

REVIEW OF THE EFFECTIVENESS  
OF THE PROVINCIAL  
RECONSTRUCTION TEAM  
PROGRAM IN IRAQ

**SIGIR-07-015**  
**OCTOBER 18, 2007**



## SPECIAL INSPECTOR GENERAL FOR IRAQ RECONSTRUCTION

October 18, 2007

MEMORANDUM FOR U.S. SECRETARY OF STATE  
U.S. SECRETARY OF DEFENSE  
U.S. AMBASSADOR TO IRAQ  
COORDINATOR, OFFICE OF PROVINCIAL AFFAIRS  
COMMANDING GENERAL, MULTI-NATIONAL FORCE-IRAQ  
COMMANDING GENERAL, MULTI-NATIONAL CORPS-IRAQ  
MISSION DIRECTOR-IRAQ, U.S. AGENCY FOR INTERNATIONAL  
DEVELOPMENT  
DIRECTOR, IRAQ TRANSITION ASSISTANCE OFFICE

SUBJECT: Review of the Effectiveness of the Provincial  
Reconstruction Team Program in Iraq (SIGIR-07-015)

We are providing this audit report for your information and use. We performed the audit in accordance with our statutory duties under Public Law 108-106, as amended. The law requires that we produce independent and objective audits of—as well as leadership, coordination, and recommendations on—policies designed to promote economy, efficiency, and effectiveness in the administration of programs and operations and to prevent and detect waste, fraud, and abuse.

We received comments from the U.S. Embassy-Iraq and Headquarters, Multi-National Force-Iraq (MNF-I) on a draft of this report, which were considered when preparing the final report. The comments are addressed in this report, where applicable, and are discussed in the Management Comments section of the report.

We appreciate the courtesies extended to the SIGIR staff. For additional information on this report, please contact Walt R. Keays ([walt.keays@iraq.centcom.mil](mailto:walt.keays@iraq.centcom.mil)) / 914-822-2796 or Mr. Robert Gabriel ([robert.gabriel@iraq.centcom.mil](mailto:robert.gabriel@iraq.centcom.mil)) / 703-343-7921. For the report distribution, *see Appendix E*.

A handwritten signature in black ink that reads "Stuart W. Bowen, Jr." followed by a period.

Stuart W. Bowen, Jr.  
Inspector General

cc: See Distribution

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# Review of the Effectiveness of the Provincial Reconstruction Team Program in Iraq

SIGIR-07-015

October 18, 2007

## Executive Summary

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The Provincial Reconstruction Team (PRT) Program for Iraq is a U.S.-led, civil-military effort to help Iraq's provincial and local governments govern effectively and deliver essential services. The initiative has evolved and expanded considerably since the opening of the first PRTs in Mosul, Kirkuk, and Hillah in November 2005. As of August 2007, the program comprised:

- seven PRTs led by the United States and three led by the coalition
- seven provincial support teams (PSTs)—small cells of advisors who provide advice to provincial officials<sup>1</sup>
- 15 recently deployed ePRTs—the latter embedded with brigade combat teams (BCTs) in and around Baghdad and Al Anbar province

The PRT Program provides integrated and multidisciplinary teams of U.S. and coalition civilian and military personnel to teach, coach, and mentor provincial and local government officials in core competencies of governance and economic development.

This report examines the PRT program and provinces in Iraq across five selected areas of program emphasis:

1. assisting Iraq's provincial and local governments in developing a transparent and sustained capability to govern
2. promoting increased security and rule of law
3. advancing economic development
4. providing the provincial administration necessary to meet the basic needs of the population
5. promoting reconciliation and shaping the political environment.

This report provides some generalizations across each area of emphasis and also provides an assessment of progress across the country. To show the progress of the PRTs in

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<sup>1</sup> Commenting on a draft of this report, MNF-I Headquarters stated that PSTs for the most part have been converted to PRTs, with two PSTs incorporated into an existing PRT. SIGIR used the PST designation in this report to generally reflect the status at the time of the review—both in name and size relative to other PRTs.

different parts of Iraq, SIGIR has grouped the 18 provinces into a nominal construct of five geographic regional areas. This grouping is only for discussion purposes in this report.

In making the assessment, SIGIR visited the existing ten PRTs and seven PSTs, as well as nine of the new ePRTs. The work included discussions with senior-level military and U.S. Embassy officials in Baghdad and structured interviews throughout Iraq with 274 civilian and military officials and officers, including senior leaders in the BCTs, team and deputy team leaders, technical specialists, bilingual bicultural advisors, civil affairs members, and Iraqi and third-country government advisors. SIGIR did not systematically obtain the perspective of Iraqi provincial-government officials on the effectiveness of the PRTs. (*See Appendix A* for a complete description of our scope and methodology.)

## Results

In many locations, the PRT Program in Iraq is making incremental progress in developing the nation's provincial and local government capacity to effectively govern and manage its own reconstruction, despite continuing political and ethnic conflicts, as well as the difficult security situation. However, Iraq's complex and overlapping sectarian, political, and ethnic conflicts, as well as the difficult security situation, continue to hinder progress in promoting economic development, rule of law, and political reconciliation. Despite these general observations, some differences do exist across sections of the country and individual provinces. The following are summaries of SIGIR's findings on the five areas of PRT program emphasis that SIGIR examined:

Governance—At the sites SIGIR visited, PRT officials provided mixed judgments of their provinces' effectiveness at governing and managing their governmental institutions, but noted that each had improved incrementally over the previous year. Officials told SIGIR that a key obstacle to developing governance capacity was the lack of a Provincial Powers Law to define the rights and responsibilities of government offices and hold provincial officials accountable for their actions.

Rule of Law—Numerous PRT officials identified rule of law as their most problematic core function. In many locations, there is little cooperation between the police, courts, and correction facilities, and judicial orders are routinely ignored. With a few exceptions, the local population views police officers with suspicion because of suspected links to local militias and criminal activity. Judges and other participants in the judicial process are subjected to intimidation, and courts are often unable or unwilling to hear cases because of inadequate security.

Economic Development—The dangerous security environment continued to undermine efforts by the PRTs to increase living standards and reduce unemployment. Therefore, it is difficult to ship raw materials into provinces and transport agricultural and manufactured products to markets, and there is little Iraqi or foreign investment. Many provinces suffer from shortages of fuel oil and electrical power, and PRT economic advisors report that it will be difficult to create employment opportunities without a stable power source. The PRTs are engaged in a number of efforts to foster economic

development, including micro-lending programs, agribusiness development, small-business development centers, and plans to resurrect state-owned enterprises.

Reconstruction—PRT officials generally believe that the provinces are effective at managing their infrastructure and brick-and-mortar reconstruction projects. However, provincial governments have little ability to manage and sustain existing infrastructure projects, and they are not budgeting for operation and maintenance requirements. The use of the Commander’s Emergency Response Program (CERP) exacerbated the problem. SIGIR documented frequent instances of CERP projects that conflicted with the capacity-development mission of the PRTs by performing tasks that properly belong to local and provincial governments.

Political Reconciliation—PRT officials reported little progress in this key area at the local and provincial level—with the notable exception of Al Anbar province, where the tribes banded together to oppose al-Qaeda and support the national government. Efforts toward reconciliation have been undermined by tension between rival Shia groups, a sense of alienation among Sunnis, and growing public frustration over the inability to obtain government services.

Looking across the five regional areas and the provinces associated with them, one can see differences across and within the regions. The northern area is heavily Kurdish, the western area largely Sunni, the southern areas largely Shia, and the central region mixed. The chart on the following page summarizes the results of our work examining PRT areas of emphasis in key functional areas across the regional areas.

## PROGRESS VIEWED ACROSS REGIONAL AREAS OF THE COUNTRY

### REGIONAL AREAS

#### NORTHERN PROVINCES

Better security situation with relative peace and stability in Kurdish provinces. Concerns exist that situation could worsen if insurgents flee north.



### PRT OFFICIALS REPORT

### PRT INITIATIVES

<b>GOVERNANCE</b>	<p>Progress in governance skills of Iraqis. Better links between provincial officials and counterparts at the local/central levels.</p> <p>All provinces were making progress executing 2007 budgets and were ahead of 2006 pace.</p>	<p>Teaching and coaching provincial officials on governance issues.</p>
<b>RULE OF LAW</b>	<p>Mixed assessment of provinces' law enforcement and judicial systems' effectiveness.</p> <p>In Ninewa public confidence in judicial system increased from 6 to 25% this period.</p> <p>Establishment of Major Crimes Court in Ninewa with other provinces in progress.</p>	<p>Actively assessing the justice system by visiting judicial, prison, and police facilities.</p>
<b>ECONOMIC DEVELOPMENT</b>	<p>Healthy economic growth in Kurdish region because of ability to attract international donors and investors. Shortages of fuel and reliable power constrain development in other provinces.</p>	<p>Efforts underway in all provinces to develop financial sectors and assist small businesses and agricultural efforts—but efforts are fairly small.</p>
<b>RECONSTRUCTION</b>	<p>Provincial officials are now able to identify, prioritize, and coordinate projects.</p> <p>Provincial reconstruction process has expanded to include GOI funds and is slowly transitioning to full Iraqi control.</p>	<p>Teaching management skills to provincial officials rather than funding construction projects.</p>
<b>POLITICAL RECONCILIATION</b>	<p>Efforts have failed to significantly influence sectarian and tribal leaders to address the issue of reconciliation.</p> <p>Uncertainty created by upcoming Article 140 referendum to determine if Kirkuk and Northern Iraq's disputed territories will be part of the Kurdistan region is casting a shadow over the region.</p>	<p>Trying to assist in finding common ground between parties.</p>

**PROGRESS VIEWED ACROSS REGIONAL AREAS OF THE COUNTRY**

**REGIONAL AREAS**

**WESTERN PROVINCE**

By spring of 2007, tribes had banded together to oppose Al-Qaeda, improving the security situation. Many who fled are returning and seeking their former positions.

With improved situation, PRTs/ePRTs expect their efforts will begin showing results in the next 4-6 months.



**PRT OFFICIALS REPORT**

**PRT INITIATIVES**

<p><b>GOVERNANCE</b></p>	<p>Integral components of provincial government are in place; however, ineffective linkages and relationships are limiting effectiveness.</p> <p>Governance is in formative stages as key stakeholders remain in a state of flux.</p>	<p>Trying to improve communication between various levels of government.</p>
<p><b>RULE OF LAW</b></p>	<p>Although civil courts had been functioning, security issues prevented judges from hearing major crime cases.</p> <p>Little linkage or chain-of-command relationships between police, courts, and correction personnel.</p>	<p>Initiatives limited because PRTs/ePRTs lack a sufficient number of experts to provide the needed legal and judicial assistance.</p>
<p><b>ECONOMIC DEVELOPMENT</b></p>	<p>Efforts to foster economic development are underway now that large-scale combat operations have ended.</p> <p>However, the lack of programs to create permanent jobs, lack of fuel, and sporadic power access undermines factory restarts and other development.</p>	<p>Efforts since arrival of economic specialists in mid-June include restarting a factory and reopening the city's main market.</p>
<p><b>RECONSTRUCTION</b></p>	<p>Progress is slow in beginning to spend GOI funds for reconstruction involving essential services.</p> <p>Ramadi and Fallujah infrastructure remains largely destroyed from years of fighting.</p>	<p>Teaching management skills to provincial officials.</p>
<p><b>POLITICAL RECONCILIATION</b></p>	<p>As a result of the tribes having mobilized to align with coalition forces against al-Qaeda's presence in Iraq, officials are optimistic that measurable progress may now be made.</p> <p>However, concerns persist about dormant tribal issues that could emerge.</p>	<p>Efforts to impress on predominantly Sunni provincial government officials the need to obtain funding and services from the central ministries.</p>



## PROGRESS VIEWED ACROSS REGIONAL AREAS OF THE COUNTRY

### REGIONAL AREAS

#### CENTRAL PROVINCES

Significant security challenges remain. However, PRT Baghdad made more than 1,500 trips during the past year to areas outside the International Zone.

New ePRTs have expanded U.S. interaction with Iraqis at the neighborhood, district, and municipal levels. BCT leaders seem convinced that ePRTs constitute a tangible benefit.



### PRT OFFICIALS REPORT

### PRT INITIATIVES

<p><b>GOVERNANCE</b></p>	<p>Governance remains extremely contentious; Shia parties continue to fight any structural changes that might weaken their position.</p> <p>Some areas of governance have improved, but challenges remain in keeping provincial and local officials on task to solve problems and take ownership of their government.</p>	<p>Working to establish links between local and provincial officials. Assisted Baghdad province in submitting a budget resulting in district funding for the first time.</p>
<p><b>RULE OF LAW</b></p>	<p>Concern that focus is too short-term at the expense of long-term needs of the judicial system.</p> <p>Iraqi police have not earned the trust of the population, and judicial orders tend to be ineffective.</p>	<p>Upgrading technical skills of judicial personnel and addressing overcrowded conditions in prisons.</p>
<p><b>ECONOMIC DEVELOPMENT</b></p>	<p>Security issues and sporadic power supplies continue to hinder growth in Baghdad. North Diyala has had stable growth; South Diyala is dysfunctional because of the tenuous security situation.</p>	<p>Although insecurity hinders PRTs, efforts made in securing/re-opening Baghdad markets, promoting micro-lending, and assessing state-owned enterprises to determine viability.</p>
<p><b>RECONSTRUCTION</b></p>	<p>Baghdad's institutions are assuming functions formerly carried out by U.S. officials, but getting them to take responsibility for maintaining facilities remains a significant challenge.</p> <p>In Diyala, the sectarian divide undercuts efforts, and the province is having difficulties executing its budget.</p>	<p>Managing reconstruction efforts and working with provincial counterparts, encouraging them to take responsibility for maintaining their infrastructure.</p>
<p><b>POLITICAL RECONCILIATION</b></p>	<p>Despite reduced violence, officials are pessimistic that lasting reconciliation is occurring and expressed concern that a departure of U.S. forces would result in ethnic cleansing.</p> <p>In Diyala, there is a desire to work toward reconciliation, but it will take years to overcome ill will between tribes.</p>	<p>Projects implemented through the provincial reconstruction process split roughly 50-50 between Sunni and Shia neighborhoods.</p>

## PROGRESS VIEWED ACROSS REGIONAL AREAS OF THE COUNTRY

### REGIONAL AREAS

#### SOUTH-CENTRAL PROVINCES

Fundamental issue facing PRTs is movement security, limiting their ability to effectively engage Iraqi counterparts and assess progress.

Tangible progress being made in Babil, but officials in Najaf, Karbala, and Qadisiyah are less optimistic.

Region is known as the Shia heartland: security is generally calm for Iraqis and Iranians, but dangerous for coalition forces, civilians, and PRT personnel




### PRT OFFICIALS REPORT

### PRT INITIATIVES

<b>GOVERNANCE</b>	All five provinces are finishing Provincial Development Strategy plans and modest improvement to budgeting, strategic planning, and forming civil societies.	Limited ability to teach, coach, and mentor because of tenuous security situation.
<b>RULE OF LAW</b>	Governments are marginally able to provide law enforcement and judicial functions that openly and fairly protect and serve the population.  Advisors believe wholesale reform of Iraqi law is needed to bring coherence to the law and fill many gaps in political and regulatory practices.	Judges and lawyers are reluctant to work closely with U.S. personnel. Some progress has been made (i.e. distributing laptops to judges with software capable of searching Iraqi law).
<b>ECONOMIC DEVELOPMENT</b>	Region is economically stagnant with little evidence of growth or permanent job creation.  Religious tourism and small-scale agricultural production constitute main economic activities.  Pressing need to reduce unemployment to counter recruitment by militias. Security has restricted commercial credit and Iraqi and foreign investment in small and medium-sized businesses. PRT Babil reports an acute need for business development training.	Opening of business development centers and plan to use quick response funds to increase agricultural production.
<b>RECONSTRUCTION</b>	Provinces are doing a reasonably effective job of managing reconstruction efforts despite poor performance in staffing and sustaining facilities once built. All provinces are on course to execute their 2007 capital budgets.  Karbala and Najaf are generally able to provide basic services, but the other provinces struggle to do so.	Security situation limits ability to teach, coach, and mentor Iraqi counterparts
<b>POLITICAL RECONCILIATION</b>	Provincial elections are planned, and political parties are working to consolidate power. Political dialogue is scarce and civil society too weak to mediate.  Predominantly Shia, this region does not face the sectarian problems of the mixed areas in and around Baghdad. One exception in the northern districts of Babil and Wasit, where sectarian fighting and insurgent infiltration have become endemic.  Provincial government has largely abstained from working to solve problems in the north.	Limited. PRT officials on the ground question what role and effect they can have on the reconciliation process.

## PROGRESS VIEWED ACROSS REGIONAL AREAS OF THE COUNTRY

REGIONAL AREAS	PRT OFFICIALS REPORT	PRT INITIATIVES
<p><b>SOUTH-EASTERN PROVINCES</b></p> <p>The political and security situation in Basrah, which is home to 2/3 of Iraq's oil resources, casts a political and economic shadow over the other three provinces.</p> <p>Security situation has stifled PRT in Basrah; PST personnel in Muthanna feel that their province offers the most relaxed security environment and the key to their footing in the southeast region.</p>  <p>● Coalition-led PRT 2 △ PST 2</p>	<p><b>GOVERNANCE</b></p> <p>Provinces possess generally functional governments that were on track to expend entire 2007 budgets. However, officials lack hard skills in areas such as administration, management, planning, and accounting.</p> <p>Also, officials have shown themselves incapable of providing and sustaining essential services. Most of the region suffers from low literacy and a lack of skilled labor.</p> <p><b>RULE OF LAW</b></p> <p>Differences among the provinces. Police officers are viewed with suspicion by the local population because of their links to local militias and corrupt activities.</p> <p><b>ECONOMIC DEVELOPMENT</b></p> <p>Until the violence in Basrah subsides, they do not expect much economic growth.</p> <p>Except for the oil industry and ports in Basrah, there is little new economic activity. Unemployment is estimated at 40-60%, and subsistence agriculture is the main source of jobs. Before 2003, small to medium-sized business flourished but then stopped. Efforts to restart them are stymied by a lack of skill or interest.</p> <p><b>RECONSTRUCTION</b></p> <p>Provinces recently developed their Provincial Development Strategy. However, most reconstruction projects have been carried out by coalition forces with little Iraqi input. Provincial officials have little ability to manage and sustain those projects.</p> <p><b>POLITICAL RECONCILIATION</b></p> <p>Reconciliation, in terms of sectarian considerations, is not an issue in this region because the vast majority of the population is Shia. Conflict between political parties is nonetheless a concern in some areas. Shia political groups are locked in violent struggle in Basrah, leaving the city in control of militias and criminal gangs.</p> <p>Recent violence in Dhi-Qar broke months of relative calm. In Muthanna, tribal loyalties take precedence over political parties.</p>	<p>PRT coaching and mentoring to encourage government officials to develop overall provincial plans and transition to a more participatory, transparent mode of governance.</p> <p>PRT Basrah has made some headway (i.e. funding for new courthouse and prison), but its inability to work in the city due to security concerns limits its effectiveness.</p> <p>PRTs in other areas have only a limited understanding of rule-of-law activities in their provinces.</p> <p>PRT Basrah has tried to relax travel and commercial restrictions between Basrah and Kuwait, and started a bankers association.</p> <p>PRT Dhi-Qar plans to introduce a micro-lending program to encourage the start of small and medium-sized enterprises.</p> <p>Focus on raising local management skills, encouraging provincial ownership of the reconstruction process, and getting the province to spend its own budget resources.</p> <p>PRT efforts are constrained by ongoing violence.</p>

Despite the best efforts of PRT civilian and military officials who are working under dangerous and austere conditions to accelerate the Iraqi transition to self-reliance, resolving these problems will likely be a slow process. It will require years of steady engagement and will depend heavily on the security environment and political settlements at the national level.

## Observations

PRTs are coaching their provincial counterparts to execute their province's capital budget allocations. Most provinces report that they are ahead of their 2006 spending pace and generally on course to spend their 2007 funds. The provinces were generally spending their funds on brick-and-mortar construction projects, although issues with procurement complexity and lack of contractors have caused some provinces to focus instead on spending to stockpile materials for future projects.

As SIGIR has previously reported, management actions are needed to improve sustainment capacity for reconstruction programs. However, this problem continues.<sup>2</sup> SIGIR noted that the provinces struggle to staff and maintain buildings and facilities once constructed—such as clinics, schools, and water treatment plants. One PRT team leader characterized the problem as a future “train wreck” unless steps are taken now to begin budgeting and deploying the systems needed to sustain the new construction. In an earlier report, SIGIR recommended that the U.S. Ambassador, in coordination with the Commanding General, MNF-I, formulate and implement a plan with clear goals and objectives for the sustainment of IRRF projects, and review the GOI's leadership in this area to determine its adequacy and shore up any shortfalls. Although SIGIR directed this recommendation to the Embassy, it also has relevance at the Provincial level. SIGIR believes that the PRTs should expand their focus on budget execution efforts to include helping budget for and carry out sustainment tasks. This would also have the salutary secondary effect of increasing coordination between the central ministries' provincial-level representatives and local officials.

Further, SIGIR's two previous reports on the PRT program recommended the development of clearly defined objectives and performance measures to guide the PRTs and determine their accomplishments.<sup>3</sup> SIGIR believes that those recommendations are still appropriate and are particularly relevant for those provinces where the PRTs access and engagement with Iraqi officials have been limited. SIGIR also found frequent instances in which the military's use of CERP to perform tasks that properly belong to local and provincial governments conflicts with the PRT's capacity development mission.

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<sup>2</sup> SIGIR-05-022, *Managing Sustainment for Iraq Relief and Reconstruction Programs*, Oct. 24, 2005.

<sup>3</sup> SIGIR-06-034; *Status of Provincial Reconstruction Team Program in Iraq*, Oct. 29, 2006; SIGIR-07-014, *Status of the Provincial Reconstruction Team Program Expansion in Iraq*, SIGIR-07-014, July 25, 2007.

## **Recommendations**

SIGIR recommends that the U.S. Ambassador to Iraq and the Commanding General, MNF-I, take these actions:

1. In an expeditious manner, jointly establish a comprehensive plan for the PRTs (including ePRTs), with elements tailored for each PRT. At a minimum, the plan should: (a) clearly define objectives and performance measures, (b) clearly define milestones for achieving stated objectives, (c) be linked to funding requirements, and (d) identify the organization(s) within each agency that are accountable for the plan's implementation. To provide senior level attention to this issue, the plan should be approved by the Office of the Chief of Mission and the MNF-I Commander to demonstrate each agency's commitment to this effort.
2. Develop guidance on the use and synchronization of CERP funds to support the U.S. government's capacity-development mission.

## **Management Comments and Audit Response**

The U.S. Embassy-Iraq and Headquarters, Multi-National Force-Iraq (MNF-I), provided comments on a draft of this report. DoD did not provide comments. Both the Embassy and MNF-I expressed disagreement with a recommendation in the draft report relating to reassigning certain PRT personnel because of security issues and outlined steps underway to address the security challenges. They differed in their response to the second recommendation dealing with the use and synchronization of CERP funds: the Embassy concurred, and MNF-I non-concurred. MNF-I also provided other technical comments, which were incorporated in the report as appropriate.

The draft report recommended that the U.S. Ambassador to Iraq and the Commanding General, MNF-I, consider reassigning the PRT personnel from Basrah, Najaf, Karbala, Qadisiyah, and Maysan to functioning PRTs until the security environment improves, or develop a plan to better use the staff of those five units and provide clearly defined objectives and guidance for what they are to accomplish. The Embassy responded that it was premature to reassign the affected PRT personnel and that retaining provincial contacts is important because it demonstrates a political commitment to developing the affected provinces. The Embassy and MNF-I both commented that efforts are underway to provide appropriate security and movement and other actions to accomplish their objectives. MNF-I also noted that an effort is underway to relocate the Qadisiyah PRT to Camp Echo and have it become an ePRT, presumably with enhanced security. The Embassy indicated that further measures will be considered if PRT operations languish and security conditions do not improve. Because of these actions, SIGIR modified the recommendation by deleting the portion that addressed the reassignment of personnel.

Neither the U.S. Ambassador to Iraq nor the Commanding General, MNF-I, however, responded to the part of the recommendation to develop a plan to better utilize the staff at Basrah, Najaf, Karbala, Qadisiyah, and Maysan. The need to develop clearly defined objectives and performance measures to guide PRT activities and measure their

accomplishments was discussed in SIGIR's two previous reports, and SIGIR still considers a plan to be an essential tool for those purposes. A plan is also essential for managing the human capital and financial resources at those locations. To date, SIGIR's earlier recommendations have not been implemented. Accordingly, SIGIR modified this portion of the recommendation to emphasize the need for senior management attention to develop a management approach to address these issues. SIGIR also continues to believe that this area will require close monitoring by the Embassy and MNF-I.

Concerning the SIGIR recommendation related to the synchronization of CERP funds, the Embassy concurred and indicated that it was providing guidance to its PRTs to use the Mission Strategic Plan and the Joint Campaign Plan as they coordinate with their military counterparts on capacity development projects. MNF-I did not concur with the recommendation, noting elements of ongoing coordination; however, MNF-I also noted room for improvement by having provincial level PRTs develop and implement Joint Common plans with their paired combat force elements. MNF-I noted that the latter has already been proposed and is under consideration. Based on these comments, SIGIR believes that this recommendation continues to have merit and is retained.

# Introduction

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## Background

The Provincial Reconstruction Team Program for Iraq is a U.S.-led, civil-military effort to help Iraq's provincial and local governments to govern effectively and deliver essential services. Situated in Iraq's northern, western, central, south-central, and southeastern regions, the provincial reconstruction teams (PRTs), smaller provincial support teams (PSTs), and recently deployed ePRTs—those embedded with brigade combat teams (BCTs)—are tasked with a strategic mission that encompasses not only capacity development but also counterinsurgency and increased stability. Through their daily interactions and projects, PRT members build and implement grass-roots support for Iraq's transition to a self-reliant society. (For locations of the teams mentioned above, see map on following page.)

The U.S. Embassy-Iraq's Office of Provincial Affairs (OPA), was established in May 2007 under the leadership of an ambassador-level coordinator, and is charged with providing operational direction, including political and economic guidance, to the PRTs and ePRTs. The Multi-National Force-Iraq (MNF-I), headquartered in Baghdad, leads coalition military efforts in establishing the PRTs, and MNF-I's subordinate command, the Multi-National Corps-Iraq (MNC-I), provides support, including deputy team leaders, liaison officers, movement security, and other logistical assets. MNC-I oversees the major subordinate commands that work alongside and support the PRTs and ePRTs. The BCT commanders exercise authority over security and movement of personnel for the ePRTs, based on the danger of insurgent activity; but the commanders do not direct the ePRT actions in other ways, including who they should or should not see.

Program funding comes primarily from U.S. sources, including the Economic Support Fund, the Iraq Relief and Reconstruction Fund, and new appropriations targeted specifically for stabilization, community action, local governance, and PRT expansion. As of August 2007, the United States has provided \$1.9 billion to support the Iraq PRT Program; \$700 million and \$1.2 billion from the fiscal year 2006 and 2007 supplemental appropriations, respectively<sup>4</sup>. This figure does not include funding provided by agencies—for example, personnel funded from their operating budgets. (*See Appendix C.*) Other money has come from the Iraqis, coalition partners, nongovernmental organizations, and donor nations.

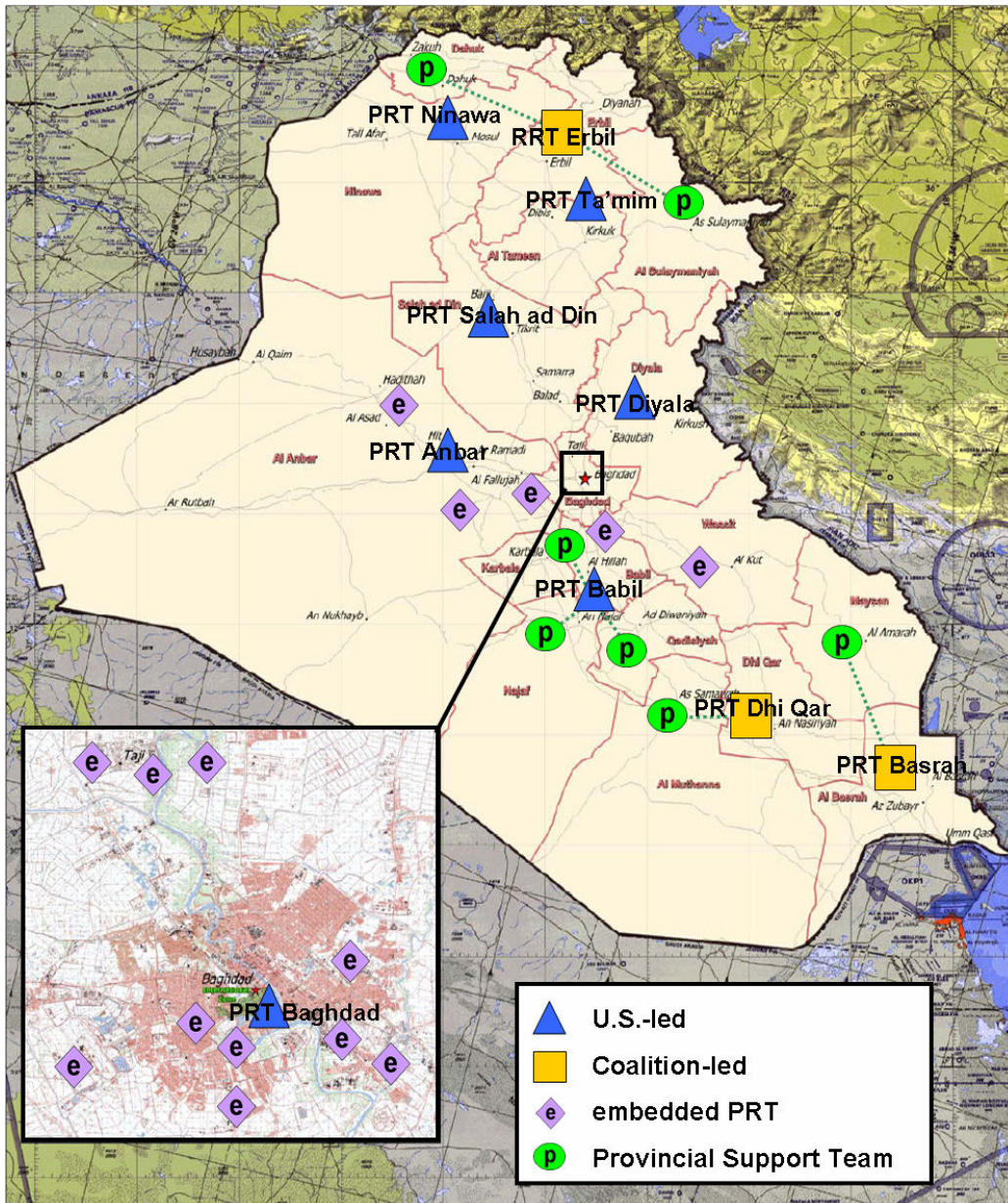
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<sup>4</sup> Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Hurricane Recovery, 2006 (Public Law No. 109-234), June 15, 2006 and U. S. Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability Appropriations Act, 2007 (Public Law No. 110-28), May 25, 2007.

# Provincial and Baghdad Governance

Under Iraq's federal system, the country is divided politically into 18 governorates including three forming the semi-autonomous region of Kurdistan, and the capital governorate (province) of Baghdad, plus lower-level local administrations.<sup>5</sup>

Map—PRT Program in Iraq



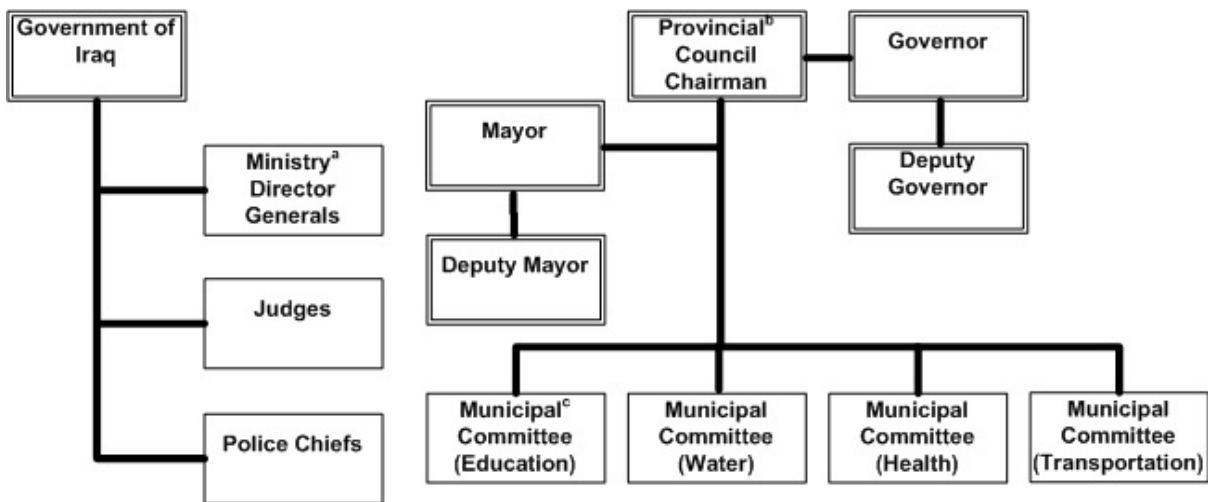
**Note:** "Variations in spelling of provincial names sometimes exist depending on sources used. For example, Ninewa is sometimes spelled Ninawa."

<sup>5</sup> The Constitution of the Republic of Iraq of 2005 incorporated many of the authorities and responsibilities of the Governorates and municipal and local governments, as outlined in Coalition Provisional Authority Order 71, sub: Local Governmental Powers, April 6, 2004.



By law, the governorates, which receive national-government funding to discharge their provincial responsibilities and duties, function without oversight by ministry or ministerial representatives (such as the directors general) or allied institutions. Each governorate outside the semi-autonomous region of Kurdistan has a provincial council and, as approved by a majority vote, any number of municipal committees (see Chart 1). Under the leadership of a chairman, each provincial council elects a governor and a deputy governor for the province, with the governor directing and overseeing implementation of the council’s decisions. Municipal councils have the authority to elect a mayor and a deputy mayor.

**Chart 1—Provincial Governance**



Source: SIGIR analysis of Government of Iraq, U.S. Embassy, and MNF-I documents.

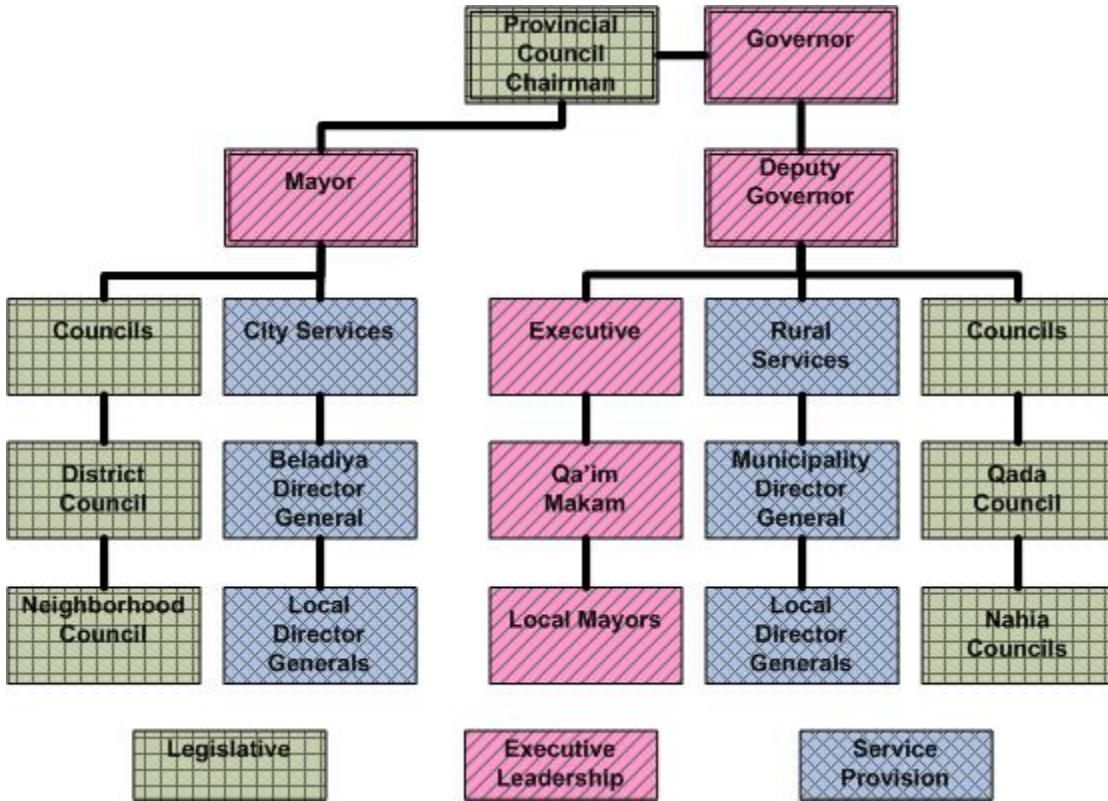
<sup>a</sup> Provincial projects are funded by national-level ministries and directed by director generals. Each ministry appoints one or more directors general to function as representatives at the local-level ministries. The governor can approve or disapprove of the appointment but has no supervisory authority.

<sup>b</sup> Provincial projects are also funded by provincial allocations from the Ministry of Finance and are directed by the Provincial Councils.

<sup>c</sup> The number of municipal committees fluctuates, with each created as needed by a majority vote of the Provincial Council.

The governorate of Baghdad, as the seat of national government, has a complicated and fluctuating array of councils as well as numerous elected officials and representatives. Under the Provincial Council, which appoints a governor and deputy governor, there are major political units with respective local councils—nine city districts subdivided into 94 neighborhoods and six rural county-level *qadas* subdivided into 20 town-level *nahias* (see Chart 2). The mix of a traditional system of governance and new institutions created since 2003, plus periodic changes of personnel, make governing a fluid and sometimes-chaotic activity. Baghdad PRT and ePRT governance advisors told us they learn something new every day about the workings of the Baghdad city government.

Chart 2—Baghdad Governance



Source: *Baghdad Governance, Provincial Reconstruction Team Baghdad, Iraq, 3<sup>rd</sup> edition, April 2007.*

**Note:** The Provincial Council (PC) is the supreme council for the province and is responsible for the performance of all lower councils. Legislative activity is limited, but the PC issues directives governing activities under its jurisdiction. Services for the city are provided by the directors general and workers of the Amanat (municipal authority); for the rural areas, by those of the Ministry of Municipalities and Public Works via the Governorate. Both the Amanat and Governorate receive spending allocations from the PC, which is responsible for coordinating budgetary needs with the Ministries of Finance and Planning. The Amanat has broken the city down into 14 service districts called *beladiyas*. Each *belidiya* has an assigned director general who is in charge of essential services for a particular geographical area. Local councils advocate for their communities by requiring that directors general start new projects or fix problems areas under their authority. The Governor exercises authority through the *qa'im makams* (executive officers) of the province, which also have responsibilities to local councils.

## **PRT Functional Areas of Emphasis and Key Tasks**

In our reports on the status of the PRT Program in Iraq, issued in October 2006 and July 2007, we recommended that the U.S. Ambassador and the Commanding General, MNF-I, develop clearly defined objectives and performance measures to guide the PRTs and determine their accomplishments. We have previously noted limited agency actions taken to address this recommendation. On several occasions during the course of this audit, we approached officials of OPA concerning the development of objectives and performance measures. We also offered to work collaboratively with OPA staff to help develop these measurement indicators, but were unable to obtain OPA participation.

Absent official objectives and performance measures, we elected to assess the PRT's work across five areas of emphasis and tasks associated with that work. Table 1 below presents functional areas and key tasks/performance measures we used to examine the effectiveness of the PRT program. We arrived at the functional areas of emphasis by analyzing Baghdad Cable 4045 (October 2005) that set up the PRT Program and the Memorandum of Agreement between Department of Defense (DoD)/Department of State (DoS) (February 2007), which expanded the program to include the new ePRTs. The tasks/performance measures were based on our analysis of DoS, DoD, and U.S. Embassy, including OPA and MNF-I documents and discussions with PRT officials. We also consulted with a U.S. Institute of Peace representative on tasks associated with the political-reconciliation functional area.

**Table 1—SIGIR Identified PRT Areas of Emphasis and Associated Tasks**

<b>Areas of Emphasis</b>	<b>Tasks</b>
<b>Governance</b>	<ul style="list-style-type: none"> <li>• Develops local and provincial-government core competencies emphasizing administrative capacity, transparency, and sustainability</li> <li>• Assists local and provincial governments and local-ministry representatives in strengthening mechanisms for citizen engagement and increasing satisfaction with, and legitimacy of, Iraqi government entities</li> <li>• Trains and assists governments to prepare and execute capital and operation-and-maintenance budgets to include identification of funding needs, procurement, and contracting</li> <li>• Fosters effective linkages between all levels of government</li> </ul>
<b>Rule of Law</b>	<ul style="list-style-type: none"> <li>• Assists government in strengthening public trust and a genuine belief among all citizens that the police, courts, prisons, lawyers, and other participants in law enforcement and judicial systems function openly and equitably to protect and serve them</li> <li>• Helps build nonviolent avenues of redress for citizens' claims in commercial, labor, family, property, civil rights, and other areas of daily life</li> <li>• Supports and strengthens underpinning legal institutions, including bar associations, law schools, public service groups, law libraries, and legal-aid offices</li> </ul>
<b>Economic Development</b>	<ul style="list-style-type: none"> <li>• Supports the development of policies and programs that spur economic activity and business development</li> <li>• Helps focus provincial government on job creation and retention through specific efforts targeting agriculture/agribusiness, construction, retail/wholesale business, industrial/commercial enterprises, and banking/finance</li> <li>• Helps establish provincial-government ability to devise short- and long-term strategies for economic development programs, and to provide training and mentoring that assist implementation</li> </ul>
<b>Reconstruction</b>	<ul style="list-style-type: none"> <li>• Develops provincial and local government skills to identify and prioritize essential service and reconstruction needs of their citizens, and to address those needs through the use of Iraqi Government, coalition, donor, and private resources</li> <li>• Strengthens provincial capacity to plan and coordinate civil construction and development activities, including the sustainment of completed projects</li> <li>• Builds government capacity to deliver effective provincial and municipal services—including clean water, sewer and sanitation, and electricity—through short-, medium-, and long- term development planning</li> </ul>
<b>Political Reconciliation</b>	<ul style="list-style-type: none"> <li>• Encourages and facilitates dialogue among provincial- and local- levels parties whose interactions have been severed by violence; channels conflict resolution into political forums</li> <li>• Supports grassroots initiatives that forge links between disparate societal groups and institutions—sectarian, tribal, religious, ethnic, civil society, military/police—to reduce tension and violence and re-establish trust</li> <li>• Encourages availability of key reconstruction and economic-development support tools once the reconciliation process is underway</li> </ul>

*Source: SIGIR analysis of DoS, DoD, U.S. Embassy, and OPA documents; and discussions with PRT and U.S. Institute of Peace officials.*

**Note:** In commenting on a draft of this report, MNC-I expressed concern over our use of the terms core functions and performance measures as headings in this chart . In response we have modified our captions to reflect areas of emphasis and tasks we identified associated with the PRTs' work.

# Progress Viewed By Five PRT Functional Areas of Emphasis

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In many locations, the PRT Program in Iraq is making incremental progress in developing the nation's provincial and local government capacity to effectively govern and manage its own reconstruction despite continuing political and ethnic conflicts, as well as the difficult security situation. However, Iraq's complex and overlapping sectarian, political, and ethnic conflicts, as well as the difficult security situation, continue to hinder progress in promoting economic development, rule of law, and political reconciliation. The following summarizes our findings regarding the five PRT areas of emphasis we examined.

Governance—At the sites we visited, PRT officials provided mixed judgments of their provinces' effectiveness at governing and managing their governmental institutions, but noted that each had improved incrementally over the previous year. Provincial officials were finalizing development strategy plans and changing to a more participatory and transparent mode of government. PRT officials cited improvements in the skill level of the governors, provincial council members, and local office holders, although challenges remain in improving the overall talent level. Broken links between central ministries, provincial governments, and local officials, and poor working relationships between the parties limit the provinces' abilities to govern and provide services to their citizens. Deconflicting communication between these various levels of government and identifying ways to enable resources and services to flow are big parts of the job for the PRTs. The officials told us that their biggest challenges are trying to keep provincial and local officials on task to solve problems and getting them to take ownership of their government. The lack of a Provincial Powers Law that defines the rights and responsibilities of government offices and holds provincial officials accountable for their actions was cited as a key obstacle to developing governance capacity.

Rule of Law—Numerous PRT officials identified rule of law as their most problematic core function. In many locations there is little cooperation between the police, courts, and correction facilities, and judicial orders are routinely ignored. With a few exceptions, the local population views police officers with suspicion because of suspected links to local militias and criminal activity. Judges and other participants in the judicial process are subjected to intimidation, and due to inadequate security, courts are often unable or unwilling to hear cases. PRT officials reported that many areas of Iraq are outside the influence of the national police and courts, with disputes often resolved by local militia and religious leaders. After more than 30 years of neglect, Iraq's legal system needs wholesale reform, and supporting institutions, such as law schools and bar associations, require assistance and training. The PRT rule of law advisors told us there is a pressing need for legal training and a desire on the part of judges and lawyers for up-to-date legal concepts in such areas as due process and human rights. During the course of our fieldwork, PRT advisors were attempting to upgrade the technical skills of judges, prosecutors, and defense attorneys, and they reported some success both in increasing

visibility over detainees processing through the judicial system and in addressing overcrowded prison conditions.

Economic Development—The dangerous security environment continued to undermine efforts by the PRTs to increase living standards and reduce unemployment. Therefore, it is difficult to ship raw materials into provinces and transport agricultural and manufactured products to markets, and there is little Iraqi or foreign investment. Many of the provinces suffer from shortages of fuel oil and electrical power, and PRT economic advisors report that it will be difficult to create employment opportunities without a stable power source. PRT officials are concerned that programs to create permanent jobs are lacking and that, without the temporary day-labor employment under U.S. reconstruction programs, there would be little economic activity. Outside Iraq's larger cities, subsistence agriculture is the main source of employment, followed by government service, mainly in the police and armed forces. U.S. Embassy and Multi-National Force-Iraq (MNF-I) officials see a pressing need to reduce unemployment to counter recruitment by militias. The PRTs are engaged in a number of efforts to foster economic development, including micro-lending programs, agribusiness development, small-business development centers, and plans to resurrect state-owned enterprises.

Reconstruction—PRT officials generally believe that the provinces are effective at managing their infrastructure and brick-and-mortar reconstruction projects. The development of Provincial Development Strategy plans provided a good starting point for guiding the reconstruction effort, and most of the provinces are on course to execute their 2007 budget allocation—a prime objective of the PRTs. However, provincial governments have little ability to manage and sustain existing infrastructure projects; and, they are not budgeting for operation and maintenance requirements. PRT officials are focusing their efforts on raising the management skill level of provincial officials and getting the provinces to take ownership of the reconstruction process. Nevertheless, the lack of interagency coordination is hampering this process. We documented frequent instances where the Commander Emergency Response Program (CERP) projects were performing tasks that properly belonged to local and provincial governments and thus conflicted with the capacity-development mission of the PRTs by performing tasks that properly belong to local and provincial governments.

Political Reconciliation—PRT officials report little progress in this key area at the local and provincial level—with the notable exception of Al Anbar province, where the tribes banded together to oppose al-Qaeda and support the national government. Efforts toward reconciliation have been undermined by tension between rival Shia groups, a sense of alienation among Sunnis, and growing public frustration over the inability to obtain government services. Military officers with the BCTs, and PRT officials from mixed Sunni-Shia areas, told us that, if U.S. forces leave, many neighborhoods would become battlegrounds of ethnic cleansing. In the northern provinces, we were told that no significant political reconciliation would take place until issues involving Article 140—a constitutionally mandated referendum to determine if disputed territories of northern Iraq will be incorporated into Kurdistan—are resolved. In the southern, predominantly Shia provinces, officials report that political and religious parties are aggressively working to consolidate power in the run-up to provincial elections.

# Progress Viewed Across Regional Areas of the Country

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Notwithstanding generalizations that can be made across the country involving the five functional areas of emphasis we examined, differences do exist across the country and the provinces associated with them. To better depict these differences, we have organized this discussion across five regional areas of the country—a construct that we developed for discussion purposes only in this report. The northern regional area is heavily Kurdish, the western area largely Sunni, the southern areas largely Shia, and the central region mixed.

## Northern Regional Area

### *Provinces: Erbil, Dahuk, Sulaymaniyah, Ninewa, Ta'mim, and Salah ad Din*

The northern regional area is comprised of the Kurdish provinces of Erbil, Dahuk, and Sulaymaniyah (commonly called the Kurdish Region); the primarily Kurdish but ethnically mixed provinces of Ninewa and Ta'mim; and the primarily Sunni but also ethnically mixed Salah ad Din province. PRT Erbil, established in February 2007, is a South Korean-led, geographically split team with the South Korean contingent located at Camp Zaytun and U.S. personnel located in a residential/office compound a few miles away. PRT Erbil officials travel to Sulaymaniyah and Dahuk provinces to conduct business and meet with their Iraqi counterparts. PRTs Ninewa, Ta'mim, and Salah ad Din are located on U.S. military forward operating bases; they utilize military transportation and security when they meet with Iraqi officials. PRTs Ninewa and Ta'mim, established in November 2005, and Salah ad Din, established in September 2006, are relatively mature operations, and they have been expanding their outreach to areas outside their provincial capital. PRT Ninewa, for example, recently assigned one of its members to the western city of Tall Afar to better coordinate economic development and reconstruction efforts in that part of the province. PRT Salah ad Din has a governance representative in Samara and has plans to establish satellite offices with a few members in the economically and politically important cities of Baiji and Balad.

Compared to other parts of Iraq, the PRTs in the northern region have a more permissive security environment. The Kurdish security force (known as the Peshmerga) has established relative peace and stability in the Kurdish provinces, and the Ninewa and Ta'mim provinces have seen a redeployment of U.S. military forces in 2007 to support operations in other areas of Iraq. PRT officials in Salah ad Din are concerned, however, that the security situation could worsen quickly if insurgents fleeing coalition combat operations in Baghdad and Diyala migrate north in search of safe haven. PRT officials

also expressed fears about rising violence connected to the implementation of Article 140.<sup>6</sup>

## ***Governance***

Because of their political cohesiveness and stability, the Kurdish provinces of Erbil, Dahuk, and Sulimaniyah have generally effective governing institutions. Governance in Ninewa, Ta'mim, and Salah ad Din provinces remains more of a challenge due to the mixed composition of the population and uncertainty and political positioning connected to resolving Article 140 issues. PRT Ta'mim reports that Arab and Turkmen members have boycotted provincial council meetings since November 2006 over disputes with that legislation. In predominantly Sunni Salah ad Din province, the Shia-controlled city of Balad routinely ignores the provincial government and deals directly with its national counterpart in Baghdad. Resolving Article 140 issues, as well as passage by the Government of Iraq of a Provincial Powers Law that fully defines the relationship between local, provincial, and central governments, would set the stage for improved governance in their provinces.

In spite of these challenges, PRT officials report progress in the governance skills of their Iraqi counterparts, especially in Ninewa and Ta'Mim, where the PRTs forged productive relationships through teaching and coaching provincial officials. For example, PRT officials say they have established better links between provincial officials and their counterparts at both the local and central-government level. In Salah ad Din, the provincial council has adopted rules and procedures for conducting meetings and has established various task forces to address such provincial problems as fuel distribution. All the region's provinces were making progress executing their 2007 budgets and were ahead of their 2006 pace in spending provincial money.

## ***Rule of Law***

The northern region's rule-of-law advisors provide a mixed assessment of the provinces' law enforcement and judicial systems' effectiveness to protect and serve the population. Problems include inadequate vetting of police candidates, resulting in militia infiltration and corrupt elements in the police force; threats and intimidation of judicial system officials, including judges, attorneys, and witnesses; and overcrowded detention facilities. The region's most significant rule of law accomplishments are the establishment of a Major Crimes Court in Ninewa province and, for the first time, the trying of terrorism cases at the provincial level. From December 2006 through May 2007, in four court sessions, 168 defendants were tried in 135 different cases, resulting in 96 convictions. The sessions were presided over by Baghdad judges because of concerns for the safety of local judges.

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<sup>6</sup> Article 140 calls for a referendum to be held by December 31, 2007 to determine the final status of Kirkuk and Northern Iraq's disputed territories, including whether any of them will be incorporated into the Kurdish Region. The purpose of the article is to redress the prior Iraqi regimes' forced relocation of non-Arabs, principally Kurds, from the areas bordering Kurdistan.



Polling conducted during this period showed public confidence in the judicial system increasing from 6% to 25%. While acknowledging that public confidence in the rule of law remains low, a PRT advisor noted that local police are pursuing more terrorism-related cases because they know their efforts will result in a trial.

Ta'mim and Salah ad Din provinces are also establishing Major Crime Courts, to be presided over by local judges, though again there is concern over providing them with adequate security. In an effort to address the many needs of the provinces' rule of law functions, PRT advisors have been actively assessing the justice system by visiting judicial, prison, and police facilities and building relationships with provincial officials. They point to a number of recent heartening initiatives:

- In Ninewa, consolidation in a secure compound of a juvenile-detention facility, transfer jail, crime lab, medical center, and residential center for judicial-system professionals traveling to Mosul
- In Ta'mim, start of weapons training for judicial investigators
- In Salah ad Din, holding a judicial conference with 40 participants; performing a security assessment of the court houses; and persuading judges to teach legal due-process courses to cadets at the police academy

## ***Economic Development***

Because of a relatively permissive security environment, the Kurdish provinces are able to attract international donors and investors, and are thus experiencing healthy economic growth. A 13-company South Korean consortium recently announced that it had signed interim deals worth \$25 billion to build dams, highways, and houses in Iraqi Kurdistan. PRT Ninewa reports that the province's economic recovery and political maturity have reached the point where the central government needs to allot increased legislative and executive powers to the province to sustain progress. PRTs Ta'mim and Salah ad Din have efforts underway to stimulate economic growth by developing their financial sectors and assisting small businesses and agriculture production; efforts are relatively small, however, and not expected to result in significant job creation in the near term. Shortages of fuel and reliable electrical power in all provinces continue to impose a significant constraint on economic development.

Ninewa province is making progress growing its economy. Mosul and Tall Afar now have business centers that provide entrepreneurs with technical assistance and loans. PRT Ninewa is actively supporting micro-lending programs and agri-business development, and also trying to identify and develop markets for a targeted number of state-owned enterprises.

Ta'mim province continues to suffer from high unemployment. The PRT there is focusing its effort on re-establishing the agricultural economy that was decimated by policies instituted under the Ba'athist regime. Although shortages of water, fertilizer, and fuel hamper cultivation, the PRT continues to provide technical training in rural villages in areas such as irrigation, orchard cultivation, and animal-husbandry. Additional efforts

include establishing the Kirkuk Business Center and its subsidiary, the Investment and Economic Development Center, which provides business development training and marketing assistance.



*Source: U.S. Embassy Baghdad*

**Photo 1—A canal cleaning project funded with CERP funds provides significant employment opportunities for the local community.**

Salah ad Din’s lack of critical economic infrastructure (banking, transportation, electricity) continues to inhibit its economic growth. PRT officials report that security in the province, already tenuous, appears to be deteriorating, undermining prospects for economic growth. The PRT is working to develop local organizations to promote and sustain growth initiatives, and has established several economic task forces and directed private sector assistance through the province’s Chamber of Commerce and Business Union.

### ***Reconstruction***

PRT Ninewa, Ta’imim, and Salah ad Din officials note that although shortfalls exist in the provision of essential services—including clean water, electricity, and waste management—provincial officials are now able to identify, prioritize, and coordinate construction projects that will help deliver the services. The reconstruction process was originally managed through the coalition-sponsored Provincial Reconstruction Development Committee (PRDC). It used coalition funds to rebuild the provinces’ failing infrastructure, while teaching provincial officials how to manage the process. The

PRDC process in all three provinces has been expanded to include Government of Iraq funding, and is slowly transitioning to full Iraqi control.

PRT efforts are now focused on building management skills rather than funding construction projects. The PRTs also use individual projects for teaching management skills to provincial officials. PRT Ta'mim, for example, is coordinating the development of a waste-management program for Kirkuk that includes construction of a solid-waste landfill, transfer station, and waste collection-management system funded under CERP. Completion of construction is anticipated in December 2007, with the local government expected to take full operational control of the program next year.

### ***Political Reconciliation***

PRT efforts have thus far failed to influence sectarian and tribal leaders to address the issue of political reconciliation. For one thing, the uncertainty created by the Article 140 referendum is casting a shadow over the region. The various political and ethnic groups seem to be focused on consolidating their relative positions in the provinces in the run-up to the referendum, and no significant political reconciliation is expected until the voting has taken place. Given that reality, the PRTs are attempting to find common ground between the various parties. One positive development was a reconciliation conference—sponsored by PRT Ninewa—that brought together more than 500 attendees, including the sheiks of two prominent tribes that had been feuding for two decades.

## **Western Regional Area**

### ***Province: Al Anbar***

Al Anbar province, the largest of Iraq's 18 governorates, is in the process of transforming itself from a recent violent past as the bastion of Iraqi resistance. At the outset, the indigenous, predominantly Sunni Arab tribes either passively accepted al-Qaeda in Iraq's (AQI) presence or worked in concert with the forces hostile to the coalition. However, the onslaught of indiscriminate attacks against inhabitants and tribal leaders soon produced a dramatic change in allegiance: By the spring of 2007, the tribes had banded together to oppose AQI and support the national government. According to BCT military officers operating in the region, AQI's heavy-handed treatment of the tribes included murder and interference in lucrative business schemes, and resistance to that treatment has brought a new level of calm to the province.

Given the chaotic security environment that existed previously, the PRT Anbar team leader acknowledged that—in 2006 and early 2007—PRT staff members were largely marking time, unable to gain much traction in their pursuit of improved governance and economic development. They nonetheless achieved positive results by building relationships with such key players as the governor, provincial council members, directors general, and local officials, and now are able to capitalize on those contacts. At the time we did our field work in mid-June 2007, the new ePRTs were becoming familiar with their communities, identifying key players and institutions and assessing their capabilities. PRT and ePRT team members generally agreed that, with the improved

security environment, they expect their efforts to begin showing positive results in the next four to six months. According to the PRT team leader, Al Anbar province has now moved beyond the battle with AQI and is engaged in an economic struggle to jump-start the economy and create jobs.

## ***Governance***

The integral components comprising Al Anbar's provincial government structure are in place: central ministries and respective directors general; the provincial council and governor; city councils and assistant directors general, local councils and mayors. But ineffective linkages and poor working relationships between the parties have limited the province's ability to govern and provide services. PRT and ePRT members told us they directed their efforts to improve communications between the various levels of government and identify links between personnel and systems that will enable resources to flow from the central government downward. PRT Anbar concentrates its effort on improving the links between the central and provincial levels; the ePRTs, between the provincial government and the local councils. As PRT Anbar officials note, obtaining increased funding for the Sunni-led province from the Shia-led central government represents a significant accomplishment for the provincial government.

Many of those who had fled the violence are returning to the province and, in some instances, seeking to resume their former positions. After being in Baghdad for more than a year, the Provincial Council in May 2007 resumed its business meetings in Ramadi; by late July, the security situation in the province had improved so much that the Provincial Council and the governor were able to move back into their renovated offices in the city's Government Center. Furthermore, some of Anbar's influential sheiks—who had sought refuge in Jordan, along with some directors general—had recently returned, and long-planned provincial elections are now anticipated as a pivotal event.

Despite these positive signs, however, PRT Anbar military officers and civil officials agree that work on governance issues in the province is only in the formative stages—primarily because key players and institutions remain in a state of flux. In addition it was initially envisioned that the elections would provide the Sunnis, who boycotted the 2005 vote, with more power and thus better representation in the central government. However, the tribal chieftains who emerged to fight and suppress AQI have complicated the process by demanding more political power from their own, traditional Sunni leaders.

## ***Rule of Law***

Although Al Anbar's civil courts had been functioning, the insurgency, and personal security threats prevented judges from hearing major crime cases. Military officers with the BCTs and PRT Anbar officials pointed out that criminal trials are central not only to validating the rule of law but also to containing the number of insurgents in the region. At present, there is little linkage or chain-of-command relationships between the police, courts, and correction personnel. According to PRT officials, the inability to convene trials within a reasonable time frame has major negative consequences, with many detainees languishing for prolonged periods in crowded detention facilities and others

being released because of a lack of space. Furthermore, reports reaching PRT Anbar officials cite deplorable conditions in those facilities and raise serious human-rights issues.

At the end of June 2007, a judicial conference held in Ramadi resulted in two orders signed by Iraq's Chief Judge: the first established a court for major crimes; the second assigned judges to various courts throughout the province. In August, BCT officers were expecting Al Anbar to hold its first terrorist trials the following month in Ramadi, when renovation of the courthouse was completed. While recognizing these positive developments, PRT Anbar officials are also realistic: because the PRT and ePRTs lack a sufficient number of experts to provide the necessary technical legal and criminal-justice assistance to the Iraqis, the officials expect limited impact on rule of law issues in the province.

### ***Economic Development***

According to PRT Anbar officials, dedicated efforts to foster economic development are underway now that large-scale combat operations have ended in the province. To sustain the increased small-scale market activity, however, a reliably secure environment is required. Officials remain concerned over the lack of programs to create permanent jobs; without the temporary day-labor employment (mainly for clearing rubble) under CERP, there would be little economic activity in the cities of Ramadi and Fallujah. The lack of fuel—and the security needed to transport it—are undermining efforts by manufacturing and industrial enterprises to restart operations, and sporadic electricity makes it difficult to run production lines in an economically viable manner. When we did our fieldwork, in mid-June 2007, several PRT and ePRT economic-development specialists had just arrived in the province, and they were beginning their assessments and meeting with local officials and businessmen.

During a follow-up visit to Ramadi two months later, progress was evident at a ceramics factory that had produced floor tile and porcelain bathroom fixtures prior to 2004. Iraqi plant managers, working with nearly \$1 million in financial and technical support from the DoD Task Force to Improve Business and Stability Operations, were in the process of updating training for plant engineers and confronting fuel and operation-and-maintenance issues. The governor and the mayor of Ramadi both indicated they were anticipating a gradual reopening of the facility beginning in September, a development that would put 500 individuals back to work. Ramadi ePRT officials also cited, in the first weeks of August, the reopening of the city's main market; a walk-through showed a heartening level of economic activity.

### ***Reconstruction***

There is a concerted effort on the part of the PRT and ePRTs to assist the governor, the mayors, and provincial and city councils to plan for and begin spending Iraqi government funding for the reconstruction of essential services—water, sewer, and electricity—throughout the province. According to military officers with the BCTs and PRT Anbar officials, progress has been slow. The infrastructure in Ramadi and Fallujah remains

largely destroyed from the years of fighting between coalition forces and insurgents. The U.S. Marines are using CERP funds to clear rubble and remove trash in the hope that the Government of Iraq will follow suit and devote increased resources to funding reconstruction projects. BCT leaders in Ramadi told us that, although the municipal government is capable of repairing power, water, and sewer lines, it still lacks the capacity to initiate new projects and rebuild infrastructure from scratch. PRT and ePRT officials were assessing the reconstruction needs of the province and working with their Iraqi government counterparts to compile, screen, and submit for funding lists of projects for fiscal years 2007 and 2008.



Source: U.S. Embassy Baghdad

**Photo 2—In an effort to jump-start the rebuilding process, CERP-hired workers remove rubble in downtown Ramadi.**

### ***Political Reconciliation***

As a result of the tribes having mobilized to align with coalition forces against AQI, military officers with the BCTs and PRT Anbar officials are optimistic that measurable progress may now be made on reconciliation issues. Nevertheless, despite the fact that Al Anbar does not face many of the political issues confronting other provinces, they remain cognizant of the ongoing challenge of getting the predominantly Sunni provincial government to better engage with the Shia-dominated central government. PRT officials report some recent successes in impressing on provincial officials the need to obtain funding and services from the central ministries. For example, the provincial officials were able to get officials from the Shia-controlled Ministry of Education to intervene and allow end-of-year high school exams to take place as scheduled. Also, new police were successfully recruited from the tribal areas, raising the total number of police in the province from approximately 3,000 in February 2007 to more than 14,000 in June 2007.

Military officers with the BCTs and PRT Anbar officials, however, are circumspect: they expect in the coming months (when the transition from dealing with AQI is completed) that tribal issues—long dormant—will begin to surface as the tribes begin to position themselves for power and economic advantage. Also, according to PRT officials, most of the provinces’ influential players—army, police, tribes, sheiks—had a hand in business and racketeering ventures. The key will be establishing a *modus operandi* for managing the spoils systems and the distribution of wealth without violence.

## **Central Regional Area**

### ***Provinces: Baghdad and Diyala***

Baghdad is the most populous of Iraq’s 18 provinces, with an estimated seven million inhabitants, and stabilizing Baghdad city and its surrounding neighborhoods is a high U.S. priority. With 79 advisors, PRT Baghdad, established in March 2006, is the largest of the 10 existing PRTs. Situated in Baghdad’s International Zone, its members work primarily at the provincial level and play an active role bringing each of the city’s major “political communities” together to become full stakeholders in the conduct and management of the province’s governance and economy.

Although Baghdad remains very dangerous, with sections of the city generally off-limits to U.S. personnel, PRT Baghdad officials have taken more than 1500 trips into the so-called ‘Red Zone’ over the past year. Fortunately, living and working in the International Zone enables the PRT to deal productively with many Iraqis, who prefer holding meetings there for safety’s sake.

In April 2007, six new ePRTs were established in Baghdad province, with an additional three expected to become operational by September. (Elsewhere in the Central Region, an ePRT was also set up in nearby north Babil, and a new one was being established in south Diyala province.) The ePRTs’ primary mission is to support the counterinsurgency, and to that end they have expanded U.S. interaction with Iraqis in the neighborhoods as well as at the district and municipal levels. In our visits to the six ePRTs in Baghdad province, we found civilians and military working under dangerous conditions, with members having sustained casualties traveling the region’s dangerous roads. With few exceptions, however, we observed good civil-military integration and cooperation, and brigade combat team leaders seemed convinced that ePRT members provide valuable advice and expertise and constitute a tangible benefit to their battle. For example, in some instances local officials were reticent to engage with U.S. military officers but willing to work with ePRT civilians. ePRT officials also received credit for advising BCT commanders on how to revise their CERP programs to avoid performing functions that belong to local government.

Diyala province is predominantly Sunni, although it contains a large number of Shia villages and towns and a concentration of Kurds along its northern border with Kurdistan. Diyala became an important battleground in spring 2007, when the Al Anbar tribes mobilized and aligned with coalition forces against AQI and chased the foreign fighters

and other insurgents into Diyala. During this period, according to PRT Diyala's team leader, Shia death squads were preying on Sunni villages, and the Sunnis asked AQI to protect them—throwing a temporary wrench into the U.S. strategy of turning local tribes against that group. In early June, coalition forces conducted Operation Arrowhead Ripper to expel AQI from the province. By mid-July, combat operations in Baqubah, the provincial capital, were largely concluded, with the fight migrating northward up the Baqubah valley toward Salah ad Din province. During our fieldwork in Baqubah in early August, the level of violence in the city—though not rural areas—was decreasing. PRT Diyala members remained engaged with their Iraqi counterparts throughout the period, despite the difficult security situation. It is noteworthy that every member of the PRT team has encountered direct hostile fire.

## ***Governance***

Politics and governance in both Baghdad and Diyala provinces remain extremely contentious. Because Sunnis boycotted the December 2005 provincial elections, political power is dominated by Shia parties, and they continue to fight any structural changes that might weaken their position. In Baghdad province, Sunni political parties have been shut out of governance, although key technocrats from the previous regime remain in some managerial positions. In predominantly Sunni Diyala, the links between the central ministries, the directors general, and the provincial government have been broken since the boycotted elections. According to the PRT team leader there is also a fractured relationship between the province's Shia governor, Sunni deputy governor, and Kurdish provincial council chairman that undermines their efforts to bring improved governance to the province. It is the consensus opinion of PRT Baghdad and Diyala officials that a Provincial Election Law, along with a Provincial Powers Law, must be passed before governance in the two provinces can improve.

In spite of these problems, PRT officials pointed to areas of improved governance. PRT Baghdad and the provincial council hosted a Baghdad-wide meeting with the Ministry of Education and representatives from various councils to develop a plan for rehabilitating and staffing the province's schools. An ePRT in southwestern Baghdad province collaborated with its *qada* council to prepare and submit a budget that resulted in the district obtaining funding for the first time. Despite the three-week battle of Baqubah, PRT Diyala officials traveled every day to the downtown government center and worked side by side with the governor and other provincial officials and kept the operations of government open to the public. The PRT believes it is well positioned to assist the government of the province as the latter emerges from months of heavy fighting.

PRT officials agree that their biggest challenge lies in trying to keep provincial and local officials on task to solve problems and to take ownership of their government. Officials from the six ePRTs we visited in and around Baghdad believe that their major impact would be in the area of governance—but that it will be months before they see meaningful results. There was broad agreement that capacity in district, *qada*, and neighborhood governance remain in the formative stages and generally ineffective. The PRT cited the need for the Provincial Powers Law to define and legitimize the role of the neighborhood and district councils which have a somewhat-broken relationship with



the Baghdad provincial council and the Amanat. The governance advisors at the ePRTs are assessing the capabilities and needs of the local *belidiyahs* and directors general, and they are working to establish links between local/district officials and their provincial/central government counterparts to assure that essential services reach the grassroots level.

Finally, the presence and threat from Jaysh al Mahdi (JAM) and Sunni insurgents including AQI, restrict contacts between local government officials and the PRT. During the course of our fieldwork, several local government officials, who work closely with ePRT advisors, were assassinated; others fled due to threats. When events of that sort occur, all forward momentum seems to stop, and a great deal of time and effort must be expended to get it going again. Security conditions also prevent local officials from attending the U.S. Agency for International Development (USAID)-sponsored governance training in Baghdad city, and lack of security in some areas has kept instructors from providing on-site training.

Security challenges notwithstanding, ePRT officials believe they are making some progress. An illustrative example: Sadr City (in northeast Baghdad, estimated population 2.5 million), where Shia district council members were under orders from the Organization of Martyr as-Sadr<sup>7</sup> (OMS) not to meet with U.S. military officials. Because they are civilians, members of an ePRT were able to talk with elements of the Sadr City leadership in an attempt to change the center of gravity from the JAM-controlled council to a more moderate council. According to the team leader, he and his unit were directly supporting and investing in moderates—especially local tribal leaders—in hopes that the tactic would draw out other moderates, including some OMS and district council members.

## ***Rule of Law***

As the seat of national government, Baghdad city is home to the High Juridical Council and to newly created “special courts” such as the Central Criminal Court of Iraq (CCCI) and the Iraq High Tribunal (IHT).<sup>8</sup> Baghdad Province is the location for 12 local courts in the city and four in the neighboring *qadas*. Among its activities, the U.S. Embassy’s Rule of Law Team conducts a variety of programs to strengthen the Iraqi criminal justice system. PRT Baghdad’s rule of law advisors (11 legal specialists) expressed concern that the approach taken by the Rule of Law Program at the Embassy level was too focused on

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<sup>7</sup> Titles and translations for the Shia political parties active in Iraq vary and frequently change. According to U.S. Embassy and coalition officials, OMS is a more widely used term for Muqtada al-Sadr’s office and its militia wing known as the JAM. Seeking to accent its Iraqi-nationalist ties with a name change, the Islamic Supreme Council of Iraq recently replaced the Supreme Council for Islamic Revolution in Iraq. Its militia is the Badr Organization, officially known as the Badr Organization for Reconstruction and Development.

<sup>8</sup> The Central Criminal Court of Iraq, the nation’s premier criminal tribunal, was created by the Coalition Provisional Authority (CPA) in 2003 to hear major criminal cases related to terrorism and the insurgency that were previously handled by provincial judges. The IHT was also established by the CPA with the mission of trying Iraqi nationals or residents accused of genocide, war crimes, or other serious crimes. The IHT tried Saddam Hussein and other members of his Ba’ath Party regime.

short-term concerns at the expense of the longer-term, developmental needs of the province's judicial system. While recognizing the important work of the CCCI and IHT, and the need to address such issues as detainee overcrowding, PRT Baghdad officials were concerned that a large segment of Iraq's judicial system was not receiving enough U.S. assistance. Representatives of the Embassy's Rule of Law Office do not believe their activities fail to address longer-term development needs citing its work on long-term construction projects—courthouses, detention facilities, law enforcement training academies—and financial and operational support of training programs for judges, investigators, and police officers, among others.

PRT officials told us that Iraqi police in Baghdad engage in criminal and sectarian behavior and have thus earned the distrust of the population. Normal cooperation between the police, courts, and correction facilities is routinely ignored, and judicial orders tend to be ineffective. Judges, witnesses, and attorneys are subject to intimidation, and due to the insecure environment, courts were often too unsettled to hear cases. Assessments by PRT Baghdad rule-of-law advisors indicate that Baghdad's courts have important and unmet needs: inadequate physical structures, administrative services, and security. Visits to local courthouses reveal overcrowded and deteriorating facilities in which judges operate several hours a day without electricity or adequate protection from militia and terrorist attacks.

PRT Baghdad officials also chronicled the poor foundation of Iraq's legal system, especially its legal-education and bar associations. Over the past 30 years, the nation's law schools suffered from neglect in the areas of (1) infrastructure, including law libraries, (2) curriculum development, (3) computer and internet access and training, and (4) access to international study and exchange. According to a PRT Baghdad official, judges and long-time practicing attorneys complain that recent graduates have not been adequately prepared for the practice of law. An additional problem: the lack of a strong and independent bar association to serve as an advocate for a legal profession that was seriously weakened by Saddam's regime. A functioning bar, issuing assessments on problem areas of the law, reviewing judicial appointments, and enforcing disciplinary standards and ethics, would be a major contribution to Iraq's judicial system.

Despite the many problems facing the Central Region's judicial system, PRT Baghdad and Diyala rule of law advisors were able to point to a number of initiatives that led to what they characterized as incremental progress—the first four pertaining predominantly to Baghdad, and the fifth primarily to Diyala:

- Upgrading the technical skills of judges, prosecutors, and defense attorneys
- Improving the treatment of juveniles in police detention
- Raising awareness of women's-rights issues within the judicial system and police force
- Increasing contact and visibility over individuals who are in custody or being processed through the judicial system
- Addressing overcrowded conditions in Diyala's prisons

## *Economic Development*

The insecure environment in Baghdad and Diyala provinces continues to undermine efforts by the PRTs to promote economic development, increase living standards, and create jobs. Security concerns make it difficult to get raw materials shipped into the provinces and agricultural products and manufactured items transported out to markets. Baghdad ePRT officials report little economic activity in mixed neighborhoods and along Sunni-Shia fault lines; the officials have seen more robust economic and market activity in neighborhoods with a relatively secure environment. Baghdad province also suffers from shortages of fuel and electrical power. Until there is a stable source of power, PRT Baghdad's economic advisors say, it will be difficult to get people back to work there.

In an effort to return Baghdad city to some semblance of normalcy and foster economic development, the U.S. government has put great effort into securing and re-opening Baghdad's markets. Using a combination of funding sources—CERP, micro-loans, and grants—the military and the PRTs have been able to re-open a number of them, including the large Doura market in that southern suburb and the popular Abu Newas fish market and Mutnabi book market in “old Historic Baghdad” east of the International Zone. PRT officials consider market re-opening an important accomplishment, but they acknowledge that markets generally have a modest impact on unemployment.

Because of limited foreign and direct investment in Baghdad and Diyala provinces, and because banks have limited capital to invest, the PRTs have been aggressively promoting a micro-lending program. Sponsored by USAID, the program established seven locations in Baghdad districts to educate prospective borrowers and make loans to small businesses. PRT officials are also assisting small and medium-sized businesses. For example, industry specialists from an ePRT in eastern Baghdad have been working to obtain generators to provide a stable power source for an industrial park.

Similarly, a business specialist from an ePRT in northern Baghdad province has been able to arrange a large text book order from the Ministry of Education for a printing plant in their area. The PRT members have also been assessing a number of state-owned enterprises to determine their economic viability (revitalizing state-owned enterprises is primarily a DoD initiative conducted by the Task Force to Improve Business and Stabilization Operations). PRT officials say that although state-owned enterprises have significant problems, such as outdated equipment and ghost employees, they offer the most promising opportunity for generating employment.



*Source: ePRT 1<sup>st</sup> BCT/1<sup>st</sup> Cavalry Division, Camp Taji*

**Photo 3—A furniture factory in the northern Baghdad suburbs that escaped looting after the fall of Saddam in 2003; an ePRT is working with former employees to re-open the business.**

PRT officials and BCT military officers admit there is much they don't know about the economic situation in Baghdad province. They report vast unemployment and underemployment, which they estimate at 40%-50%. Permanent job creation has been limited, and most new jobs are tied to the large amount of CERP funding that is being spent in and around Baghdad. Officials from the ePRTs told us that there is significant criminal activity in their districts and that contractors, shop owners, and the heads of other businesses and industries are shaken down for protection money. Despite the turmoil, the BCT civil affairs team that patrols southern Baghdad has been puzzled at appearances in southern Baghdad. People there do not appear impoverished. They dress decently, markets are operating and goods are being sold, and life is moving on.

PRT Diyala reports two distinct economies in the province. The economy in the predominantly Kurdish north, is relatively stable and experiencing a housing boom as more displaced Kurds return as part of the effort to reverse the "Arabization" program carried out by the previous regime. The economy in the south, centered on Baqubah, is largely dysfunctional due to lack of security. PRT officials noted that Diyala province has (1) significant agribusiness potential but little ability to transport crops to market; (2) abundant resources, but a lack of product-refining capability in most sectors; and (3) a solid industrial base for mass employment, yet all industries are closed or operating at

less than 10% of capacity. The same officials cited the difficulty of imparting forward movement to economic development in Diyala's kinetic environment; their best hope is not to lose too much ground. In that regard, the officials are optimistic about getting the Diyala Electrical Industries complex—with 200 employees and the potential to employ nearly 3,000—up and running and working to fill a sizeable back order of electrical transformers and batteries.

## ***Reconstruction***

PRT Baghdad officials told us that the province's governmental institutions are steadily improving in their management of provincial reconstruction programs and are assuming functions formerly carried out by U.S. officials. An Iraqi official now chairs the weekly Joint Planning Session that coordinates and directs all reconstruction projects in Baghdad. Iraqi engineers and employees from the Amanat, the essential service ministries, and other government offices are working in the International Zone's Joint Reconstruction Operation Center that serves as the information hub for all reconstruction projects. PRT Baghdad coordinates closely with the governor, provincial council, and Amanat, and recent months have seen increased buy-in and support for projects supporting the Baghdad security plan. However, PRT and ePRT officials stated that getting their provincial counterparts to plan and assume responsibility for the maintenance and continued operation of infrastructure projects remains a big challenge. Central ministries and the Amanat will budget for capital projects but then fail to provide funds for the *belidiyas* to maintain them.

PRT Diyala reports that, thanks to improvements in Baqubah's security situation, work crews have re-entered the city to repair electricity, water, and sewer lines. Nevertheless, the sectarian divide in Diyala's provincial government undercuts the province's overall reconstruction effort, with decisions on which projects to execute heavily influenced by tribal and sectarian considerations. The province is awash in funding, with nearly \$240 million in allocated Iraqi funds available through 2007, and only 14% of that obligated as of August 2007. Yet CERP funds were used again in 2007 to pay for date-crop spraying and canal-cleaning projects. But PRT officials seriously doubt that the province has the capacity to use the funds because of a lack of competent reconstruction managers and a shortage of both reconstruction projects and the contractors necessary to undertake them. The Diyala provincial government has not budgeted for the operation and maintenance of existing infrastructure; it is focusing its reconstruction effort instead on brick-and-mortar projects and stockpiling materials. Despite efforts by PRT officials to help manage the province's reconstruction effort, the team leader told us that he expects "a train wreck" in a few years, when infrastructure projects begin to fail due to inadequate sustainment efforts.

We observed in Baghdad and surrounding areas the considerable use of CERP funds in the province's reconstruction. Since 2004, the U.S. military has obligated \$512 million for more than 3,400 projects in Baghdad province. (In November of this year, SIGIR plans to report on the scope of CERP reconstruction projects in Iraq and their overall contribution to Iraq reconstruction.) PRT officials are concerned that, while they recognize that CERP is a valuable tool for commanders to influence their battle space,

their use sometimes conflicts with the PRT's capacity development mission. For example, in eastern Baghdad, CERP funds purchased diesel fuel to operate a pump station to drain sewers and remove solid wastes from the city streets; in south Baghdad, to remove trash from neighborhoods; in southwestern Baghdad province, to clear canals. In each of those instances, ePRT officials told us, they were teaching and coaching local officials to assume responsibility themselves for carrying out these governmental functions. After four years of U.S. engagement, the officials felt, it is time for local and provincial government officials to handle such routine tasks and not rely on the U.S. military. Economic problems were also evident: PRT officials also noted that CERP support was inflating the labor market and that the local *belidiyas* were finding it difficult to compete for labor when CERP contracts exceeded the market rate.

### ***Political Reconciliation***

Despite gains by U.S. and Iraqi security forces in tamping down violence in some sections in and around Baghdad and Baqubah, PRT officials are generally pessimistic that lasting political reconciliation was taking place in the Baghdad and Diyala provinces. According to PRT Baghdad officials, some of their districts and neighborhoods remain too "hot" for reconciliation to take place. In areas that included mixed Sunni-Shia populations, we were told, the departure of U.S. forces would produce open battlegrounds of ethnic cleansing. For example, ePRT officials stationed in southern Baghdad's told us that if forces were withdrawn at the Doura market, Shia militias would expel Sunni shop keepers and patrons.

At the provincial level, PRT Baghdad reports that it has seen an increase in the government's desire to work toward reconciliation. Officials cited several high-profile visits by the Shia governor to primarily Sunni *qadas*—the first Baghdad politician seen in any *qada* in recent memory. Although the provincial council is comprised predominantly of Shia members, PRT analysis showed that projects implemented through the PRDC process were split roughly 50-50 among Sunni and Shia neighborhoods. A PRT advisor attributed this fact to good fortune: the province's infrastructure—water, sewer, electricity—was not constructed along ethnic lines. However, the OMS-dominated Ministries of Health and Education withhold services and support to clinics and schools in Sunni districts. In a positive development, PRT Diyala reported in early August that paramount sheiks from 14 of the 17 major tribes recently met and voiced support to resist AQI and militias and work together to maintain peace in the province. Nonetheless, ill-will between the tribes in the province is long-standing, and PRT officials believe it will take years to overcome. The PRT Diyala team leader told us that only the presence of U.S. forces has prevented open sectarian violence, and after years of war it will be a tough job getting the tribes to trust each other again.

At the neighborhood level in Baghdad, ePRT officials described the political situation for the average Iraqi citizen as a matter of intimidation and fear. Sunni and Shia extremists target local government officials, religious leaders, and tribal sheiks who step forward to help on matters of reconciliation. Governance advisors at the ePRTs noted that Baghdad had largely lost key components of its civil society— senior civil service, academics, and business leaders— making it difficult to identify and recruit serious and capable partners

who would normally lead reconciliation efforts. There are some signs that officials in some Shia neighborhoods feel sufficiently secure to engage in political discussions on how to move forward.

Similarly, we were also told that although Sunnis perceive the central government as hostile to their interests, some local Sunnis have been willing to work with Shia sheiks. An encouraging example: a recently concluded, community-based tribal-outreach meeting held by prominent citizens from Mahmoudiyah district, southwest of Baghdad, with senior Sunni tribal leaders based in Amman, Jordan. (Mahmoudiyah, in the highly sectarian area known as the Triangle of Death, is a predominantly Shia city in a Sunni belt that runs along the borders of the Shia-dominated Najaf and Karbala provinces.)

## **South-Central Regional Area**

### ***Provinces: Babil, Karbala, Najaf, Qadisiyah, and Wasit***

The south-central regional area is known as the Shia heartland, with the city of An Najaf serving as the capital. Iranian influence exists in some degree in all the south-central provinces, but is most concentrated in Najaf, Karbala, and Babil. The security situation is generally calm for Iraqis and Iranians but dangerous for coalition forces and civilians. In the run-up to provincial elections, the region is being politically and militarily contested by the three main Shia parties: the OMS, the Islamic Supreme Council of Iraq, and Dawa. Among PRT and PST officials stationed at the Regional Embassy Office (REO) Al Hillah, it is the consensus view that the security situation has worsened in South-Central since SIGIR's last visits in the summer and fall of 2006.

A fundamental issue facing PRT officials concerns movement security and the level of risk they are willing to accept to meet face to face with their Iraqi counterparts versus the benefits of such a meeting. Overall, PRT Babil officials believe they are making some tangible progress, while officials responsible for Najaf, Karbala, and Qadisiyah are less optimistic of their effectiveness due to their inability to engage with their Iraqi counterparts and monitor first-hand what is taking place.

Babil province, south of Baghdad, is mixed Sunni-Shia and an important transport route and fuel network—making it explosive in a sectarian sense. The Sunni population, concentrated in the northern part of the province, faces attempts by Shia militias to force its members to leave. Shia-dominated southern Babil is considered safer, and PRT Babil officials were able to meet with their provincial counterparts. Karbala, the home of religious shrines, is heavily influenced by Iran. Because of security risks, the PST Karbala team has made only three trips to the province in the past year, with an average of three or four monthly engagements between PST members and provincial officials confined to the REO in Al Hillah. Najaf is considered the center of Shite political power in Iraq, and its importance to all Shia parties has brought an atypical amount of reconstruction activity and the generally efficient provision of essential services. According to REO Al Hillah officials, Iran has significant influence in the province and

funnels cash to various Shia factions; security concerns have kept PST officials from traveling there for almost a year.

Qadisiyah province is a battleground among the various Shia militias, with coalition forces hardly visible; there has been no PST overland travel to the province since May 2006. Wasit is a mainly rural society, where tribal ties are more important than party connections. Unlike the more politically polarized provinces in the region, the Shia militias cooperate and they attack Sunnis located in the northern part of the province. Before converting and relocating PST Wasit to an embedded PRT at Camp Delta in Al Kut, there was no overland movement to Wasit for months, and provincial officials traveled to meetings—largely confined to Camp Delta—by helicopter transport.

## ***Governance***

PRT personnel at REO Al Hillah agree that provincial officials have generally not been effective at managing their government institutions, including the provision of essential services, but have been incrementally better than the previous year and are getting still better as they move forward. All five provinces are finishing their Provincial Development Strategy plans and making modest improvements in budgeting, strategic planning, and forming civil societies. PRT officials noted remaining problems with transparency and accountability at the provincial-government level, but they were seeing some improvement in the skills of the governors and provincial council members. According to the PRT officials, however, the provinces' directors general are not good performers—poor at planning and obtaining funding and services from central ministries—and constitute the weakest link in provincial governance.

As in other regions, PRT officials cited the lack of a Provincial Powers Law as a hindrance to their provinces' governance and development. The officials believe that provincial authorities require direction and supervision with regard to the rights and responsibilities of office and that the Provincial Powers Law would serve as a useful tool in holding the authorities accountable for their actions. PRT officials complained of an overall lack of leadership on the part of governors, deputy governors, provincial council chairmen, and mayors. Provincial leadership was described as beholden to political parties and unsupportive of efforts to stabilize society. And because of tenuous security, a problem except around Al Hillah, the PRTs have limited ability to teach, coach, and mentor their Iraqi counterparts.

## ***Rule of Law***

The South-Central region's rule of law advisors describe the provincial governments as marginally able to provide law enforcement and judicial functions that openly and fairly protect and serve the population. A recent accomplishment: establishing Major Crimes Courts in each of the five provinces. Political influence is a major factor, however. With the exception of Babil, where strong leadership by the chief of police has resulted in impartial treatment of all citizens, political parties strongly influence these provinces. Geographical areas remain outside the reach of the police and courts; many disputes are resolved by local OMS and Islamic Supreme Council of Iraq officials. The police



generally will not take action against JAM and Badr members, and judges are often intimidated and subject to bribes.

The advisors told us that this region, like the rest of the country, suffers from the conflict between older laws consistent with a free-market democracy (like the Civil Code of 1951), the statist and politically centralizing orders of the Ba'athist government, and the decrees and legislation of the CPA and later the Iraqi governments, which were limited attempts at reform. A wholesale reform of Iraqi law, the advisors believe, is required to bring coherence to the law and to fill many gaps in political and regulatory practice. Officials describe a need for judicial training and a desire on the part of judges and lawyers for up-to-date legal concepts in such areas as due process and human rights; yet judges and lawyers are reluctant to work too closely with U.S. personnel because doing so risks pressure and intimidation from political and religious parties across the provinces.

PRT officials working with provincial officials cited progress in a number of areas:

- Incorporating principles of human rights into police-curriculum training
- Distributing to judges laptop computers with software capable of searching Iraqi law from 1920 through 2006
- Working to end a year-long dispute between the Ministries of Justice and Interior over whether to open the U.S.-funded Al-Tasfirat prison, in Al Hillah, to relieve overcrowding at jails
- Brokering an agreement between provinces over the use of arrest warrants for out-of-province citizens (addressing concerns of sectarian targeting)

## *Economic Development*

According to PRT officials, the region is economically stagnant, with little evidence of growth or permanent job creation. Religious tourism and small-scale agricultural production constitute the main economic activities, along with the labor utilized by the booming reconstruction industry in Karbala and Najaf. There is believed to be considerable Government of Iran money flowing into Karbala and Najaf provinces. Security has restricted commercial credit and Iraqi and foreign investment in small and medium-sized business.

PRT Babil officials report an acute need for business-development training. The PRT there recently opened two business-development centers in Al Hillah, but told us it is too soon to determine their effect. There are plans for tourism promotion, including the establishment of a “tourism corridor” along pilgrimage routes to Karbala and Najaf. Other plans envisage repairing and resurrecting a number of state-owned enterprises, including a cold-storage facility, which officials hope will have a ripple effect through the agricultural industry, increasing marketing opportunities and spurring food-processing operations. PRT officials are at last optimistic that with the recent release of quick-response fund, they can increase agricultural production by providing seed money for such activities as an agricultural extension service, fish farming, and mosquito spraying.

PRT officials see a pressing need to reduce unemployment to counter recruitment by the JAM and Badr Corp militias.

### ***Reconstruction***

PRT officials feel that the provinces are doing a reasonably effective job of managing their infrastructure and building-reconstruction projects. At the time of our visit, all the provinces were on course to execute their 2007 capital budgets. The officials noted, however, that provincial authorities must plan their projects more strategically so they enhance economic development; they further noted that the provinces generally do a poor job of staffing and sustaining buildings and facilities once they are constructed. That observation applies particularly to clinics, schools, and water treatment facilities.

Karbala and Najaf are generally able to provide basic services, but the other provinces struggle to do so. Here again, security concerns have limited the amount of teaching and mentoring PRT officials can provide their Iraqi counterparts. The native-born bilingual/bicultural advisors working at REO Al Hillah said there is a great need and desire among provincial officials for training in modern project planning and management to bring Iraq into the modern era. The ability to offer such training, they feel, provides a means for the U.S. government to counterbalance growing Iranian influence in the south-central region.

### ***Political Reconciliation***

Predominantly Shia, South-Central does not face the sectarian problems of the mixed areas in and around Baghdad. There is one exception: the fault lines in the northern districts of Babil and Wasit, where sectarian fighting and insurgent infiltration have become endemic. According to PRT Babil officials, the provincial government has largely abstained from working to solve problems in the north. But although Sunnis have no representation in the provincial government and JAM has been growing in influence, the PRDC process has generally resulted in projects being equitably distributed throughout the province. For example, the PRDC recently approved the construction of a maternity hospital in a north Babil Sunni district. Another positive sign was a mid-July meeting between predominantly Sunni Al Anbar and Karbala officials which resulted in a signed agreement to establish a security committee that will coordinate joint border patrols, arrest orders, and make related moves to address the infiltration of AQI and other foreign influences along the shared rural border.

According to PRT officials, the planned provincial elections represent a key event for the region, and political parties are aggressively jockeying for position and working to consolidate their power. Politics in the region, it seems, is a zero-sum, winner-take-all proposition. Political dialogue is scarce and civil society too weak to mediate and tamp down political conflict. PRT officials find it difficult to figure out what underlies the assassinations and intimidation taking place among their provincial counterparts; the governor and police chief of Qadisiyah were assassinated, and the governor of Karbala went into hiding during our visit in early August. The U.S. government, it appears, will

be hard pressed to move the parties toward political reconciliation, and PRT officials on the ground question what role and effect they can have on that process.

## **Southeastern Regional Area**

### ***Provinces: Basrah, Dhi Qar, Maysan, and Muthanna***

The southeastern regional area is dominated by Basrah province. With a population of nearly 2.4 million, home to two-thirds of Iraq's oil resources, and the country's sole dependable outlet for exporting oil, Basrah has become a strategic battlefield for local political parties. While there is relative calm in the region's other three provinces, the political and security situation in Basrah casts a political and economic shadow over the sparsely populated, largely rural provinces of Dhi Qar, Maysan, and Muthanna.



*Source: U.S. Army Corps of Engineers*

**Photo 4—Al Basrah Oil Terminal, known as ABOT, is one of Iraq's two main oil outlets for crude oil produced from southern Iraq.**

The regional PRTs and PSTs were established between April and November 2006. PRT Basrah is a British-led, multinational team, with members from the United Kingdom, United States, Denmark, Australia, and Canada. The team was originally located in Basrah Palace, along with the REO and British Embassy Office. Increased rocket and mortar fire forced the team to relocate a small number of staff members to Basrah Air Station in November 2006, and temporarily move remaining staff to a satellite office in

Kuwait. Fears of violence prevent team travel into the city, so meeting with provincial officials are largely confined to the commercial airport.

PRT Dhi Qar is an Italian-led group with a mix of American, Romanian, and Tunisian staff located at a U.S. military forward operating position on the Tallil Air Base near the provincial capital, Al-Nassiriyah. PRT Dhi Qar officials note that, with the exception of major Shia political party confrontations in May and June of this year, the province has enjoyed a peaceful environment that allows for open and frequent engagement with Iraqi counterparts.

PST Maysan and PST Muthanna are also located at Tallil Air Base. PST Maysan's four-person team operates under significant constraints. Maysan government officials have longstanding, historically based reservations about the activities of U.S. and coalition forces in the province, particularly following the aborted Gulf War Shia uprising against Saddam. An anti-insurgent operation by British Forces in early 2006 resulted in Maysanis formally severing ties with coalition forces. Following a spasm of sectarian violence between JAM and Badr forces in late 2006, the British strategically redeployed from the province. Security restrictions now prevent PST Maysan team members from entering the province, and their infrequent face-to-face meetings with provincial officials are held in Basrah or at regional conferences outside the country. Members of PST Muthanna's four-person team believe their province offers the most relaxed security environment in Arab Iraq and the key to their footing in the southeast region. Even though the team's accomplishments to date are modest, it is well positioned to help the province jump start self-governance and economic development in the near future.

## ***Governance***

PRT officials characterize the southeastern provinces as possessing generally functional provincial governments. On the positive side, the governments were on track to expend their entire 2007 budget allotments, and PRT officials discern momentum building provincial officials' capability to see beyond the needs of the provincial capital and their own tribes to consider what's best for the entire province. We heard about instances of water projects, health clinics, and schools going to rural areas that previously did not get them. PRT officials believe that, through their coaching and mentoring, they are getting government officials to develop overall provincial plans and to switch from authoritarianism to a more participatory, transparent mode of governance.

Despite these accomplishments, much work remains in the area of governance. The entire region, with the exception of Basrah city, suffers from low literacy and a lack of a skilled workforce. The provincial governments thus far have shown themselves incapable of substantially improving the essential services for their populations and of planning for new infrastructure while also maintaining what is already in place. The PRTs finds that provincial officials lack hard skills in such areas as public administration and management, planning, and accounting. What is needed is intense training and a focus on long-term efforts to develop and strengthen the provincial governments' management capacity.

## ***Rule of Law***

PRT Basrah has made some headway in this area, but its inability to work in the city—due to the risk of violence—has limited its effectiveness. PRT reporting documents do indicate progress in terms of (1) securing funding for the construction of a new courthouse and prison, (2) developing a “Human Rights Passport” designed to give law enforcement officials access to human rights standards, and (3) delivering legal, forensic, and human rights training to judges and lawyers. The PRT/PST Dhi Qar, Maysan, and Muthanna officials have only a limited understanding of rule of law activities in their provinces, including links and activities between the police, courts, and corrections. PRT Dhi Qar has a rule of law staff person and has held preliminary discussions with local judges and members of the bar association to discuss the needs of the province. But neither PST Maysan nor PST Muthanna has had staff responsible for that core function, and it is not part of their current work plans. Overall, PRT officials reported, police officers are viewed with suspicion by the local population due to their links to local militias and propensity for corruption. Although courts are functioning in the provinces, the PRTs do not know the types of cases being adjudicated or the level of due process afforded by the proceedings.

## ***Economic Development***

With the exception of the lucrative oil industry and port facilities in Basrah, little new economic activity has been taking place in the region. Unemployment stands at an estimated 40% to 60%, and there is vast underemployment. Subsistence agriculture is the main source of jobs, followed by government service, mainly in the police and army. Before 2003, small-to medium-sized agricultural enterprises flourished—date palm processing, poultry farms, dairy farms—but they have ceased functioning, and restarting them appears to be stymied by lack of skill or interest. Until the violence in Basrah subsides and the region is perceived as secure, PRT officials do not expect significant economic development or job creation to take place in the region. Lack of national investment and a system of taxation are seen as hindrances to foreign investment.

PRT Basrah officials hail a couple of recent initiatives to spur economic growth: efforts to relax travel and commercial restrictions between Basrah and Kuwait; and the establishment of a bankers association and a Basrah development forum for local businessmen. Bolstered by the recent addition to its team of two staff members from USAID, PRT Dhi Qar will begin addressing the economic development issue. The team leader said the teams plan to introduce a micro-finance lending program to encourage the start of small and medium-sized enterprises. Neither the PST Maysan nor PST Muthanna at this writing has staff dedicated to addressing economic development, but both have requested business-development specialists as part of the PRT surge.

## ***Reconstruction***

PRT officials pointed to the recent development of their provinces’ Provincial Development Strategy documents as good starting points for their regional reconstruction effort. They acknowledged, however, that thus far most reconstruction projects have been carried out by coalition forces with little Iraqi input. Furthermore, provincial officials

have little ability to manage and sustain even those projects. Few of the officials possess the administrative and management skills needed to handle their reconstruction program; most are content to allow coalition forces to run the show. For example, the recently completed, U.S.-funded, \$250 million Al Shartra water plant, in Dhi Qar province, is ready to begin producing fresh drinking water that will serve two-thirds of the province's population. But the U.S. government is unable to hand over operation of the plant to the provincial government because of the latter's inability to identify 125 people willing to undergo training and assume positions to operate and maintain the facility. The PRT understandably is focusing its efforts on raising local management-skill levels, encouraging provincial "ownership" of the reconstruction process, and getting the province to spend its own budget resources.

Due to its inability to travel into and around the province, PST Maysan has no visibility in the reconstruction process and assessing the state of essential services. Furthermore, PST Maysan officials told us that the U.S. Army Corps of Engineers was also prevented from travelling in the province and thus was no longer able to inspect its projects.

### ***Political Reconciliation***

Reconciliation, in terms of sectarian considerations, is not an issue in the southeast region because the vast majority the population is Shia.<sup>9</sup> Conflict between political parties is nonetheless a concern in some areas. In Basrah, Shia militias have escalated a violent conflict for political dominance and control over oil resources and port facilities. According to an unclassified report by the International Crisis Group, Shia political groups—principally JAM and Badr, but also Dawa and Fadihla – are locked in a violent struggle, leaving the city in control of militias and criminal gangs.<sup>10</sup> In Dhi Qar, violence erupted in May-June 2007 between elements of the JAM and Badr, breaking months of relative calm. In Maysan, the JAM has established effective political control of the province, and the parties have settled into their areas of influence. In Muthanna, tribal loyalties take precedence over political parties—which are seen more as parties of convenience than of policies—and there is generally unanimity between the tribes.

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<sup>9</sup>Prior to the war, Basrah city was a pluralistic, socially diverse city that included Christians, Sunnis (Arab and Kurdish), and Mandaeans. Shia-induced violence after the bombing of the Shiite mosque in Samarra in February 2006, together with an Islamist-led purge of the city's liberal political culture, forced most minorities to flee.

<sup>10</sup> *Where Is Iraq Heading? Lessons From Basra*, International Crisis Group, Middle East Report N°67, June 5, 2007

## Observations

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PRTs are coaching their provincial counterparts to execute their province's capital budget allocations. Most provinces report that they are ahead of their 2006 spending pace and generally on course to spend their 2007 funds. The provinces were generally spending their funds on brick-and-mortar construction projects, although issues with procurement complexity and lack of contractors have caused some provinces to focus instead on spending to stockpile materials for future projects.

As SIGIR has previously reported, management actions are needed to improve sustainment capacity for reconstruction programs. However, this problem continues.<sup>11</sup> SIGIR noted that the provinces struggle to staff and maintain buildings and facilities once constructed—such as clinics, schools, and water treatment plants. One PRT team leader characterized the problem as a future “train wreck” unless steps are taken now to begin budgeting and deploying the systems needed to sustain the new construction. In an earlier report, SIGIR recommended that the U.S. Ambassador, in coordination with the Commanding General, MNF-I, formulate and implement a plan with clear goals and objectives for the sustainment of IRRF projects, and review the GOI's leadership in this area to determine its adequacy and shore up any shortfalls. Although SIGIR directed this recommendation to the Embassy, it also has relevance at the Provincial level. SIGIR believes that the PRTs should expand their focus on budget execution efforts to include helping budget for and carry out sustainment tasks. This would also have the salutary secondary effect of increasing coordination between the central ministries' provincial-level representatives and local officials.

## Conclusion and Recommendations

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The Provincial Reconstruction Team Program in Iraq is making incremental progress at most locations in developing Iraq's provincial and local government's capacity to effectively govern and manage its reconstruction but has shown little progress in promoting economic development, rule of law, and political reconciliation. Iraq is faced with a complex series of overlapping sectarian, political, and ethnic conflicts, and the difficult security situation continues to shape the PRT mission and determine the level of engagement PRT officials can have with their Iraqi counterparts. According to PRT officials, improvement in all functional areas is likely to be slow and will require years of steady engagement.

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<sup>11</sup> SIGIR-05-022, *Managing Sustainment for Iraq Relief and Reconstruction Programs*, Oct. 24, 2005.

Our two previous reports on the PRT program recommended the development of clearly defined objectives and performance measures to guide the PRTs and determine their accomplishments.<sup>12</sup> We believe those recommendations are still appropriate and are particularly relevant for those provinces where the PRTs access and engagement with Iraqi officials has been limited. We also found frequent instances in which the military's use of (CERP) to perform tasks that properly belong to local and provincial governments conflicts with the PRT's capacity development mission.

## **Recommendations**

We recommend that the U.S. Ambassador to Iraq and the Commanding General, MNF-I, take these actions:

1. In an expeditious manner, jointly establish a comprehensive plan for the PRTs (including ePRTs), with elements tailored for each PRT. At a minimum, the plan should: (a) clearly define objectives and performance measures, (b) clearly define milestones for achieving stated objectives, (c) be linked to funding requirements, and (d) identify the organization(s) within each agency that are accountable for the plan's implementation. To provide senior level attention to this issue, the plan should be approved by the Office of the Chief of Mission and the MNF-I Commander to demonstrate each agency's commitment to this effort.
2. Develop guidance on the use and synchronization of CERP funds to support the U.S. government's capacity-development mission.

## **Management Comments and Audit Response**

The U.S. Embassy-Iraq and Headquarters, Multi-National Force-Iraq (MNF-I), provided comments on a draft of this report. DoD did not provide comments. Both the Embassy and MNF-I expressed disagreement with a recommendation in the draft report relating to reassigning certain PRT personnel because of security issues and outlined steps underway to address the security challenges. They differed in their response to the second recommendation dealing with the use and synchronization of CERP funds: the Embassy concurred, and MNF-I non-concurred. MNF-I also provided other technical comments, which were incorporated in the report as appropriate.

The draft report recommended that the U.S. Ambassador to Iraq and the Commanding General, MNF-I, consider reassigning the PRT personnel from Basrah, Najaf, Karbala, Qadisiyah, and Maysan to functioning PRTs until the security environment improves, or develop a plan to better use the staff of those five units and provide clearly defined objectives and guidance for what they are to accomplish. The Embassy responded that it was premature to reassign the affected PRT personnel and that retaining provincial

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<sup>12</sup> SIGIR-06-034; *Status of Provincial Reconstruction Team Program in Iraq*, Oct. 29, 2006; and SIGIR-07-014, *Status of the Provincial Reconstruction Team Program Expansion in Iraq*, SIGIR-07-014, July 25, 2007.



contacts is important because it demonstrates a political commitment to developing the affected provinces. The Embassy and MNF-I both commented that efforts are underway to provide appropriate security and movement and other actions to accomplish their objectives. MNF-I also noted that an effort is underway to relocate the Qadisiyah PRT to Camp Echo and have it become an ePRT, presumably with enhanced security. The Embassy indicated that further measures will be considered if PRT operations languish and security conditions do not improve. Because of these actions, SIGIR modified the recommendation by deleting the portion that addressed the reassignment of personnel.

Neither the U.S. Ambassador to Iraq nor the Commanding General, MNF-I, however, responded to the part of the recommendation to develop a plan to better utilize the staff at Basrah, Najaf, Karbala, Qadisiyah, and Maysan. The need to develop clearly defined objectives and performance measures to guide PRT activities and measure their accomplishments was discussed in SIGIR's two previous reports, and SIGIR still considers a plan to be an essential tool for those purposes. A plan is also essential for managing the human capital and financial resources at those locations. To date, SIGIR's earlier recommendations have not been implemented. Accordingly, SIGIR modified this portion of the recommendation to emphasize the need for senior management attention to develop a management approach to address these issues. SIGIR also continues to believe that this area will require close monitoring by the Embassy and MNF-I.

Concerning the SIGIR recommendation related to the synchronization of CERP funds, the Embassy concurred and indicated that it was providing guidance to its PRTs to use the Mission Strategic Plan and the Joint Campaign Plan as they coordinate with their military counterparts on capacity development projects. MNF-I did not concur with the recommendation, noting elements of ongoing coordination; however, MNF-I also noted room for improvement by having provincial level PRTs develop and implement Joint Common plans with their paired combat force elements. MNF-I noted that the latter has already been proposed and is under consideration. Based on these comments, SIGIR believes that this recommendation continues to have merit and is retained.

# **Appendix A—Scope and Methodology**

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The Special Inspector General for Iraq Reconstruction (SIGIR) initiated this audit on June 18, 2007, (Project No. 7021) to determine the effectiveness of the Provincial Reconstruction Team (PRT) Program in Iraq and whether it is accomplishing its mission of (1) assisting Iraq's provincial and local governments in developing a transparent and sustained capability to govern, (2) promoting increased security and rule of law, (3) advancing economic development, (4) providing the provincial administration necessary to meet the basic needs of the population, and (5) promoting reconciliation and shaping the political environment.

To determine the functional areas of emphasis we analyzed Baghdad Cable 4045 (October 2005) that set up the PRT Program and the Memorandum of Agreement between Department of Defense (DoD)/Department of State (DoS) (February 2007), which expanded the program to include the new ePRTs. To determine the tasks to consider within the individual areas of emphasis we analyzed DoS, DoD, and U.S. Embassy, including Office of Provincial Affairs and Multi-National Forces- Iraq documents and discussions with PRT officials. We also consulted with a U.S. Institute of Peace representative on performance measures for the political-reconciliation core function.

To assess the work of PRT Program in Iraq and progress of provinces within the functional areas of emphasis, we visited the existing 10 PRT and seven Provincial Support Teams, as well as nine of the new embedded ePRTs. Our work included discussions with senior-level military and U.S. Embassy officials in Baghdad and structured interviews throughout Iraq with 274 civilian and military officials and officers, including senior leaders in the brigade combat teams, PRT team and deputy team leaders, technical specialists, bilingual bicultural advisors, civil affairs members, and Iraqi and third-country government advisors. We reviewed the work plans of the PRTs, program documents of the respective participating organizations, and PRTs' weekly situation reports and provincial monthly assessment reports. While conducting fieldwork at the PRT sites, we observed PRT members engaging their Iraq counterparts at provincial government centers and other work locations and discussed the work of the PRTs with Iraqi provincial officials. We did not systematically obtain the perspective of Iraqi provincial-government officials on the effectiveness of the PRTs.

We conducted this audit from June to August 2007. This audit was conducted in accordance with generally accepted government auditing standards.

## **Use of Computer-Processed Data**

We did not use computer-processed data to perform this audit.

## **Prior coverage of this topic by SIGIR**

*Status of Provincial Reconstruction Team Program in Iraq*, SIGIR-06-034, October 29, 2006.

*Status of the Provincial Reconstruction Team Program Expansion in Iraq*, SIGIR-07-014, July 25, 2007.

## Appendix B—PRTs/Partner Military Units

Province Team	Nearest City	Encampment/Base	Military Unit
RRT Erbil	Erbil	Camp Zaytun	Coalition (Korea)
PST Dahuk	Dahuk	Camp Zaytun	Coalition (Korea)
PST Al Sulaymaniyah	As Sulaymaniyah	Camp Zaytun	Coalition (Korea)
PRT Ninewa	Mosul	FOB Marez	4th BCT, 1st InfD
PRT Ta'mim	Kirkuk	FOB Warrior	3d BCT, 25th InfD
PRT Salah ad Din	Tikrit	FOB Speicher	3d BCT, 82d AbnD
PRT Diyala	Baqubah	FOB Warhorse	3d BCT, 1st InfD
ePRT (1)	Southern Diyala	Camp Taji	4th BCT, 2d InfD
PRT Baghdad	Baghdad	International Zone	MND-Baghdad
ePRT (2)	Southern Baghdad	Camp Falcon	4th BCT, 1st InfD
ePRT (3)	Northern Baghdad	Camp Taji	2d BCT, 82d AbnD
ePRT (4)	Northern Baghdad	Camp Taji	1st BCT, 1st CavD
ePRT (5)	Central Baghdad	Camp Liberty	2d BCT, 1st InfD
ePRT (6)	Western Baghdad	Camp Striker	2d BCT, 10th MtnD
ePRT (7)	Eastern Baghdad	Camp Loyalty	2d BCT, 2d InfD
ePRT (8)	Central Baghdad	Camp Prosperity	2d BCT, 1st CavD
ePRT (9)	Eastern Baghdad	Butler range complex	3d BCT, 3d InfD
ePRT (10)	Southern Baghdad	Camp Victory	2d BCT, 3d InfD
PRT Anbar	Ramadi	Camp Blue Diamond	1st BCT, 3d InfD
ePRT (11)	Fallujah	Camp Fallujah	RCT-6
ePRT (12)	Al Asad	Camp Ripper	RCT-2
ePRT (13)	Ramadi	Camp Ramadi	1st BCT, 3d InfD
PRT Babil	Hillah	REO Hillah	n/a
ePRT (14)	Northern Babil	Camp Kalsu	4th BCT, 25th InfD
PST Karbala	Karbala	REO Hillah	n/a
PST Najaf	Najaf	REO Hillah	n/a
PST Qadisiyah	Diwaniyah	REO Hillah	n/a
ePRT Wasit (15)	Al Kut	Camp Delta	214th Fires Bde
PRT Dhi Qar	Tallil	Camp Adder	Coalition (Italy)
PST Muthanna	As Samawah	Camp Adder	Coalition (Italy)
PRT Basrah	Basrah	Basrah Air Station	Coalition (UK)
PST Maysan	Al Amarah	Camp Adder	Coalition (UK)

Source: SIGIR analysis of OPA and MNC-I data

### //Key to Abbreviations//

AbnD	Airborne Division	MtnD	Mountain Division
BCT	Brigade Combat Team	MND	Multi-National Division
Bde	Brigade	PST	Provincial Support Team <sup>13</sup>
CavD	Cavalry Division	PRT	Provincial Reconstruction Team
ePRT	embedded Provincial Reconstruction Team	RCT	Regimental Combat Team
FOB	Forward Operating	REO	Regional Embassy Office
InfD	Infantry Division	RRT	Regional Reconstruction Team

<sup>13</sup> In commenting on a draft of this report, Headquarters Multi-National Force Iraq (MNF-I) stated that PSTs for the most part have been converted to PRTs, with two, PSTs Dahuk and Al Sulaymaniyah incorporated into the Erbil PRT. We have elected to retain the PST designation in this report to generally reflect the status at the time of our review both in name and size relative to other PRTs.

## Appendix C—PRT Program Funding

PRT Funding Category (\$ in millions)	FY 2006 Supplemental Enacted	FY 2007 Supplemental Enacted	FY 2008 Budget Requested	Total
<b>Operational Funding</b>	<b>\$230<sup>a</sup></b>	<b>\$ 414</b>	<b>\$679</b>	<b>\$1,323</b>
<b>Program Funding</b>				
• Provincial Reconstruction Development Council Projects <sup>b</sup>	315	720	160	1,195
• Local Governance Program <sup>c</sup>	155	90	98	343
<b>Program Subtotal</b>	<b>470</b>	<b>810</b>	<b>258<sup>d</sup></b>	<b>1,538</b>
<b>Grand Total</b>	<b>\$700</b>	<b>\$1,224</b>	<b>\$937</b>	<b>\$2,861</b>

Source: Department of State

<sup>a</sup> None of the operating funds from the FY 2006 supplemental (Public Law 109-234) were obligated or expended in FY 2006, and were carried forward into FY 2007.

<sup>b</sup> The Economic Support Fund is used for local reconstruction projects coordinated by the PRTs through Iraqi Provincial Reconstruction Development Committees. The main thrust of this effort is to build capacity at the provincial level by teaching local officials how to prioritize projects and manage infrastructure development and sustainment.

<sup>c</sup> Since 2003, USAID has supported, through its Local Governance Program (LGP), the establishment of structures aimed at increasing Iraqi capacity to deliver basic services. The LGP supports the PRT Program by providing competency-based mentoring and technical assistance to local councils, committees, and departments.

<sup>d</sup> Includes \$93 million in base agency funding and \$165 million in Global War on Terror (GWOT) funding. GWOT, also known as Title IX, makes funds available for military and diplomatic operations overseas, especially in Iraq and Afghanistan. These operations may include a wide variety of activities, such as combating insurgents, civil affairs, capacity building, and reconstruction of infrastructure.

## Appendix D—Acronyms

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BCT	brigade combat team
CERP	Commander's Emergency Response Program
CCCI	Central Criminal Court of Iraq
ePRT	embedded Provincial Reconstruction Team
DoD	Department of Defense
DoS	Department of State
IHT	Iraq High Tribunal
JAM	Jaysh al Mahdi
MNC-I	Multi-National Corps-Iraq
MNF-I	Multi-National Force-Iraq
OMS	Organization of the Martyr al-Sadr
OPA	Office of Provincial Affairs
PC	Provincial Council
PRDC	Provincial Reconstruction Development Committee
PRT	Provincial Reconstruction Team
PST	Provincial Support Team
REO	Regional Embassy Office
SIGIR	Special Inspector General for Iraq Reconstruction
USAID	United States Agency for International Development

# Appendix E—Report Distribution

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## Department of State

Secretary of State\*

Senior Advisor to the Secretary and Coordinator for Iraq\*

Director of U.S. Foreign Assistance/Administrator, U.S. Agency for International Development

Director, Office of Iraq Reconstruction

Assistant Secretary for Resource Management/Chief Financial Officer, Bureau of Resource Management

U.S. Ambassador to Iraq\*

Director, Iraq Transition Assistance Office

Coordinator, Office of Provincial Affairs\*

Mission Director-Iraq, U.S. Agency for International Development\*

Inspector General, Department of State

Inspector General, U.S. Agency for International Development

Regional Inspector General-Iraq, U.S. Agency for International Development

## Department of Defense

Secretary of Defense\*

Deputy Secretary of Defense

Under Secretary of Defense (Comptroller)/Chief Financial Officer

Deputy Chief Financial Officer

Deputy Comptroller (Program/Budget)

Deputy Assistant Secretary of Defense-Middle East, Office of Policy/International Security Affairs\*

Inspector General, Department of Defense

Director, Defense Contract Audit Agency

Director, Defense Finance and Accounting Service

Director, Defense Contract Management Agency

## Department of the Army

Assistant Secretary of the Army for Acquisition, Logistics, and Technology

Principal Deputy to the Assistant Secretary of the Army for Acquisition, Logistics, and Technology

Deputy Assistant Secretary of the Army (Policy and Procurement)

Commanding General, Joint Contracting Command-Iraq/Afghanistan

Assistant Secretary of the Army for Financial Management and Comptroller

Chief of Engineers and Commander, U.S. Army Corps of Engineers

Commanding General, Gulf Region Division

Chief Financial Officer, U.S. Army Corps of Engineers

Auditor General of the Army

## U.S. Central Command

Commanding General, Multi-National Force-Iraq\*

Commanding General, Multi-National Corps-Iraq\*

Commanding General, Multi-National Security Transition Command-Iraq

Commander, Joint Area Support Group-Central

\*Recipient of the draft audit report

## **Other Federal Government Organizations**

Director, Office of Management and Budget  
Comptroller General of the United States  
Inspector General, Department of the Treasury  
Inspector General, Department of Commerce  
Inspector General, Department of Health and Human Services  
President, Overseas Private Investment Corporation  
President, U.S. Institute for Peace

## **Congressional Committees and Subcommittees, Chairman and Ranking Minority Member**

### **U.S. Senate**

Senate Committee on Appropriations  
    Subcommittee on Defense  
    Subcommittee on State, Foreign Operations, and Related Programs  
Senate Committee on Armed Services  
Senate Committee on Foreign Relations  
    Subcommittee on International Development and Foreign Assistance, Economic Affairs, and International Environmental Protection  
    Subcommittee on International Operations and Organizations, Democracy and Human Rights  
    Subcommittee on Near Eastern and South and Central Asian Affairs  
Senate Committee on Homeland Security and Governmental Affairs  
    Subcommittee on Federal Financial Management, Government Information, Federal Services, and International Security  
    Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia  
Permanent Subcommittee on Investigations

### **U.S. House of Representatives**

House Committee on Appropriations  
    Subcommittee on Defense  
    Subcommittee on State, Foreign Operations, and Related Programs  
House Committee on Armed Services  
House Committee on Oversight and Government Reform  
    Subcommittee on Government Management, Organization, and Procurement  
    Subcommittee on National Security and Foreign Affairs  
House Committee on Foreign Affairs  
    Subcommittee on International Organizations, Human Rights, and Oversight  
    Subcommittee on the Middle East and South Asia



## **Appendix F—Audit Team Members**

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This report was prepared, and the review conducted, under the direction of Glenn D. Furbish, Acting Assistant Inspector General for Audit, Office of the Special Inspector General for Iraq Reconstruction.

The following staff members conducted the audit and/or contributed to the report:

Patrick A. Dickriede

Walter J. Franzen

Robert B. Gabriel

Walt R. Keays

Larry T. Monson

Waheed E. Nasser

Nadia Shamari

Clifton E. Spruill

Roger M. Williams

# Management Comments

## U.S. Embassy-Iraq

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*Embassy of the United States of America*  
Baghdad, Iraq

September 10, 2007

**INFORMATION MEMORANDUM**  
**UNCLASSIFIED**

TO: Acting Assistant Inspector General for Audit, SIGIR – Glenn D. Furbish

FROM: Charge d' Affaires, a.i.— Ambassador Patricia A. Butenis

Subject: Comments on SIGIR Draft Audit Report – SIGIR-07-015

This memorandum conveys Embassy Baghdad's response to the request for comments on the draft audit report dated August 31, 2007 entitled, "*Review of the Effectiveness of the Provincial Reconstruction Team Program in Iraq*" (SIGIR-07-015). While we have reservations on the performance measures devised by SIGIR, we share many of the report's observations and its assessment that PRTs have achieved measureable progress in a short period of time under very challenging circumstances. Meanwhile, we have formed an interagency working group to review PRT objectives and to develop more effective performance measures. With respect to the recommendations in the report, we support additional efforts to ensure that the expenditure of CERP funds—or other U.S. Government funds for that matter—advance our capacity development missions. Finally, we are pursuing fresh efforts to manage the problem of PRTs burdened by severe movement limitations. We do not believe the recommendation to reassign personnel from these minimally-staffed PRTs is prudent at this time.

**Findings and Conclusions:**

We believe the findings substantiate the useful work PRTs are performing in Iraq. The conclusions may in fact understate some of this progress. We agree that PRTs are achieving progress in the areas of local governance and reconstruction. The progress in the other core functions is more modest and uneven, but, as noted in many of the observations, there are tangible achievements in these areas as well.

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**Performance Measures:**

We have concerns about the performance measures identified by SIGIR in Table 1 on page 6 of the report. In general, they seem to us more applicable as objectives rather than as measures. The first bulleted point identified for rule of law efforts, in particular, seems overly broad and vague to serve as a useful measurement. It would be difficult to employ this measurement with success as regards almost any system of justice.

An interagency working group is currently updating objectives and developing performance measures to guide PRTs and their accomplishments as recommended in previous SIGIR reports. The working group will review the core functions and measures identified by SIGIR. It should complete its work within a month.

**Recommendations:**

The SIGIR report made the following two recommendations:

1. Consider reassigning the PRT personnel from Basrah, Najaf, Karbala, Qadisiyah, and Maysan to functioning PRTs until the security environment improves, or develop a plan to better utilize those staff and provide clearly defined objectives and guidance for what is to be accomplished.

Response: Non-concur. The limitations on engagement resulting from security concerns for these PRTs are a frustration. We fully agree that PRTs need to have a meaningful mission. However, we believe it is premature to relinquish these PRT links. Retaining provincial contacts is important. So is demonstrating a political commitment to developing these provinces. Seeking out opportunities for engagement and planning projects in contested areas ought not be abandoned easily. This is especially true where alternative engagement strategies have had some productive results. Moreover, there are good reasons to have a PRT prepared to quickly ramp up support for the provincial government when security conditions ease.

That said, we are discussing ways to increase access with MNF-I, MNC-I and the various Division leadership, particularly for the PRTs based in Hillah. Meanwhile, we are minimally staffing these PRTs and implementing pooling arrangements. We will consider further measures if PRT operations languish and security conditions do not improve.

The rationale for maintaining a PRT presence in Basrah is unique, not only because of the city's commercial importance but because the PRT is funded, staffed and managed by the UK. Any changes to the PRT's status would have to be thoroughly discussed with the UK government. PRT Basrah also has engaged regularly and effectively with provincial contacts at the International Airport and in out of country conferences.

2. Develop guidance on the use and synchronization of CERP funds to support the U.S. government's capacity development mission.

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Response: Concur. MNF-I and MNC-I have shown a strong commitment to use CERP funds to support capacity development. However, there may be room for improvement. We are providing guidance to our PRTs to utilize the Mission Strategic Plan and the Joint Campaign Plan as they coordinate with their military counterparts on capacity development projects.

**Other Comments:**

This SIGIR audit has focused on five core functions in evaluating the effectiveness of the PRT program in Iraq. It is worth noting that there are other important contributions provided by PRTs, especially in terms of reporting and analysis from the field. There is a growing and productive relationship between PRTs and various embassy sections to help policymakers better understand and help shape events taking place at the provincial level.

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# Management Comments

## Headquarters, Multi-National Force-Iraq



REPLY TO  
ATTENTION OF

HEADQUARTERS  
MULTI-NATIONAL FORCE – IRAQ  
BAGHDAD, IRAQ  
APO AE 09342-1400

MNFI-COS

10 September 2007

MEMORANDUM FOR Special Inspector General for Iraq Reconstruction, 400 Army Navy Drive, Arlington, VA 22202

SUBJECT: Draft Audit Report on the Status of the Provincial Reconstruction Team Program in Iraq (SIGIR-06-034)

1. Reference: Memorandum, 31 Aug 07, subject: Draft Audit Report on the Status of the Provincial Reconstruction Team Program in Iraq (SIGIR-07-015).

2. Multi-National Force-Iraq provides the following comments on the SIGIR draft Audit recommendations:

a. Recommendation 1: Consider reassigning the PRT personnel from Basrah, Najaf, Karbala, Qadisiyah, and Maysan to functioning PRTs until the security environment improves, or develop a plan to better utilize the staff of those five units and provide clearly defined objectives and guidance for what they are to accomplish. .

Non-concur: Basrah PRT currently conducts local engagement with provincial leadership quite regularly; is able to achieve many of its missions from within the engagement plan; and should continue to operate from the Basrah Air Station. MNC-I and USM-I are working together to provide appropriate security and movement so PRTs in Karbala and Najaf can meet their objectives, outlined in their respective engagement plans. The Corps has requested OPA to relocate the Qadisiyah PRT to Camp Echo and become an ePRT with MND-CS. The recent arrival of the new team Maysan PRT leader will allow that team to execute its engagements from Camp Adder. There is no requirement at this time to reassign or to modify the respective PRT engagement plans, with the exception of Qadisiyah.

b. Recommendation 2: Develop guidance on the use and synchronization of CERP funds to support the US Government's capacity-development mission.

Non-concur: MNC-I CERP guidelines/SOP already contains guidance on coordination/synchronization of effort. At the Provincial level, CERP coordination/synchronization occurs through paired relationship between MND/BCT and PRT and through work with PRDCs. Within ePRTs, synchronization is inherent as they are embedded in respective BCTs/RCTs and work from a Joint Common Plan. Synchronization improvement could occur at the paired PRT level by having the provincial level PRTs develop and implement Joint Common Plans with their paired CF elements (BCT in MND-N, and MND in MND-B, MNF-W, and MND-C). This has already been proposed and is under consideration.

MNFI-CG

SUBJECT: Draft Audit Report on the Status of the Provincial Reconstruction Team Program in Iraq (SIGIR-06-034)

As for CERP utilization on capacity-development, the purpose and intent of CERP is inclusive of capacity-development insofar as the commander prioritizes this effort as he/she seeks to “focus on providing urgent humanitarian relief while providing significant employment opportunities for the Iraqi people.” Each capacity-development CERP proposal will need to justify how it is responding “to urgent humanitarian relief and reconstruction requirements within [the] AOR by carrying out programs that will immediately assist the indigenous population.”


To date, the following corrective actions are contained in the MNC-I CERP SOP, Money as a Weapon System (MAAWS), Appendix C (CERP Family of Funds SOP) Para 4.b. (1 Jun 07) already states, “Commanders will coordinate and determine project needs with local Iraqi government agencies, civil affairs elements, engineers, and the Provincial Reconstruction and Development Councils (PRDCs) and/or Provincial Reconstruction Teams (PRTs) to gain the greatest effect and ensure effect synchronization. Such efforts may also include complementary programs provided by the US Agency for International Development (USAID) and other non-governmental agencies operating in their area of responsibility.”

c. Technical comment. Pg. 6 Table 1. "Core Functions" should be labeled "Core Areas" and "Performance Measures" should be labeled "Core Functions". Rationale: Functions are typically characterized with action verbs. All of the bullets in the right column begin with verbs, equating them to 'functions.'

d. Technical comment. Pg. 37 Appendix B. PST Dahuk and PST Al Sulaymaniyah are both part of the Erbil PRT and should be eliminated from the table. Rationale: There are no longer State Department entities known as PSTs. They have all been converted to PRTs with the exception of PST Dahuk and Al Sulaymaniyah, which have been incorporated into Erbil PRT.

3. My point of contact for this matter is COL Ross Ridge, MNF-I STRATEGIC EFFECTS, DSN (318) 239-9170.

FOR THE COMMANDER:

  
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Chief of Staff

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