Locally Eng. Staff Authorized	Locally Eng. Staff on board	Estimated Contractors (supporting COM) (9)
DHS Subtotal		21	1	19	8		0
HHS		2	2	1	0		
Justice	(2)						
Justice		2	1		0		
Alcohol, Tobacco, & Firearms (ATF)		4	0	3	0		
CRIM/OPDAT		2	3		0		
FBI		9	6	67	0		
Int. Criminal Invest. Training Asst Pgm. (ICITAP)		2	1		0	259	
Regime Crimes Liaison Office (requested)		41	15	33	0	3	
U.S. Marshals (requested)		2	0	4	0	1	
Justice Subtotal		62	26	107	0	4	259
Labor	(5)	1	0		0		
Transportation		3	3	2	1		
Treasury							
Treasury		2	1		1		
Treasury/IRS-CID		2	1		0		
USAID							
USAID	(6)	68	37	14	134	100	76
Army Corps of Engineers		23	18		14	7	
RIG		8	7		2	1	
USAID Subtotal		99	62	14	150	108	76
Baghdad TOTAL:		946	739	182	330	193	3554
2. REO/SET NSDD-38 positions under COM (11)							
State	(10)	38	32		14	14	
Temporary/Other State Units							
IRMO		30	11		2	2	2
ORA				28			
Defense							
JCC-I (requested)		20	11				
DCMA	(7)	36	35				
DIA	(8)			4			
USAID							
USAID	(6)	25	8	1	12	10	
Army Corps of Engineers		0	0		0	3	
Support Contractors							738
REO/SET Total:		149	97	33	28	29	740
Total Baghdad + REO/SET:		1095	836	215	358	222	4294
Total positions under COM authority:					1453		
Grand Total Positions:							5747

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	U.S.	LES	Contractors
3. Not under COM located at Embassy			
Defense (in Support of COM)			
MNF-I in Embassy	487		
MNSTC-I	15	6	
MNF-I Legal Office	3		
MNF-I Area Support Group	130		
FAST Marines	151		
Special Tribunal (Contract)	50–70		

NOTES:

(1) Baghdad State phasing FSN: up to 155 in FY06.

(2) INL/DOJ contractors are Police Trainers, Advisors, and Corrections (IPLO; IPT; PSD, Static, Support, Dog Teams).

(3) Contractors include PSDs in Direct Support of RSO, USAID, PCO; also includes Fixed Security Guards at Five Sites.

(4) Other State units—all numbers are estimates, except for Ministry Advisors; phase in and out depending on need, normally 3161 or TDYers. This category includes all functions previously performed by CPA.

(5) Labor Falls under Econ Section.

(6) USAID authorized includes 69 PSCs. USAID FSN numbers include 7 TCNs. On Board Count includes Irbil.

(7) DCMA has teams outside Baghdad in 18 locations.

(8) DIA under Commander at this time.

(9) Estimated number of contractors in support of COM as of Aug. 1.

(10) REO/SET Security positions and on-board personnel are Baghdad FTE—thus they are already counted in the Baghdad Security section.

(11) REO/SET authorized and on-board numbers for IRMO, USAID and DCMA include some personnel in other regional locations in Iraq.

(13) TDY staff data is estimated except for State numbers. Because many TDYs are augmenting US authorized positions, they are not included in the total position count to avoid double-counting.

(14) Information Management contractors include Northrop Gruman, SPAWAR, USIS, BE, and Global Sat.

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APPENDIX II.—MEETINGS AND INTERVIEWS

New Embassy Compound Briefing and Tour
Mary French, New Embassy Senior Project Director

Discussion of Embassy Operations and Structure
Clarke Cooper, Legislative Affairs Advisor

Discussion of Human Resources, Staffing & Mission Management
Ambassador Greg Engle, Management Counselor

Discussion of Inspector General Issues
State Department Inspector General Howard J. Krongard

SIGIR discussion
Mike Boisvenue, Chief of Staff; James Connolly, Special Agent-in-Charge; Brian Flynn, Assistant IG for Special Operations

Privatization, Private Sector Development, Stock Exchange and Securities Commission
Ms. June Reed, Senior Consultant for Private Sector Development (IRMO)

Iraq Reconstruction Management Office Briefing
David C. Harris, Chief of Staff and Director of Development; MG Robert Heine, Deputy Director Civil-Military Regional Operations; Mr. Brad Higgins, Deputy Director and CFO

Essential Services Briefings
Oil: Mr. Robert Todor, Senior Consultant Iraqi Ministry of Oil
Electricity: Mr. Scott Hutchins, Senior Ministerial Advisor
Water: Dr. Linda Allen, Water Resources Advisor
Water: Mr. Wayne Curry, Senior Consultant

Reconstruction Management Briefing (PCO/GRD)
BG McCoy, Commander of Gulf Regional Division Army Corps of Engineers (and staff)

International Republican Institute
Richard Hougton, IRI Resident Governance Program Director

Discussion on Human Rights and the Rule of Law
Dr. Ellen Klein, Human Rights Officer

Rule of Law Program Briefing & Discussion
Ambassador James Yellin, Senior Justice and Rule of Law Coordinator; Ms. Karen Hanrahan, Rule of Law Coordinator; Mr. Robert Witajewski, Director International Narcotics, Law Enforcement

Ministry of Interior Visit and Briefings (Adnan Palace)
Assistant Deputy Minister Ayden Qadir (Elections Security); Deputy Minister Ali Ghalib (Police Capabilities and Challenges); Mr. Thomas Bishop, National Security Advisor to the Ministry of Interior; Mr. Jerry Burke, International Police Liaison Officer; Mr. John Bozicevich, International Police Liaison Officer

Police Station Visit (Karida-Marium District Station)
Capt Faiz; Mr. Jerry Burke, International Police Liaison Officer; Mr. John Bozicevich, International Police Liaison Officer

Saddam Trial Brief & Courthouse Visit
Regime Crimes Liaison Office Staff; Mr. Michael Kulstad, U.S. Department of Justice

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Public Diplomacy Discussions
Public Affairs Counselor Jim Bullock; Cultural Officer Ilya Levin; Ms. Fatima Fleifel (Political Section FSN); Political Officer Vince Campos

Daily MNF-I Battle Update Assessment Briefings
MNF-I Corps Staff

Meeting with Treasury Attaché
Mr. Kevin Taecker, Department of the Treasury

Meeting with Iraqi National Assembly (INA) members
Dr. Saad Jawad Qindeel; Ms. Wijdan M. Salim

Roundtable with Iraqi-Americans working in Iraq

Regional Security Officer Interview
Mr. Mark Hunter, Regional Security Officer; Mr. John Flynn, Deputy RSO

Economic Section Meeting
Mr. Thomas Delare, Minister Counselor; Ms. Martha Patterson, Economic Officer

Meeting with Chargé d'Affaires
Ambassador David Satterfield; Ambassador Dan Speckhard, Director of IRMO; Ambassador James Yellin, Senior Justice and Rule of Law Coordinator

USAID meeting
Ms. Dawn Liberi, Country Director

Visit to the Joint International Police Training Center in Amman, Jordan.
Note: this event was cancelled due to Nov. 10 bombings in Amman hotels.

After-action / follow-up meetings:
Ambassador Richard J.Griffin, Assistant Secretary of State for Diplomatic Security; Mr. Bob Perito, USIP; Ms. Carina Perelli, UN Elections Chief; Mr. Jengahir Khan, UN Iraq Desk Officer

Note: this list is not all-inclusive. Additional conversations were held in Washington in advance of the trip and with other members of the Embassy team that contributed to this report.

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