

USAWC STRATEGY RESEARCH PROJECT

**REFINING U.S. RECONSTRUCTION STRATEGY IN IRAQ**

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## ABSTRACT

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In November 2005, thirty one months after the end of major combat operations, the National Security Council published its *National Strategy for Victory in Iraq* outlining the United States' broad strategy for assisting the Iraqi people to defeat the terrorists and build an inclusive democratic state. Although reconstruction efforts and financial investment on the political, security and economic tracks began well before the release of this document, our coalition continues to face significant challenges in improving Iraqi governance, infrastructure, public services, and security forces, even today. Recently, many civilian and military leaders have openly acknowledged a lack of synchronization in our Operation Iraqi Freedom Phase IV planning. Given these valid critiques of our efforts to-date, the purpose of this essay is to outline a way ahead for improving our future reconstruction efforts. This project will examine several means coalition forces are currently employing in Iraq to gain momentum in the reconstruction portion of our Clear-Hold-Build strategy. Research will identify disconnects between the ends, ways, and means of our national strategy, and recommendations will be outlined to adjust our current resources to improve the likelihood of achieving success in our reconstruction efforts.



## REFINING U.S. RECONSTRUCTION STRATEGY IN IRAQ

Throughout the first two-hundred years of the United States Army's history, the service's soldiers, non-commissioned officers and officers have played a key role in post-conflict stabilization and reconstruction, at both home and abroad. Beginning with the formative years of our own nation, the US Army provided the necessary security for settlement of new territories as well as the basic governance capacity to support our westward expansion.<sup>1</sup> Since their establishment in 1802, the US Army's Corps of Engineers, "the only formally trained body of engineers in the new republic,"<sup>2</sup> built, expanded, and improved the nation's roads, canals, and rivers, and provided the necessary transportation infrastructure to support our growing nation and economy. During the Civil War, the US Army governed many southern states as they were brought back into the Union, and the service played a significant role in the South's reconstruction. The US Army also conducted governance, stabilization, and reconstruction activities in Cuba, Puerto Rico and the Philippines both during, and after, our combat operations in the Spanish American War. Following the Allied victories in the European and Pacific Theaters during World War II, many Army commanders served as military governors in Japan, Germany, and Italy. Arguably, the US Army culture throughout this period of our history embraced governance and reconstruction operations as an inherent part of the service's mission, and our military leadership considered each a vital task in achieving favorable post-conflict military and political ends.<sup>3</sup>

Over the past three decades, however, the US Army's institutional attitudes toward reconstruction and post conflict nation-building have changed significantly. Following our more recent combat operations in Panama, Haiti, the Balkans, and Iraq, the US Army's overall performance in post-conflict planning, preparation, and execution has consistently been deficient. Current conditions in Haiti offer one example. Twelve years after our completion of OPERATION RESTORE DEMOCRACY, Haiti today remains a nation rife with significant economic, political, and human rights challenges. Similarly, our eight year nation-building efforts in Kosovo have yet to produce decisive change. According to a recent statement by Ambassador James Dobbins, President Clinton's former special envoy to Kosovo, the country "...has become the most volatile flashpoint in the area..."<sup>4</sup> While the post-conflict circumstances among our more recent operations differ significantly, one Strategic Studies Institute monograph makes a general argument that "The primary problem at the core of American deficiencies in post-conflict capabilities, resources, and commitment is a national aversion to nation-building, which was strengthened by failure in Vietnam."<sup>5</sup> Over time, this aversion has led to the

abandonment of many valuable lessons learned from the Vietnam War, as well as the scarcity of usable post-conflict doctrine in the U.S. Army today. This change in our institutional culture over the past 30 years has directly led to many of the reconstruction challenges we have faced for the past four years in Operation Iraqi Freedom (OIF).

In November 2005, thirty-one months after the end of major combat operations, President George W. Bush and his administration published its *National Strategy for Victory in Iraq* outlining the United States' broad strategy for assisting the Iraqi people to "defeat the terrorists and build an inclusive democratic state."<sup>6</sup> Although our reconstruction efforts and financial investment on the political, security and economic tracks of this policy began well before the formal publication of the strategy, the United States and its coalition partners continue to face significant challenges in improving Iraqi governance, infrastructure, public services, and security forces, even today. Over the past several months, many civilian and military leaders throughout the Executive Branch of our government have acknowledged a lack of synchronization in our Operation Iraqi Freedom Phase IV planning. Given the US Army's declining performance in post-conflict operations over the past three decades, the purpose of this essay is to outline a way ahead for improving our current reconstruction efforts in Iraq, as well as other future contingencies. This project will examine several ways and means coalition forces are currently employing to gain momentum in the reconstruction portion of our Clear-Hold-Build strategy. The research will identify disconnects between the ends, ways, and means of our national strategy, and recommendations will be outlined to improve the likelihood of achieving success in our future reconstruction efforts.

### The Current Strategy: Ends, Ways, and Means

The United States' reconstruction strategy for Iraq is one segment of the economic track in the administration's overall national policy. The objectives, or ends, of this track are to help the Iraqi government establish the foundations for a sound economy and develop the capability to deliver essential services to its population. In *National Strategy for Victory in Iraq*, the National Security Council presents three methods, or ways, to achieve this end: restoration of Iraq's infrastructure, reformation of its national economy, and formation of a host-nation capacity to maintain its infrastructure as those systems are restored or developed.<sup>7</sup>

The economic track is also supported by several pillars, or objectives, that serve to further articulate our strategic ends and ways. Pillar number four, "Helping Iraq to Build Government Capacity and Provide Essential Services," specifically details the ends and ways of our reconstruction effort. The objective of this pillar is an Iraqi government that is able to provide

essential services to the population of Iraq. Six ways toward this strategic end are presented: rehabilitation of oil and electricity infrastructure/ distribution networks; strengthening of public utilities and regulatory agencies; rehabilitation of water and sanitation infrastructure; rehabilitation of health care facilities; rehabilitation of school systems; and encouraging international donors to assist in funding the reconstruction effort.<sup>8</sup>

### Financial Means

To date, the United States has invested considerable resources, or means, toward achieving this end. Financially, the US Congress appropriated a \$2.5 billion Iraq Relief and Reconstruction Fund (IRRF) in April 2003 to provide funding for the security, relief, and reconstruction of Iraq.<sup>9</sup> In November 2003, an additional \$18.4 billion appropriation (IRRF2) was approved by Congress and signed into law by President Bush to bolster this effort.<sup>10</sup> However, in June 2004, due to deteriorating security and stability throughout most of Iraq, \$4.2 billion of the November appropriation was removed from the reconstruction account in order to provide funding for non-construction items, training, and procurement of supplies and equipment for Iraqi Army and Iraqi Police forces. The Coalition Provisional Authority (CPA), a temporary governing entity established by the United States and Great Britain to administer Iraq during the governmental transition, retained the \$13.5 billion balance for reconstruction-related tasks.<sup>11</sup>

The United Nations also contributed to the reconstruction effort through UN Security Council Resolution (UNSCR) 1483 and the creation of Development Funds for Iraq (DFI). The DFI account was created using "...existing Oil for Food funds, and all frozen and seized assets that had previously belonged to the Iraqi government or had been controlled by Saddam Hussein."<sup>12</sup> UNSCR 1483 also directed all UN member nations to transfer their respective frozen Iraqi assets to the DFI. In May 2003, the initial DFI contribution to the CPA's reconstruction account totaled \$1 billion, and had grown to over \$20 billion by June 2004.<sup>13</sup>

In addition to these financial means, Congress and the Bush Administration approved and resourced the Commander's Emergency Response Program (CERP) to give tactical commanders the financial capability to influence local reconstruction efforts in their assigned Areas of Responsibility (AOR). During Fiscal Year (FY) 2003, CERP was funded through illicit Ba'ath Party cash discovered and seized by coalition forces.<sup>14</sup> In June 2003, the Commander of Combined Joint Task Force-7 (CJTF-7) issued implementing guidance for the expenditure of these funds which included "the building, repair, reconstitution, and reestablishment of the social and material infrastructure in Iraq."<sup>15</sup> Under the CERP program, tactical commanders throughout Iraq were capable of purchasing materials, hiring local labor, and employing

contractors to respond to the Iraqi people's humanitarian needs and reconstruction requirements. The program enjoyed considerable success as it provided commanders a capability to deliver an immediate and positive economic impact on local communities where their forces operated. As seized Iraqi funds diminished near the end of 2003, Congress and the Bush administration built on the success of this program and authorized an additional \$180 million of federally appropriated funds for the CERP in FY 2004.<sup>16</sup> The National Defense Authorization Act increased this appropriation to \$500 million annually for FYs 2005 through 2007.<sup>17</sup>

### Organizational Means

In addition to the financial resources applied to this portion of the strategy, the United States also developed several organizations to serve as means in leading and managing the reconstruction effort. In May 2003, the CPA created the Program Management Office (PMO), a staff designed to provide in-theater government oversight to the reconstruction program. In January 2004, the US Army Corps of Engineers Gulf Region Division (GRD) formally established its headquarters in Baghdad, and deployed approximately 400 civilian and military engineers throughout Iraq as members of three subordinate regional headquarters: GRD-North (Mosul), GRD-Central (Baghdad) and GRD- South (Nasiriyah).<sup>18</sup> These headquarters would further sub-divide into regional and area offices throughout Iraq's eighteen provinces in order to manage projects assigned in their regions, and liaise with tactical formations within their respective AORs. Given this organization and force disposition, GRD's responsibility is to provide "...engineering services in the Iraq combat theater to Multi-National Force-Iraq, the Department of State, the US Agency for International Development, and the Iraqi government with planning, design, and construction management support."<sup>19</sup>

In June 2004, as the CPA transitioned its authority to the Iraqi Interim Government, the Department of State formed the Iraqi Reconstruction and Management Office (IRMO) who would serve as staff advisors to the Iraqi ministries in developing reconstruction plans and priorities. The IRMO would also assume the reconstruction oversight role earlier held by the PMO, with the USACE GRD serving as the means to execute construction priorities set by IRMO and their Iraqi ministry counterparts. Also in June 2004, National Security Presidential Directive (NSPD) 36 established the Project Contracting Office (PCO) as a temporary Army organization to provide acquisition and management support services for Iraq's reconstruction. On 4 December 2005, the PCO merged with the USACE Gulf Region Division HQ in Baghdad, with GRD taking the leadership role in administering the national reconstruction strategy under

the oversight of the Secretary of the Army, delegated to the Assistant Secretary of the Army for Acquisition, Logistics, and Technology (ASAALT).<sup>20</sup> Three days later, President Bush issued NSPD-44, superseding President William Clinton's Presidential Decision Directive 56, and assigned the Department of State as the lead US agency in preparing, planning, and conducting reconstruction activities in Iraq.<sup>21</sup>

In addition to this complex and changing interagency means applied to administer reconstruction policy at the strategic and operational levels, coalition forces also formed several Provincial Reconstruction Teams (PRT) at the tactical level to assist "Iraqi provincial governments in developing a transparent and sustained capability to govern... [while] promoting economic development...to meet the basic needs of the population."<sup>22</sup> Comprised of members from the Department of State, US Agency for International Development (USAID), Multinational Force-Iraq (MNF-I), Department of Justice, as well as civilian and military engineers from the USACE GRD, the PRTs operate under the oversight of the US Embassy National Coordination Team (NCT) in Baghdad.<sup>23</sup> In addition to building governance capacity at the Provincial level, the PRTs also assist tactical commanders in leveraging interagency capabilities within their respective AORs. Since November 2005, nine PRTs have been formed in Iraq and are operating in the provinces of Tamim, Ninewa, Babil, Baghdad, Anbar, Diyala, Salah ad-Din, Basrah, and Dhi Qar.<sup>24</sup> State Department personnel staffing shortages and funding challenges have prevented the timely formation of these teams.<sup>25</sup> However, in his address to the nation on 10 January 2007, President Bush stated his administration would double the number of PRTs in Iraq in order to provide additional support in Baghdad, as well as coverage for several of Iraq's nine remaining provinces.<sup>26</sup>

### Assessment of the Current Strategy

On 29 September 2006, the merged USACE GRD-PCO completed its obligation of all US IRRF2 appropriations to over 3200 projects across Iraq.<sup>27</sup> While GRD will continue to serve in its current capacity by administering to ongoing reconstruction work, this milestone provides an important opportunity to assess the effectiveness of our strategy to-date in achieving its principle end of an "Iraqi government that is able to provide essential services to the population of Iraq."<sup>28</sup>

### Reconstruction Accomplishments

Without question, the hard work and sacrifice of many Soldiers and government civilians associated with Iraq's reconstruction effort has resulted in numerous contributions in improving portions of Iraq's infrastructure and public service systems. These accomplishments are even

more impressive when considered with the demanding security environment in which they were achieved. In its October 2006 *Iraq Reconstruction Report*, the GRD enumerates hundreds of important project completions and “capacities added” in each of Iraq’s economic sectors since reconstruction activities began in May 2003. Examples of these contributions include the construction or renovation of 354 police facilities and 248 border forts (security sector), 833 schools (education sector), 7 health clinics and 14 hospitals (health sector), 419,000 cubic meters/day fresh water capacity added (water sector), 1,420 megawatt electrical capacity added (electricity sector), and many more.<sup>29</sup> When combined with the effects of thousands of smaller CERP initiatives, our reconstruction efforts have served to employ hundreds of thousands of Iraqi’s and local contractors in the rebuilding and development of Iraq.

Despite these important and hard-earned contributions, however, the coalition has been unable to achieve its national reconstruction goals in each of the six economic sectors (Security and Justice, Public Works and Water, Oil, Buildings, Health, and Education, Transportation and Communication, and Electricity). Specific concerns include Iraq’s 500,000 barrels per day shortfall in its daily oil production objective, GRD’s recent re-contracting of 128 primary health clinics due to significant engineering and management errors, and our collective inability to deliver consistent electrical power to Baghdad, and the nation as a whole, to acceptable levels since our reconstruction efforts began in May 2003.<sup>30</sup>

### Reconstruction Challenges

There are several risks and challenges associated with the economic track of our national strategy that have led to the current shortcomings. First and foremost, a lack of security continues to be the dominant risk inhibiting our reconstruction efforts. In many locations throughout Iraq, insurgents have threatened or killed many members of construction work parties since our reconstruction program commenced. In fact, since May 2003, 646 death claims have been filed for contractors working on US funded projects alone.<sup>31</sup> As a result, GRD and PCO project managers have estimated that 18% to 25% of total program funds have been used solely to finance worksite security forces and protection for contractors.<sup>32</sup> When considered with the effects of the Indefinite Delivery/Indefinite Quantity (ID/IQ) Cost Plus contracts awarded to our prime contractors, where the government is billed for actual costs rather than an agreed fixed price prior to the project start, the combination of security challenges and our contracting mechanisms have significantly reduced the potential buying power of the IRRF appropriations. According to the October 2006 report from Special Inspector General for Iraq Reconstruction (SIGIR), many of the contractor’s administrative overhead costs alone have

ranged from one-third to one-half of total project costs.<sup>33</sup> Under these arrangements, our capacity to effectively build and develop Iraq's infrastructure with funds appropriated by the United Nations and the US Congress has been significantly reduced.

Similarly, the security challenge has hampered the ability of GRD's district and area offices to conduct sufficient on-site assessments of their assigned projects. "Reconstruction and security go hand in hand..." is one theme presented in a recent GRD report which candidly admits "This is a far different construction environment than any of us are used to working in..."<sup>34</sup> Since arriving in theater, GRD has not resourced internal security teams for each of its dispersed staffs. Often forced to share the few contracted civilian security services under GRD hire, the military and civilian members of the GRD regional and field offices have largely been unable to routinely visit the multiple projects under their oversight. Through their reliance on tactical forces in the AOR for much of their mobility, and the hiring of local Iraqi engineers to serve as project inspectors, GRD field offices have been able to marginally increase their oversight capacity on worksite progress and contractor performance. However, the regional instability and lack of dedicated security arrangements have frequently reduced GRD officials and prime contractors to "...monitoring [their] worksites by photographs"<sup>35</sup> instead of the preferable face to face consultations and on-site visits.

Beyond security, the second major challenge to the effectiveness of the coalition's reconstruction strategy is its own centralized planning and centralized execution design. Aside from the CERP program, where tactical commanders enjoy extraordinary influence over smaller reconstruction projects in their AOR, the larger reconstruction effort in Iraq has been centrally managed from Baghdad. Beginning in late 2003, a list of over 6000 projects for Iraq was developed by the USACE, USAID, and other Department of Defense teams to begin the process toward achieving the administration's strategic reconstruction end. This list was reduced to approximately 2300 projects by the Office of Management and Budget (OMB) when President Bush signed the \$18.4 billion IRRF2 appropriation in November 2003. The OMB approved project list and its associated spending plan was specific. The plan included the type of project to be constructed, its location, and its priority in reference to other planned work.<sup>36</sup> Despite this level of specificity, the critical construction site details required for engineering and construction planning were not initially available to bidders.<sup>37</sup> These omissions would later lead to multiple changes in contractor estimates, causing increased costs and further delays in the construction process.

In early 2004, the US government released a Design Build (DB) Request for Proposal (RFP) to seek construction services for these initial projects, and other future reconstruction and

development work throughout Iraq. From mid-January through March 2004, twelve large DB cost-plus contracts were awarded to nine US-based (and some multi-national) prime contractors in response to the January RFP. These firms would largely specialize in one of the six economic sectors and, in turn, sub-contract portions of the projects to US, coalition, and Iraqi sub-contractors. Since May 2003, over 900 US companies, 1600 Iraqi companies, and 1000 companies from coalition countries have been awarded subcontracts in this effort.<sup>38</sup>

The significant size and capacity of many PCO reconstruction and development projects provided tactical commanders the potential to deliver an immense, positive impact within the communities the projects were to be built. If synchronized with maneuver forces in the field, coalition commanders, Iraqi Security Forces, and Iraqi political leaders would benefit politically, economically, and militarily against the growing insurgency from these reconstruction efforts. Over time, however, as the projects moved through their design, planning, and mobilization stages, tactical commanders in the field, as well as their local Iraqi Provincial and Qudah councils, had little voice in projects selected for this list, their prioritization, or their workforce compositions. Throughout 2005, as I attended weekly reconstruction conferences that covered several provinces in northern Iraq, many tactical commanders and regional GRD officials would often express frustration in their lack of flexibility to modify the national reconstruction program to better meet local conditions.

During the initial construction phases of many projects early in this effort, several additional problems with the centralized approach began to emerge. In some cases, local contractors or labor crews were not employed on the project, leading to frustration in the local community and security challenges at the project site. Both American and Iraqi sub-contractors were also found further sub-dividing their portions of the work to multiple new sub-contractors, adding more layers and confusion in the project scheduling, monitoring, and execution process. Although this dynamic was not intended by the contracting strategy, a July 2006 report by SIGIR states "...the U.S. did not have sufficient oversight capacity in country to supervise such an enormous Iraqi-led program..."<sup>39</sup> Given the growing security challenges throughout Iraq in 2004, GRD officials and representatives from the prime contracting firms were unable to consistently visit their dispersed projects now being initiated, and found difficulty in consistently obtaining ground truth on project status. As a result, some distrust and confusion developed between local political leaders and their national counterparts in the Iraqi government ministries. Again, according to the July 2006 SIGIR report "... some ministries did not have good relationships with provincial leaders and thus had difficulty obtaining accurate information, especially regarding the condition of more distant or dangerous project sites."<sup>40</sup> In the end, the

problems associated with the centralized approach prevented the coalition's realization of all potential positive effects each of these projects held in improving Iraq's infrastructure and combating the growing insurgency.

The third major challenge to the coalition's reconstruction strategy has been achieving unity of effort. Given the relatively large number of interagency and international organizations involved in the reconstruction effort, there has been no single commander, leader, vision, or common set of objectives established to guide these actors toward achieving an Iraqi government capable of providing essential services to the population. One criticism SIGIR offers of the early coalition reconstruction efforts was that the CPA "...had not developed consensus on benchmarks for infrastructure outputs nor analogous milestones that Iraq should meet as the program advanced. Rather, the goals at this early stage were quite general: to move Iraq out of post-war chaos and toward recovery by stimulating economic growth, relieving suffering, establishing security, and repairing the critical infrastructure..."<sup>41</sup> In an effort to add the necessary detail to these general guidelines, the USAID's Office of Transition Initiatives (OTI) outlined specific goals in March 2004 for each of their governance capacity improvement programs.<sup>42</sup> Similarly, the GRD would first publish its specific, measurable objectives for each of the six economic sectors in its March 2006 reconstruction update.<sup>43</sup> To date, however, there has been no single unified vision that ties the reconstruction priorities of the Iraqi national and provincial governments with the extensive financial and interagency means provided by coalition forces. President Bush's recent statement may help in this area. During his 10 January 2007 address to the nation, the President stated "...Secretary Rice will soon appoint a reconstruction coordinator in Baghdad to ensure better results for economic assistance being spent in Iraq..."<sup>44</sup>, an action which will potentially help alleviate the unity of effort challenges the coalition has faced for the past four years.

When combined, these major challenges have contributed to an imbalance between the ends, ways, and means of our reconstruction strategy, and rendered it incapable of achieving the Bush Administration's strategic reconstruction end. Without a significant additional investment in means (cash and human capital), as well as an adjustment of our current ways, the probability that the US will achieve its strategic reconstruction end in the short term remains unlikely.

### Refining the Strategy Through Decentralization of Ways and Means

Within the media and both houses of Congress, there has been no shortage of critics for the Bush administration's handling of its Iraq policy, and its accompanying reconstruction

strategy. Additionally, based upon multiple SIGIR investigation findings, many political leaders contend that our reconstruction investment in Iraq has been squandered, and the worsening security situation necessitates an established deadline for the redeployment of US troops and capabilities from the region. Short of a drastic shift in US policy similar to the course these critics have offered, however, there are a number of refinements the US and its coalition partners can make in our reconstruction strategy to make it more effective and capable of delivering the NSC's strategic end. Five recommendations are presented below. These recommendations center upon the importance of decentralization of critical ways and means, adequately financing Iraq's reconstruction and development, and the development of sound Joint and Army doctrine necessary for effective planning and conduct of reconstruction operations.

(1) Place more emphasis and investment in smaller, local projects during the initial stages of Phase IV planning and operations. Empowering the lowest levels of command is one of several contemporary imperatives of counterinsurgency that is presented in US Army and Marine Corps' doctrine. Field Manual 3-24 *Counterinsurgency* states "Effective COIN operations are decentralized. Higher commanders owe it to their subordinates to push as many capabilities as possible down to their level."<sup>45</sup> This imperative applies not only to combat capabilities, but to non-lethal capabilities as well. As our new COIN doctrine suggests, when conducting counterinsurgency operations, reconstruction dollars are just as important as ammunition.<sup>46</sup>

Since assuming office in June 2005, US Ambassador to Iraq Zalmay Khalizad has pursued a number of initiatives to decentralize the coalition's reconstruction approach. By delegating more project decision making to Iraqis at the local level, and providing them more input to reconstruction priorities, Ambassador Khalizad's intent has been to close the existing "reconstruction gap" between national and provincial-level officials, and demonstrate more meaningful progress to the Iraqi people.<sup>47</sup> While the Ambassador's actions clearly support our developing counterinsurgency doctrine, we must consider this approach much earlier in planning reconstruction strategies.

Improving the capacity of the Diyala Province electrical grid is one example which illustrates the potential effectiveness of decentralization. In December 2005, the province maintained an approximate daily requirement for 280MW of electrical power. The province received 90MW of electricity from Iran and a range of 0 to 15MW from Baghdad.<sup>48</sup> To address a portion of the 175MW shortfall, the province's major population center, Baquba, attempted to operate twelve fixed-site generators of varying capacity and serviceability. Because of CERP

funding limitations, the BCT commanders operating in Diyala from 2003 through 2005 were unable to afford the necessary overhaul of the twelve generator systems to make them fully operational. As CERP dollars were made available, however, each generator was serviced and repaired in a sequence approved by the province's Electricity Director General (DG), and brought back on line with the provincial power grid. Once operative, mini-economies developed around these systems. The DG and local government established programs for fuel re-supply, repair parts, security, services, and un-scheduled maintenance. Although not large in terms of relative power production when compared with the larger national power plants under construction, the consistent operation of these generators provided an immediate, positive, and visible impact within the communities they serviced, at relatively low cost to coalition forces.

There are numerous examples of this dynamic in Iraq's other economic sectors where tactical commanders, if better resourced, have the ability to deliver immediate positive impacts in local communities. Since 2003, however, the combined national reconstruction accounts (DFI and IRRF funds) centrally managed in Baghdad accounted for 96% of the coalition's total reconstruction investment. Over the same time period, CERP funds immediately available to commanders in the field accounted for only 4% of the total reconstruction effort.<sup>49</sup> In Iraq today, and in our future reconstruction strategies, we should seek to achieve Ambassador Khalizad's intent by initially investing less in the larger national reconstruction accounts and place a higher percentage of our investment into CERP or CERP-like programs to better enable commanders in achieving more immediate, positive effects at the local level. This shift in resources would also help alleviate the distrust and friction that the centralized approach contributed to between the Iraqi provincial and national governments.

(2) Resource and task organize engineering and reconstruction expertise to lower echelons of command. Even with 4% of the reconstruction budget divided between them, BCT commanders today require more engineering expertise in their staffs to effectively plan and manage local reconstruction operations, especially given the loss of engineering battalions in the modular BCTs. The GRD regional headquarters in Iraq today have co-located most of their engineering field offices alongside BCTs responsible for security, training, and governance operations in the provincial AORs. However, there is no established command or support relationship between the BCT and its USACE area office. Today, the area office coordinates directly with the Provincial Reconstruction Team in the nine provinces where PRTs are established, and dual reports to its parent regional GRD headquarters on its assigned reconstruction program. Despite the benefits co-location offers, under the current arrangement, BCT commanders have little direct influence over the multiple, high value national projects

within their AORs. In my experience, it was not uncommon for BCT commanders to receive little or no notice of significant GRD project changes, ultimately affecting the local political, security, and economic environments.

To make up for the shortfall in staff engineering expertise, and create conditions where BCT commanders can more directly influence large reconstruction operations critical to counterinsurgency operations within their AORs, GRD and its subordinate regional headquarters should place their area offices in a Direct Support (DS) relationship to the BCTs. Under the DS relationship, GRD area offices would support the BCT and be authorized to answer directly to the commanders requests for assistance.<sup>50</sup> Funding and operational guidance for projects would still be disseminated from GRD's regional headquarters, but tactical commanders would be given more input on the project's scheduling, workforce composition, and security arrangements which would significantly help reduce the security challenges many projects face in Iraq today.

(3) Empower more project selection, prioritization, and decision making to Provincial Reconstruction and Development Committees (PRDC). Following the January 2005 elections in Iraq, the US State Department encouraged the formation of PRDCs in every province. The PRDCs were generally formed as a specialized sub-group within each Provincial Council (PC). Their membership reflected the backgrounds of the PC members and included educators, former military officers, engineers, career politicians, etc. The intent of the PRDCs was to provide local Iraqi leaders with a greater voice in how the coalition forces used their reconstruction funds and prioritized projects. The PRDC also provided a means to improve internal Iraqi coordination between the provincial and national-level governments. By the 3<sup>rd</sup> Quarter of 2005, PRDCs were established in 15 of Iraq's 18 provinces, and during this time coalition forces made available \$241 million dollars to assist PRDC training in planning, managing and executing local reconstruction efforts.<sup>51</sup> Because the timeline for the commitment and obligation of the initial PRDC funds was extremely short (the funds had to be obligated by 30 September 2005), the intended training effect for the PRDCs was mixed as commanders struggled to balance their PRDC training programs with administrative funding deadlines.

In the future, to better enable local participation in reconstruction efforts, the coalition should continue to empower PRDCs with a monetary budget that is overwatched by PRTs and/or BCT staff members working reconstruction efforts. This approach is already supported by a number of former and serving BCT commanders in Iraq. Without a separate PRDC budget, several tactical commanders have seen the value in this localized approach and are funding PRDC budgets with their internal CERP accounts and constructing only those projects

that their PRDC has approved and prioritized. In the future, a consistent flow of dedicated resources to the PRDC will provide PRTs and Civil Affairs specialists the necessary time to train, coach, and mentor their Iraqi counterparts in this important aspect of developing local governance capacity.

(4) Continue to internally fund, and seek more international partners in financing Iraq's reconstruction and development. From 1948 through 1953 following World War II, the United States contributed \$13 billion (\$100 billion in 2005 dollars) in support of the reconstruction of Europe.<sup>52</sup> In his Marshall Plan speech, Secretary of State George Marshall spoke of the important relationship between economic health and political stability "...in which free institutions can exist."<sup>53</sup> While it is difficult to compare the post-World War II devastation of Western Europe to Iraq's dilapidated infrastructure following 35 years of Sadaam Hussein and the international economic sanctions applied to his regime, the importance of Secretary Marshall's words at Harvard University remain equally applicable in Iraq today.

In its report, the Iraq Study Group (ISG) made a number of reconstruction-related recommendations to the Bush administration toward this specific means. The group's recommendations include the provision of \$5 billion per year of economic assistance to Iraq for reconstruction-related tasks. The ISG also acknowledges that the CERP appropriations authorized in the National Defense Authorization Acts for Fiscal Years 2006 and 2007 are not sufficient for the important work that remains.<sup>54</sup> The Bush Administration should accept these recommendations and increase funding for CERP-related programs, as well as approve a new IRRF appropriation to continue national level projects/programs that are beyond the capabilities of BCT commanders and their staffs.

The Bush Administration and our coalition partners must also continue to aggressively pursue meaningful commitments from the international community in providing debt relief and economic assistance to Iraq's developing government. Iraq's public debt is currently estimated at \$120 billion, over half of which is owed to its regional neighbors in the Persian Gulf.<sup>55</sup> To date, most of these countries have refused to support any form of debt relief for Iraq. Similarly, while all 19 member states of the Paris Club have agreed to reduce their share of Iraq's debt burden, several of these nations have yet to enact any provisions related to reducing or restructuring their share of Iraq's debt.<sup>56</sup>

Unfortunately, the United States and Iraq are experiencing similar frustrations in obtaining other monetary commitments from the international community. During the 2003 Iraq Donor Conference held in Madrid, 38 nations and the World Bank pledged an estimated \$13.6 billion in aid, grants and loans to assist Iraq's reconstruction and economic development. As of June

2006, only \$3.5 billion worth of these pledges have actually been fulfilled.<sup>57</sup> In order to succeed in our overall reconstruction strategy, the Bush administration and our coalition must proceed on an aggressive diplomatic offensive to fulfill the remaining commitments.

(5) Learn from mistakes, update doctrine, and incorporate reconstruction-related lessons learned into our training programs. The most important contribution our Army can make to the reconstruction of Iraq, and our future nation-building strategies, is a change in our institutional culture. In order to succeed, we must build upon our institutional preference for heavy combat operations and develop more nation building capabilities in our force, capabilities that have unfortunately been considered a “distraction from our main combat responsibilities...”<sup>58</sup> for the past 30 years. The Army’s mission is not only to fight our nation’s wars, but to fight and win. As our predecessors experienced from the earliest wars of our nation through World War II and Korea, winning through the achievement of favorable political ends may very well require the Army to conduct significant post-conflict stabilization and reconstruction activities.

The institutional Army must accelerate its training and doctrine programs to better prepare soldiers and leaders for these critical operations. The development of Army and Marine Corps counterinsurgency doctrine has been an important first step. This process can, and should, set the tone for the importance of reconstruction activities in future post-conflict planning and operations. Given the recent release of FM 3-24 *Counterinsurgency*, the U.S. Army Engineer School should publish a supporting Field Manual that is reconstruction focused, or rewrite FM 5-104 *General Engineering*, to capture the important lessons learned from recent reconstruction experiences in Iraq and Afghanistan. The Counterinsurgency Academy in Taji, Iraq, the Combat Training Centers, and the Center for Army Lessons Learned are making important strides in capturing these lessons and procedures. Training and Doctrine Command’s ability to process these observations into doctrine, as well as refine our current officer and NCOES courses with reconstruction and stabilization specific tasks, will significantly improve our ability to achieve our national reconstruction ends in the future.

## Conclusion

The reconstruction and development of Iraq today are tasks of significant complexity, and our strategy to provide essential services to the population of Iraq is failing to achieve its stated strategic objectives. The nation’s infrastructure has suffered from years of internal neglect and international sanctions, as well as attacks by a diverse collection of insurgent groups. While the coalition’s capability to restore these services is critical for our success in OIF, our strategy is disadvantaged by a lack of monetary support and debt relief among the international

community, and an Iraqi government whose performance to-date has offered little hope of an Iraqi solution to the problem.

We can, however, still succeed. Given the multiple agencies within the US government, and the international community, required to effectively address these security and construction issues, the United States must continue to effectively lead in refining its strategy for victory. The current mismatch between the ends of our national reconstruction strategy, and the ways and means applied to achieve an Iraqi government capable of providing essential services to its population, requires that we make several major revisions of our current practices. To reduce the risks we are experiencing today, the coalition must decentralize its current reconstruction planning, management, and financing practices and place more emphasis at the local level where it can provide more immediate, visible progress to the Iraqi people. Our diplomatic efforts must better persuade the international community to contribute financially to this important effort, and relieve Iraq's international debt wherever possible. Finally, and most importantly, the US Army must change the manner in which it approaches nation-building. Our service must develop sound doctrine and comprehensive training programs for Phase IV operations, and aggressively pursue the important military and political ends effective reconstruction and development strategies can provide. These recommendations not only offer the United States an opportunity to be more effective in Iraq today, but also during the early stages of nation-building in other theaters where our national interests will require similar strategies.

### Endnotes

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