

Iraq's Post-Conflict Reconstruction



A Field Review And Recommendations July 17, 2003

**Iraq Reconstruction Assessment Mission
June 27 – July 7, 2003**

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Foreword

At the request of Secretary of Defense Donald Rumsfeld and Ambassador L. Paul Bremer, I led a team of experts in the field of post-conflict reconstruction to Iraq from June 26 to July 7, 2003 to assess the reconstruction efforts there. The other members of my team were Frederick D. Barton, Co-Director of the Post-Conflict Reconstruction Project at CSIS; Dr. Robert C. Orr, the Director of the Washington office of the Council on Foreign Relations; Dr. Johanna Mendelson-Forman, a Senior Program Officer at the United Nations Foundation; and Bathsheba N. Crocker, a Council on Foreign Relations Fellow at CSIS. The attached report synthesizes the issues we focused on during our 11 days in Iraq.

The team traveled throughout the country, visiting 11 major cities and two ports, including nine of Iraq's 18 governorates (provinces). We met with over 250 people, including Coalition Provisional Authority (CPA) officials and staff, coalition military officers, international organization representatives, non-governmental organization (NGO) staff, bilateral donor representatives, and Iraqis from all walks of life (including Iraqi political leaders, ministry and local government officials, police officers, professionals, NGO representatives, and ordinary citizens). We saw significant progress everywhere we went, but the enormity of this undertaking cannot be overstated; there are huge challenges ahead. We hope the recommendations in the attached report will assist in shaping a successful reconstruction in Iraq. We are deeply committed to that success.

We owe everyone involved our deepest thanks. Without the strong support of the Department of Defense, this trip would not have been possible. Ambassador Bremer and the entire CPA team gave us incredible access and support in Baghdad and throughout Iraq. We thank Justin Lemmon, Matthew Fuller, Dennis Sabal, Paul Hughes, Bill Krause, and Ambassador Hume Horan in particular. We extend special thanks to Daniel Werbel-Sanborn, Milan Vais hnav, Caroline Maloney, Lena Hagelstein, and Vinca LaFleur for their invaluable assistance and support.

John Hamre
President
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Executive Summary

Rebuilding Iraq is an enormous task. Iraq is a large country with historic divisions, exacerbated by a brutal and corrupt regime. The country's 24 million people and its infrastructure and service delivery mechanisms have suffered decades of severe degradation and under-investment. Elements of the old regime engage in a campaign of sabotage and ongoing resistance, greatly magnifying the "natural" challenges of rebuilding Iraq. Given the daunting array of needs and challenges, and the national security imperative for the United States to succeed in this endeavor, the United States needs to be prepared to stay the course in Iraq for several years.

The next 12 months will be decisive; the next three months are crucial to turning around the security situation, which is volatile in key parts of the country. All players are watching closely to see how resolutely the coalition will handle this challenge. The Iraqi population has exceedingly high expectations, and the window for cooperation may close rapidly if they do not see progress on delivering security, basic services, opportunities for broad political involvement, and economic opportunity. The "hearts and minds" of key segments of the Sunni and Shi'a communities are in play and can be won, but only if the Coalition Provisional Authority (CPA) and new Iraqi authorities deliver in short order. To do so, the CPA will have to dramatically and expeditiously augment its operational capacity throughout the country, so that civilian-led rebuilding can proceed while there are still significant numbers of coalition forces in Iraq to provide maximum leverage over those who seek to thwart the process.

To succeed, the United States and its allies will need to pursue a strategy over the next twelve months that: recognizes the unique challenges in different parts of the country; consolidates gains in those areas where things are going well; and wins hearts and minds even as it decisively confronts spoilers.

Seven major areas need immediate attention.

1. **The coalition must establish public safety in all parts of the country.** In addition to ongoing efforts, this will involve: reviewing force composition and structure, as well as composite force levels (U.S., coalition, and Iraqi) so as to be able to address the need for increased street-level presence in key conflictive areas; quickly hiring private security to help stand up and supervise a rapid expansion of the Iraqi Facility Protection Service, thereby freeing thousands of U.S. troops from this duty; ratcheting up efforts to recruit sufficient levels of international civilian police through all available channels; and, launching a major initiative to reintegrate "self-demobilized" Iraqi soldiers *and* local militias.
2. **Iraqi ownership of the rebuilding process must be expanded at national, provincial, and local levels.** At the national level ensuring success of the newly formed Iraqi Governing Council is crucial. This will require avoiding overloading it with too many controversial issues too soon. The natural desire to draw anger away from the coalition by putting an Iraqi face on the most difficult decisions must be balanced with a realistic assessment of what the council can successfully manage. At the provincial and local levels, coalition forces and the CPA have made great progress in establishing political councils throughout the country, but they need direction and the ability to respond to local needs and demands. To achieve this, local and provincial political councils need to have access to resources and be linked to the national Iraqi Governing Council and the constitutional process.

3. **Idle hands must be put to work and basic economic and social services provided immediately to avoid exacerbating political and security problems.** A model economy will not be created overnight out of Iraq's failed statist economic structures. Short-term public works projects are needed on a large scale to soak up sizable amounts of the available labor pool. Simultaneously, the CPA must get a large number of formerly state-owned enterprises up and running. Even if many of them are not competitive and may need to be privatized and downsized eventually, now is the time to get as many people back to work as possible. A massive micro-credit program in all provinces would help to spur wide-ranging economic activity, and help to empower key agents of change such as women. The CPA must also do whatever is necessary to immediately refurbish basic services, especially electricity, water, and sanitation.
4. **Decentralization is essential.** The job facing occupation and Iraqi authorities is too big to be handled exclusively by the central occupying authority and national Iraqi Governing Council. Implementation is lagging far behind needs and expectations in key areas, at least to some extent because of severely constrained CPA human resources at the provincial and local levels. This situation must be addressed immediately by decentralizing key functions of the CPA to the provincial level, thereby enhancing operational speed and effectiveness and allowing maximum empowerment of Iraqis. The CPA must rapidly recruit and field a much greater number of civilian experts to guide key governance, economic, social, justice, and also some security components of the occupation.
5. **The coalition must facilitate a profound change in the Iraqi national frame of mind – from centralized authority to significant freedoms, from suspicion to trust, from skepticism to hope.** This will require an intense and effective communications and marketing campaign, not the status quo. The CPA needs to win the confidence and support of the Iraqi people. Communication – between the CPA and the Iraqi people, and within the CPA itself – is insufficient so far. Drastic changes must be made to immediately improve the daily flow of practical information to the Iraqi people, principally through enhanced radio and TV programming. Iraqis need to hear about difficulties and successes from authoritative sources. Secondly, the CPA needs to gather information from Iraqis much more effectively – through a more robust civilian ground presence, “walk-in” centers for Iraqis staffed by Iraqis, and hiring a large number of Iraqi “animators” to carry and receive messages. Thirdly, information flow must be improved within the CPA itself through an integrated operations center that would extend across both the civilian and military sides of the CPA, and by enhancing cell-phone coverage and a system-wide email system that could ease the timely dissemination of information to all CPA personnel.
6. **The United States needs to quickly mobilize a new reconstruction coalition that is significantly broader than the coalition that successfully waged the war.** The scope of the challenges, the financial requirements, and rising anti-Americanism in parts of the country make necessary a new coalition that involves various international actors (including from countries and organizations that took no part in the original war coalition). The Council for International Cooperation at the CPA is a welcome innovation, but it must be dramatically expanded and supercharged if a new and inclusive coalition is to be built.
7. **Money must be significantly more forthcoming and more flexible.** Iraq will require significant outside support over the short to medium term. In addition to broadening the financial coalition to include a wider range of international actors, this means the President and

Congress will need to budget and fully fund reconstruction costs through 2004. The CPA must be given rapid and flexible funding. “Business as usual” is not an option for operations in Iraq, nor can it be for their funding.

The enormity of the task ahead must not be underestimated. It requires that the entire effort be immediately turbo-charged – by making it more agile and flexible, and providing it with greater funding and personnel.

Introduction

The next 12 months will be critical to the success or failure of the Iraq reconstruction effort. The potential for chaos is becoming more real every day, given the unclear status of the old guard – former Republican Guard members and Ba'ath party loyalists; the small irregular militias throughout Iraq that could wreak havoc in the absence of a strong coalition military presence; the beginnings of attacks on Iraqis labeled as "collaborators" with the United States; and continuing attacks on U.S. military forces and soft targets – such as power plants and civilians (including NGO workers) – that are undermining the CPA's ability to provide basic service and reverberating into decreased popular support for the mission in the United States and the United Kingdom.

There are real threats to the CPA's efforts:

- the potential use of force (or at least intimidation) by multiple internal and external players;
 - serious security breaches that could challenge U.S. confidence and undermine U.S. credibility;
 - rising economic insecurity, combined with the entrenchment of pre-existing black-market economic networks;
 - a lessening of support for the occupying authority within Iraq;
 - suspicions about U.S. intentions with respect to oil production and use of Iraq's oil revenue, and the hand-off of the UN oil-for-food program, which has fed large parts of the Iraqi population for years;
 - the prospect of internal fighting between factions;
 - the expansion of guerilla-like warfare.
- The coalition has not addressed the heightened sense of expectation among the Iraqis as to how quickly the coalition can produce results, and frustration levels are growing.
 - There is a general sense of steady deterioration in the security situation, in Baghdad, Mosul, and elsewhere.
 - There are several key impending changes of the guard – new coalition military forces are rotating in; the overall lead is shifting from military to civilian; and Iraqis are assuming greater responsibility for key security and governance tasks.
 - The national Iraqi Governing Council came together in mid-July. Thousands of Iraqis are now engaged in local political councils, but their function needs better definition in order to link them with the national political scene and take full advantage of their current level of energy and expectation.
 - The coalition forces and the CPA have set up a skeleton infrastructure under extremely difficult circumstances. The CPA must now become increasingly operational, but it lacks the resources, personnel, and flexibility to move into the next stage of the mission.
 - The coalition currently has two critical pieces of leverage that must be taken advantage of: significant military forces are still in theater, capable of carrying out priority tasks and handling spoilers and the CPA and the military have some liquidity (due largely to seized assets of the former regime).
 - A series of upcoming external deadlines will drive policy decisions with respect to Iraq: (1) the U.S. budget process in September; (2) the October/November donors' conference; and (3) the oil-for-food transition in November.

In our travels throughout the country, Iraqis uniformly expressed the view that the window of opportunity for the CPA to turn things around in Iraq is closing rapidly. The following factors coalesce to make the next few months particularly crucial.

The coalition has made significant progress in just sixty days.¹ This is due in large part to the

¹ For example, in the area of security, the CPA reports that 35,000 Iraqi police officers are back out on the streets, conducting sensitive raids and arrests; a facilities protection service is being trained to guard static sites, with some

exceptional work of the coalition military forces in carrying out tasks far removed from their combat duties. Civil affairs contingents have been key to their efforts, although much more civil affairs capacity was needed in the early stages of the reconstruction. The energy and enthusiasm of the CPA staff is remarkable, as is their sense of mission and dedication.

But the enormity of this undertaking cannot be overstated; there are huge challenges ahead. Iraq is a large country with historic divisions, exacerbated by a brutal and corrupt regime. The country's 24 million people, and its infrastructure and service delivery mechanisms have suffered decades of severe degradation and under-investment. The CPA lacks the personnel, money, and flexibility needed to be fully effective. Military officers and civilians are carrying out post-conflict reconstruction efforts in a war zone. Every small step of progress is counterbalanced by fundamental problems that must be addressed before the CPA can capitalize on the advances seen in particular towns or provinces throughout Iraq.

In order to succeed, the United States and a broadened international coalition will need to pursue a strategy over the next 12 months that: recognizes the unique challenges in different parts of the country; consolidates gains in those areas where things are going well; and advances the national mindset of the Iraqi people while decisively confronting spoilers. To put Iraq on a successful path over the next year, seven major areas need immediate attention.

promise in the south with the Basra River Service. In the area of governance, the CPA reports that 85 percent of Iraq's towns have town councils up and running. The new Iraq Governing Council was established on July 13, 2003 and includes representatives of all of Iraq's major political parties, religions, and ethnicities, as well as three women. In the justice realm, de-Ba'athification of Iraq's judges is proceeding; courts are being reestablished and have started to hear cases; and Iraq's laws have been stripped of Saddam-era decrees. On the economic front, quick impact projects have begun repairing schools and government buildings throughout the country; civil servant and army salaries are being paid; low level economic activity (street markets) is burgeoning.

Seven Priority Areas

1. Establishing Public Safety

Virtually every Iraqi and most CPA and coalition military officials as well as most contractors we spoke to cited the lack of public safety as their number one concern. The war continues, but it has entered a new phase of active resistance to the coalition's efforts, involving attacks on U.S. troops and Iraqi "collaborators" as well as sabotage of vital infrastructure. Even outside the "Sunni triangle" (the area from Ramadi in the west, north to Tikrit, and east to Baghdad), there have been attacks on civilians, including NGO workers: their vehicles have been shot at in Mosul, and aid workers in Basra have had stones thrown at them at reconstruction sites. Iraqis (particularly in Baghdad) remain afraid to be out on the streets after dark, and Iraqi women do not attend school or run basic errands without escorts.

Although the coalition military presence is large, it is not visible enough at the street level – particularly in Baghdad – nor is it sufficiently agile,² implying the need to reassess the force composition, size, and structure. The current configuration of composite security forces (U.S., coalition, and Iraqi) does not adequately support the reconstruction mission; and attacks on coalition forces and civilians and the sabotage and plundering of infrastructure continue.

Ultimately, Iraqis will have to take responsibility for addressing these types of problems, but it is unrealistic to expect them to have the competence to do so in the near term. The new Iraqi security forces will face well-trained, well-financed, and well-organized irregular forces throughout the country, in addition to the Republican Guard forces that may be awaiting a return. The new Iraqi security forces (whether

² A significant number of U.S. troops are engaged in static support rather than patrolling and policing. 5,000 troops are being used to guard static sites in Baghdad alone, and two and a half battalions are being used to guard the CPA headquarters in Baghdad.

paramilitary, the new Iraqi army, the Facility Protection Service, or the Iraqi police) will not be capable of handling security matters without significant international oversight and rapid response capacity for at least two to five years. Joint patrols with coalition forces and Iraqis should be initiated immediately. International police trainers and monitors are also needed during this time to conduct joint patrols with Iraqis, and train, oversee, and monitor the Iraqi police force.



Finally, battalion commanders and Iraqis throughout the country were uniform in their assessment that without an overwhelming presence of coalition forces or international police, potential spoilers will move in, whether in the form of "self-demobilized" soldiers or local militia members (e.g., the Iranian-backed Bad'r Corps, the Kurdish Peshmerga, and smaller regional militias such as that operating in the Maysan province). The CPA has not adequately addressed the need for demobilization, disarmament, and reintegration (DDR) of Iraq's armed forces, in part because of an assumption that the "self-demobilization" of the Iraqi army during and after the conflict means that they are fully demobilized in actual fact. The CPA must launch a major initiative to reintegrate these soldiers and militia members, in order to minimize the opportunity for them to pose security threats in the future.

Recommendations

- The coalition should reassess force composition and structure and troop levels, commensurate with immediate needs, including that of improving street-level visibility of coalition troops, particularly in Baghdad.
- The United States could use contract private security forces to help rapidly expand security at low-risk installations, freeing up some coalition troops for other security tasks. A standardized policy on uniforms and identification could help alleviate concerns about the proliferation of private militias throughout Iraq.
- The United States must recalibrate its expectations of how quickly Iraqis can be expected to address the serious and growing security problems and must plan for U.S. and UK forces to be available in a rapid response capacity wherever Iraqi forces are being asked to take over security tasks. The CPA must also raise and rationalize the salary structure of the Iraqi forces.³
- The CPA should decentralize the process of training and equipping the Iraqi police force and Facilities Protection Service to allow for faster and more enduring progress than the centralized training of thousands of police officers.
- The CPA must begin serious efforts to recruit international civilian police (CIVPOL) and should open all possible spigots for such recruitment, including the United Nations, the OSCE, and any potential bilateral contributors.⁴
- The CPA must develop and implement a reintegration program that provides opportunities for demobilized soldiers to gain

³ For example, most CPA and coalition military officials we spoke to in the field thought that the current police salary of \$60/month was far too low to ensure a professional, corruption-free police force.

⁴ The United Nations has considerable experience in fielding CIVPOL forces. The Organization for Security and Cooperation in Europe (OSCE) alone does not have the experience or recruiting capability to manage a CIVPOL effort along the order envisioned for Iraq.

counseling and placement, either in the new Iraqi security forces or major public works projects or other jobs. Reintegration programs must include all the different militias throughout the country in order to protect against future problems these well-organized forces could pose.

2. **Iraqi Ownership**

Iraqi responsibility for their own future must be firmly established at the national, provincial, and local levels. At the national level, ensuring the success of the newly formed Iraqi Governing Council is crucial. The CPA runs the risk of overloading the new council by pushing too many controversial issues to it, which would undermine this otherwise positive development.⁵ The natural desire to draw anger away from the coalition by putting an Iraqi face on the most difficult decisions must be balanced by a realistic assessment of what the council can successfully manage.



The CPA has made great progress in establishing municipal and provincial political councils throughout the country, but those councils need direction as to their purpose and the ability to respond to local needs and demands. If not properly resourced and hooked into the national governing council and constitutional process,

⁵ These issues include: appointing a new cabinet; approving the national budget; initial preparations and plans for a national constitutional process; food subsidies after the oil-for-food program phases out in November 2003; salary levels; agricultural price supports; the size of the new Iraqi army; de-Ba'athification follow-through; and currency problems.

these councils could result in heightened expectations and dangerous levels of frustration, rather than positively harnessing demands for change.

Recommendations

- The CPA must give the Iraqi Governing Council time to build on a series of initial successes. The CPA itself should make more progress on some of the immediate, sensitive issues – such as the handling of the remaining escrowed oil-for-food money that supported myriad development projects in the north, retraining and stipends for former soldiers and militia members, and food and agricultural subsidies – before handing them over to a fragile new governing structure.
- The CPA should provide local and provincial councils with funds to address priority local infrastructure needs. Local CPA overseers could sign-off on use of funds.
- The CPA should formulate plans to link the local and provincial councils to the central political and constitutional processes. The CPA should convene a national conference of town and provincial councils from all over Iraq to launch a process of defining their relationship to the national government and creating fresh channels of cooperation.

3. **Putting People to Work and Providing Basic Services**

Rebuilding a functioning Iraqi economy out of failed statist economic structures is a daunting task. A host of thorny challenges persist: difficulty in restarting vital public services, particularly power and water; out-of-work civil servants and former soldiers; Iraq's crushing international debt burden; a plethora of state-owned industries that are not market competitive; a literacy rate that has been falling for decades; infrastructure in need of serious investment; shortages of gas (for cars and cooking) and other key supplies; and a population that is predominantly young.

The immediate needs will be providing short-term employment opportunities to keep people off the streets and refurbishing basic services such as electricity, water, and sanitation, to avoid exacerbating political and security problems. Low level economic activity is returning to normal, and markets are filling up. But there are long lines of Iraqis waiting for work wherever it is announced. Many old state-owned enterprises are not competitive, but they are a major source of employment and should not be closed during this most unstable time. Moreover, a new civil and commercial code will be needed to attract regional and international investment in Iraq's industries.

Recommendations

- Develop a series of work initiatives to keep Iraqis from being idle, with a particular emphasis on young, urban populations.
- Get and keep state-owned enterprises up and running in the short-term to provide employment, while developing a clear medium and long-term plan for privatizing those enterprises.
- Start micro-credit programs in all provinces immediately, placing a special emphasis on lending to women.
- The CPA should do whatever is necessary to improve provision of basic services, such as electricity, water, and sanitation.
- Begin developing follow-on for the oil-for-food program, as a food shortage caused by any disruption will cause a national protest. This must include the transparent handling of obligated resources under the program.
- The CPA should involve Iraqis personally in the success of Iraq's oil industry. Personal bank accounts or trust funds funded by oil revenues should be developed, to catalyze the banking system and get cash to the public.

4. Decentralization

The job facing occupation and Iraqi authorities is too big to be handled by the center. Implementation is lagging far behind needs and

expectations in key areas, at least to some extent because of severely constrained CPA human resources at the provincial and local levels. There is a disconnect between on-the-ground realities and policy formulation at CPA headquarters. Decentralization of key CPA functions will enhance operational speed and effectiveness and allow maximum empowerment of Iraqis. Placing significantly more CPA civilians in the field would help deliver more of what is needed on the ground and improve the general understanding of the reconstruction.



Recommendations

- The CPA must be given adequate resources and personnel to immediately establish 18 provincial CPA offices, including 18 provincial civil administrators with clear authorities and appropriately staffed offices of 20-30 people.⁶ Attaching one political adviser to each battalion command will not be sufficient. Each CPA provincial office will need funds for operational support and flexible funding and authority for quick impact projects.
- The Department of Defense should establish a headhunting capacity in the United States to help identify, recruit, and retain a steady pool

⁶ Based on our informal survey of governorates we visited, there is general consensus that each provincial CPA office will need between 20-30 people in order to ensure an effective hand-off from military to civilian lead and give the CPA the operational capacity it needs to address priorities.

of civilian talent to fill the CPA's needs. Given the broad nature of the tasks, this office should have strong interagency support, from State, USAID, Treasury, Justice, Agriculture, and other relevant departments. At the same time, the United States must internationalize the recruiting effort for CPA civilians. Potential talent within other foreign governments and international organization officials with experience in Iraq and the region should be identified. This effort must break through the lingering pre-war differences with logical partners on the civilian front.



5. Changing the Iraqi National Mindset

The CPA must facilitate a profound change in the Iraqi national frame of mind – from centralized authority to significant freedoms, from suspicion to trust, from skepticism to hope. The CPA needs to effectively communicate its strategy and vision – what will success look like, what does the United States intend to provide, and how long will it stay. This will require an intense and effective communications and marketing campaign, not the status quo. Communication – between the CPA and the Iraqi people and within the CPA itself – is insufficient so far. The CPA message is not getting out, either to the Iraqi people or within the CPA. All potential constituencies are not being adequately exploited; every CPA interaction with Iraqis should be considered a communications opportunity. Radio and television programming are the most critical means to getting the message

out.⁷ Without seeing or hearing Bremer and others, disinformation will continue to prevail over truth on key policy issues, such as U.S. intentions about Iraq's oil money.

Under the current set-up, the CPA is isolated and cut off from Iraqis. Most CPA officials we interviewed confirmed that the CPA does not know even close to what it needs to know about the Iraqi people. (This problem is worst in Baghdad; in other areas, CPA and military officers are in more regular contact with Iraqis.) The CPA does receive information from Iraqis at the local, regional, and national levels, but it does not have the organizational tools to assess that information adequately.

Finally, there is a need for enhanced communications flow within the CPA structure – both to provide updated, real information to CPA staff about Iraq news and to enhance communication on policy matters between the CPA front office and the rest of the organization, especially the regional and provincial offices. Serious time is also being lost because of the absence of reliable telephone communications nationwide, which inhibits the transmission of timely information.

Recommendations

- The CPA should engage in blanket marketing in every venue it can access, including using advertising on every channel that feeds into Iraq and public service messages. Every interaction with Iraqis should be seen as a message dissemination opportunity, including salary distribution centers, oil-for-food distributions, and town meetings.
- All day programming is needed on a revamped and upgraded Iraqi Media Network, with a focus on television programming. The CPA also should encourage the establishment of more local

⁷ Based on our interviews, Iraqis are dismissive of the Iraqi Media Network – the CPA-funded indigenous media outlet – noting that it does not have good programming and is only on the air during certain limited times of the day.

TV stations, which have proved more successful in getting out CPA's messages in areas such as Karbala and the north. Creating a "headline news" type of program would address Iraqis' desire to hear both the CPA global messages and very practical information about such pressing issues as power outages, sensitive arrests, sabotaged infrastructure, and dismissals of former Ba'ath party officials.

- The CPA should establish walk-in centers staffed by Iraqis and use Iraqi "animators" to give average Iraqis ways to make their views known to coalition authorities. The CPA should utilize international players – particularly the UN specialized agencies – that have been on the ground in Iraq for years to boost its capacity to collect information and views from Iraqis.
- The CPA must create an effective fusion mechanism into which all information collected at headquarters and in the field can be fed, to ensure it is being used to the fullest extent.
- The CPA headquarters should focus on engaging and building a community among all CPA employees. Regular town meetings featuring Ambassador Bremer and other senior officials would help. Daily email briefs containing real, hard information – including information on the latest attacks and about basic services – should be provided to all CPA employees.
- The CPA should convene regular interactive meetings with its regional and provincial offices, whether in person or by video conference.
- The CPA should expand current contractor capacity to encourage the provision of regular nationwide telephone service immediately.

6. Mobilizing a New Reconstruction Coalition

Relying on the war coalition will not produce sufficient resources or capacity. The scope of the challenges, the financial requirements, and rising anti-Americanism in parts of Iraq argue for a new

coalition that includes countries and organizations beyond the original war fighting coalition. The recent donor discussions at the United States in late June reflected low projections for donor financial support, further highlighting this need. The Council for International Cooperation (CIC) at the CPA is a welcome innovation, but it must be dramatically expanded and supercharged if a new and inclusive coalition is to be built.



Recommendations

- The United States, working with the G-7 and the World Bank, should oversee the donor coordination process, including by keeping a central databank of resource needs and donor fulfillment of those needs. Donor coordination efforts should be broadened beyond the 15 states that are currently members of the CIC, and those efforts should be bolstered by providing the CIC support staff in Europe and the United States.
- The CPA should reach out broadly to other countries in its efforts to recruit civilians to fill its staffing needs, as the U.S. government will not be able to fill those needs on its own.
- The CPA should take advantage of the UN's unique capacities in support for constitution drafting, access to regional and Iraqi legal expertise, and gender and education issues. The CPA should utilize the UN's systems, including the oil-for-food network, as a valuable means of connecting with Iraqis.
- The CPA should draw on valuable international expertise to assist the Iraqis in

dealing with war crimes and the legacy of Saddam Hussein.



7. Money and Flexibility

The CPA currently has four sources of revenue: appropriated funds, oil revenue, vested assets in the United States, and assets that have been seized in Iraq. Of these, seized regime assets are the most flexible and readily available, but these are finite – and in any case, the overall resources available are inadequate to the challenges at hand. It is highly likely that the CPA will need supplemental appropriations to get through fiscal year 2004. Oil revenue projections for the next few years are low – the CPA expects production to reach 1.5 million barrels per day (bpd) by the end of 2003 and 2.5 million bpd by the end of 2004. It is currently at around 600,000 bpd. The CPA expects to earn \$5 billion in oil revenue by the end of 2003, but this projection may decrease if security problems persist and oil infrastructure

continues to be targeted. Power shortages are also hampering efforts to restart oil production.

The CPA is badly handicapped by a "business as usual" approach to the mechanics of government, such as getting permission to spend money or enter into contracts. This approach is not reasonable given the urgency of the situation in Iraq. There also appear to be unnecessary limitations in the area of contracts.

Recommendations

- The CPA should be given complete flexibility to spend money – even appropriated funds and vested assets – as it views necessary without project-by-project oversight by Washington. A process should be established to ensure appropriate accountability for all spending, through regular reports from the CPA back to Washington. Any funds appropriated in the future for Iraq reconstruction needs should not require prior notification of Congress. Congress could request quarterly reports detailing how appropriated funds have been spent on reconstruction activities in Iraq.
- The United States needs to ensure that Iraq's revenues are not encumbered by past or future obligations. This will require resolving the debt issue within the U.S. government, and pushing Iraq's creditors to forgive or significantly reduce Iraq's outstanding debt burden. The United States should also avoid encumbering future oil revenues to generate immediate income.⁸
- The relevant United States government agencies should deploy military and civilian contracting officers to the theater to streamline the contracting processes.
- The Department of Defense should create a strong office in Washington to support the CPA's needs, including recruiting of appropriate civilian personnel.

⁸ It will be critical that the CPA handle oil revenues as transparently as possible. Iraqis we met with spoke of continuing suspicions about U.S. intentions with respect to their oil industry.

Conclusion

Eleven days in Iraq left indelible images in our minds. Fathers escorting young girls to school; young men waiting in long lines everywhere jobs are announced; young kids flashing the thumbs-up sign (and swarming around us asking for money); a rebuilt prison with a newly installed manager; retrained Iraqi police officers directing traffic; snaking lines of cars at gas stations; a festive 4th of July party thrown by the Kurds in the north (and celebrating 4th of July at Saddam's palace in Baghdad); racing through small towns in heavily armed convoys; 19-year old American soldiers standing out in 120 degree heat to guard Iraqi sites, and chatting on street corners with Iraqi children; the blackness and heat of the night with power shortages; the pleasure of a shower after days without running water; the energy, commitment, and intensity of Iraqis as they discussed their country's future; the natural beauty of the mountains in the north and Iraq's fertile crescent; the pride and professionalism of Iraqi members of newly established town councils; the palpable fear of Iraqis out in the street after the sun goes down, and the security bubble U.S. officials work in; the high expectations of Iraqis as to what the United States can provide, and their frustration and anger over intermittent electricity and water service; the resourcefulness of U.S. and British troops as they restart civil society; the sincere efforts of civilians to forge ahead despite the looming insecurity; devastated university buildings in Basra, completely ravaged by looters; the opulence of Saddam's palaces; and Iraq's ancient history and cultural richness.

As we traveled throughout the country, it was impossible not to be impressed by the character and drive of the coalition forces, the dedication and enthusiasm of the CPA, the wearied endurance of the Iraqi people, and the enormity of the opportunities, challenges, and risks before them all.

The U.S. government has chosen to use a different model for post-conflict reconstruction in

Iraq. Not only is it being led by the United States, but it is being led by an institution – the Department of Defense – with relatively untested capacities. There has been progress to date, but using a new model heightens the challenges and requires a new definition of relations and responsibilities.

The United States will need significant international assistance – from the United Nations, other international organizations, and bilateral donors. Security forces, CIVPOL, information flows, and ensuring a ready supply of CPA personnel with relevant capabilities are just four such areas.

The U.S. government – both the executive branch and the Congress – must change certain business as usual practices in order to maximize the CPA's opportunities to be successful. The CPA needs more resources, personnel, and flexibility. We owe it to our people in the field, and to Iraqis, to provide everything necessary to get this right. U.S. credibility and national interest depend upon it.

Photos

Cover: Iraqi children in Kifel
Page 3: U.S. military convoy
Page 4: Looting damage in Basra
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Page 8: Iraqis near a checkpoint in Baghdad

Assessment Team Biographies

John Hamre is President and CEO of CSIS. Before joining CSIS, he served as U.S. Deputy Secretary of Defense (1997-1999) and Under Secretary of Defense (Comptroller) (1993-1997). As Comptroller, Dr. Hamre was the Principal Assistant to the Secretary of Defense for the preparation, presentation, and execution of the defense budget and management improvement programs. Before serving in the Department of Defense, Dr. Hamre worked for ten years as a professional staff member of the Senate Armed Services Committee. From 1978 to 1984, Dr. Hamre served in the Congressional Budget Office, where he became its Deputy Assistant Director for national security and international affairs. Dr. Hamre received his Ph.D. from the School of Advanced International Studies, Johns Hopkins University and his B.A. from Augustana College in Sioux Falls, South Dakota. He also studied as a Rockefeller Fellow at the Harvard Divinity School.

Frederick Barton currently serves as a Senior Adviser in the International Security Program and Co-Director of the Post-Conflict Reconstruction Project at CSIS. Barton co-authored several recent reports on post-conflict reconstruction in Iraq. Barton is also a visiting lecturer at the Woodrow Wilson School at Princeton University, where he was previously the Frederick H. Schultz Professor of Economic Policy. From 1999-2001, Barton served as UN Deputy High Commissioner for Refugees in Geneva. He was the first Director of the Office of Transition Initiatives at the U.S. Agency for International Development in Washington, D.C. (1994-1999), where he helped to start political development programs in over 20 war-torn regions, from the Philippines to Rwanda, from Bosnia to Haiti. A graduate of Harvard College (1971), Mr. Barton earned his M.B.A. from Boston University (1982), with an emphasis on public management.

Bathsheba Crocker is a 2002-03 International Affairs Fellow for the Council on Foreign Relations. She is spending the year at CSIS, where she is working with CSIS's Post-Conflict Reconstruction Project. She has co-authored several recent CSIS reports on post-conflict Iraq. Crocker most recently worked as an attorney-adviser in the Legal Adviser's Office at the U.S. Department of State, where she focused on foreign assistance and appropriations law issues. Prior to that, Crocker served as the Deputy U.S. Special Representative for the Southeast Europe

Initiative in Rome, Italy focusing on economic reconstruction issues. She has previously served as the executive assistant to the Deputy National Security Advisor, and as an attorney-adviser at the State Department working on economic sanctions matters. She received a B.A. from Stanford University, a J.D. from Harvard Law School, and a Masters in Law and Diplomacy from the Fletcher School.

Johanna Mendelson-Forman is a Senior Program Officer at the UN Foundation. Previously, she was Senior Fellow in the Role of American Military Power program at the Association of the United States Army and as a Co-Director of the CSIS/AUSA Post-Conflict Reconstruction Project. She served as Senior Policy Advisor for the Bureau for Humanitarian Response at the U.S. Agency for International Development, and was assigned by USAID to be a Senior Social Scientist and Attorney at the World Bank's Post-Conflict Unit. She also served as Senior Advisor to the Office of Transition Initiatives at USAID. Mendelson holds a faculty appointment at The American University's School of International Service in Washington, D.C. and at Georgetown University's Center for National Security Studies. Mendelson received a J.D. from Washington College of Law at The American University, a Ph.D. in Latin American history from Washington University, St. Louis, and a M.A. of International Affairs, with a Certificate of Latin America Studies from Columbia University in New York.

Robert Orr currently serves as Vice President of the Council on Foreign Relations and Director of its program in Washington, D.C. Previously, he served as a Co-Director of the Post-Conflict Reconstruction Project at CSIS. He has published numerous articles on post-conflict reconstruction, including on East Timor and Afghanistan. Orr served as Deputy to U.S. Ambassador to the UN, Richard Holbrooke, and as Director in the Office of Global and Multilateral Affairs of the National Security Council. He was Senior Associate at the International Peace Academy, and has also worked with the U.S. Agency for International Development in Kenya and CBS News in China. Dr. Orr received his Ph.D. and M.P.A. from Princeton University and his Bachelor's degree from UCLA.