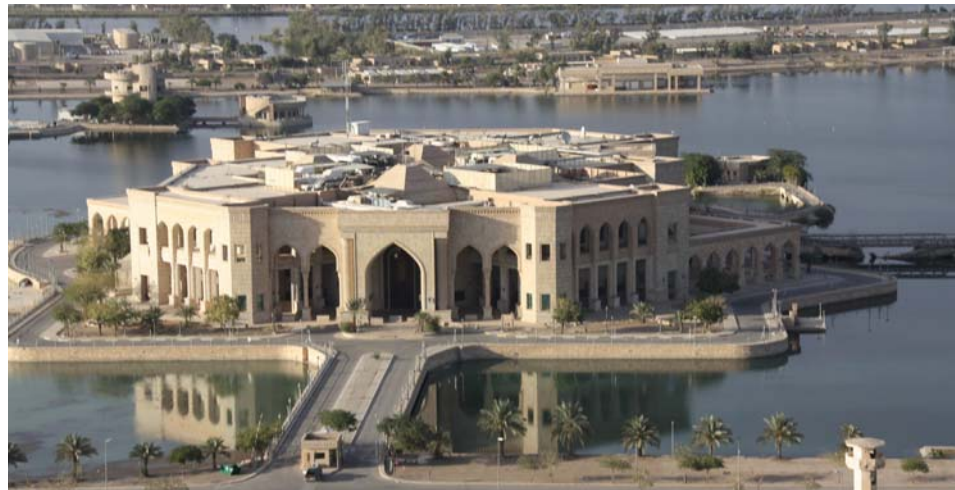


NATION (RE)BUILDING BY ADHOCRACY

The nine-year U.S.-led reconstruction effort in Iraq was extraordinarily difficult. Optimistic pre-war expectations for a limited humanitarian relief and recovery program quickly gave way to post-invasion realities that ultimately required a prolonged effort and the expenditure of tens of billions of dollars. The program faced an array of daunting challenges, pushing up costs in blood and treasure and pushing out the timeline for departure. Those challenges included a deteriorating security situation, conflicting departmental approaches, poor unity of command, weak unity of effort, and a parade of ad hoc management entities that came and went with little accountability.

Reconstruction managers and contracting authorities faced complicated decisions, unprecedented challenges, and limiting restrictions as they planned, executed, and oversaw multifarious efforts to create a free, sovereign, and democratic Iraq. A succession of diverse, largely improvised entities ultimately managed more than \$60 billion in U.S. appropriations and billions more in Iraqi funds to execute more than 90,000 contracting actions.⁶

When Iraq's reconstruction began, the U.S. government relied on—in the words of former Secretary of Defense Rumsfeld—“quickly assembled, ad hoc efforts”⁷ to coordinate the resources of departments long used to working independently. The lead agencies—the Department of Defense, the Department of State, and the U.S. Agency for International Development—sometimes coordinated but rarely integrated their operations: “stovepiping” is the apt descriptor. Early on, in particular, there were few effective mechanisms for unifying their diverse efforts. Figure 3.1 shows the many handoffs of reconstruction authority and program management that took place during the rebuilding effort.



Al-Faw Palace, built originally for Saddam Hussein and his family, served as headquarters for the U.S. military in Iraq until December 2, 2011. (Aerial support provided by Embassy Air Operations)

Experience improved interagency coordination along the way. A necessary shift from an early focus on large infrastructure projects to a program centered on security and capacity-building bolstered interagency engagement because it required deeper involvement by government officials, as opposed to contractors. But these hard-won alliances, driven as they were by white-hot circumstances, have yet to yield the kind of systemic institutional reform within the U.S. government that would forestall future agency “stovepiping” during stabilization and reconstruction operations. The relatively limited transfer of lessons from Iraq to its contingency cousin in Afghanistan testifies to this truth.

Who Was in Charge?

The old cliché, money is power, could prove a useful touchstone in arriving at a first answer to this question. Defense controlled the contracting for the Iraq Security Forces Fund (\$20.19 billion), the Commander’s Emergency Response Program (\$4.12 billion), and the bulk of contracting for the Iraq Relief and Reconstruction Fund (\$20.86 billion). Thus, it held decisive sway over \$45 billion (87%) of the roughly \$52 billion allocated to the five major rebuilding funds that supported Iraq’s reconstruction—most of which addressed security priorities through 2008 (see Figure 3.2).⁸ In Iraq, if money was power, and power determined who was in charge, then Defense was in charge.

Some say people are power. The formula plays out similarly. Defense’s presence in Iraq peaked at over 170,000 personnel supported by an even larger contractor contingent. True, they were predominantly combat troops, but the CERP put combat troops into the rebuilding business, and the ISFF put them into the security-training business. The CERP funded thousands of civil reconstruction projects, almost all overseen and executed by battalion commanders, and the ISFF paid for the training of Iraq’s security forces (army *and* police), overseen and executed chiefly by “green-

suiters.” So if people are power, then in Iraq, Defense was in charge.⁹

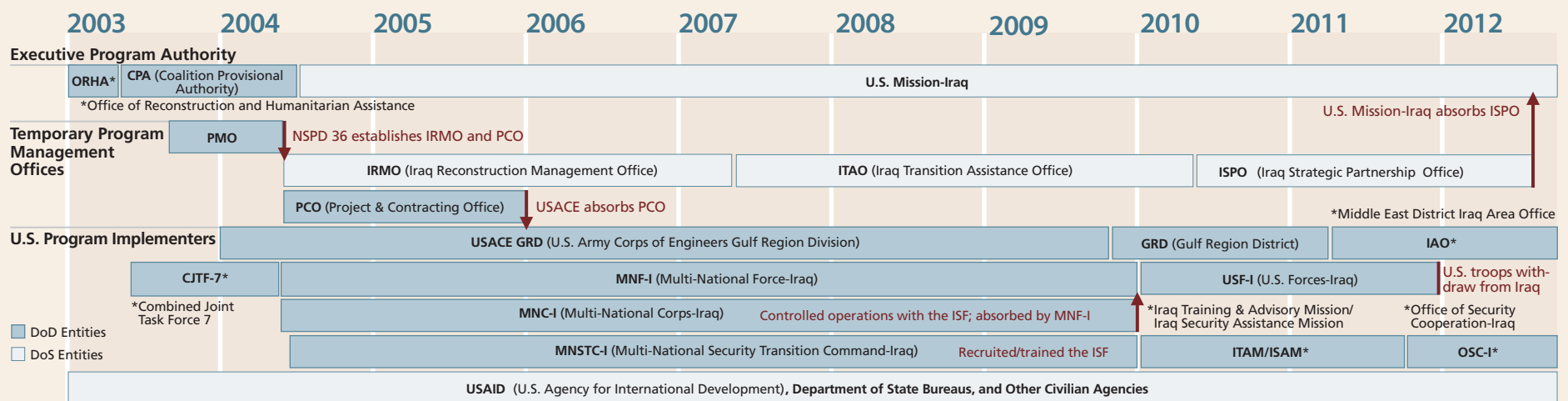
In Washington, policy is power. In January 2003, thanks to the persuasive arguments of the Secretary of Defense, the President signed National Security Presidential Directive 24, putting Defense formally in the lead for post-war rebuilding. With the stroke of a pen, this ended what had been a fairly fervid interagency debate about post-conflict strategy. If policy is power, then—again—Defense was in charge in Iraq, at least for the first year.

Clarifying the answer to the “who’s in charge” question is crucial for future stabilization and reconstruction operations.

Three successive organizations bore responsibility for providing the U.S. reconstruction program with strategic oversight and tactical direction: the Office of Reconstruction and Humanitarian Assistance, the Coalition Provisional Authority, and the U.S. Mission-Iraq. ORHA and the CPA both fell under the aegis of the Defense Department; the U.S. Mission-Iraq is a Department of State entity. Each organization developed successive, differentiated reconstruction strategies to respond to the evolving environments they faced in Iraq and to coordinate the work of multiple agencies and other implementing partners in country and back in Washington.¹⁰

FIGURE 3.1
Iraq Reconstruction Program Execution, 2003–2012

Although State had executive authority over reconstruction by the second year, Defense implementers oversaw the majority of the work performed.



ORHA—Initiating the Program (January 2003–April 2003)

On January 20, 2003, NSPD 24 consolidated responsibility for the reconstruction program under the Defense Department and established ORHA as its implementing authority. With no staff and barely integrated into Defense’s command structure, ORHA’s leader, retired Lieutenant General Jay Garner, set out to build an organization from scratch just two months before the invasion.¹¹

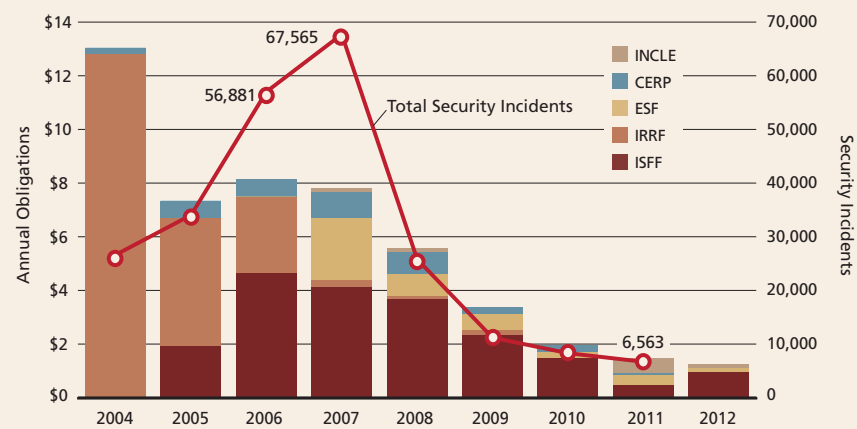
Lieutenant General Garner consulted experts and explored workaround solutions for staffing and contracting to gear up for what was expected to be a relatively short-term endeavor aimed at ameliorating expected humanitarian crises and potential man-made disasters, such as oil-field fires.¹² He received few responses from U.S. agencies to his staffing requests, marking the first instance of inadequacy in U.S. attempts to provide civilian personnel for Iraq.¹³

ORHA moved into Baghdad in April 2003, lacking sufficient capacities for obtaining acquisition support. It worked with the Defense Contracting Command-Washington to award \$108.2 million to execute the Iraqi Free Media Program and establish the Iraq Reconstruction Development Council, which sought to fold Iraqi leaders into project decision making. The Defense Department’s Office of Inspector General later determined that ORHA’s contracting practices circumvented proper procedures but cited a lack of contracting personnel and extreme time constraints as extenuating circumstances.¹⁴

USAID mobilized for humanitarian aid and disaster relief operations. From February through May 2003, it awarded eight major contracts, worth \$1.3 billion, constituting the largest short-term burst of contracting in the agency’s history. After the invasion, its Office of Foreign Disaster Assistance moved a 65-person Disaster Assistance Response Team in from Kuwait—the largest ever deployed—with the Office of Transition Initiatives providing 24-hour support.¹⁵ The DART applied “creative contracting mechanisms,” including the issuance of cooperative agreements to non-governmental organizations up to a maximum of \$4 million each.¹⁶

These early contracting actions provided a start to relief and reconstruction operations shortly after U.S. forces had prevailed in Iraq. But an enduring hangover from prewar disagreements on post-war

FIGURE 3.2
Annual Obligations, by Funding Source vs. Security Incidents, 2004–2012
\$ Billions



Obligations for security programs generally rose and fell in proportion to security incidents.

strategy as well as controversial decisions about mission leadership hampered progress in mid-2003. The most controversial early decision, one that would affect the program’s entire trajectory, was the superseding of ORHA by the CPA in late April.

Coalition Provisional Authority—Re-initiating the Program (April 2003–June 2004)

Two weeks after ORHA arrived in Baghdad, President Bush announced the appointment of Ambassador L. Paul Bremer III as the Coalition Provisional Authority Administrator.¹⁷ Concomitantly, the Congress created the IRRF, appropriating \$2.475 billion, approximately 74% of which was allocated to USAID.¹⁸ The allocation of IRRF 1 reflected what many expected the post-invasion situation in Iraq to require: rapid relief efforts, minimal reconstruction, and some support for economic development.¹⁹

The Defense Department’s planning anticipated that Iraq would soon assume sovereignty through an elected interim government and then begin to shoulder the responsibility for rebuilding the country. Defense presumed that Iraq’s governance capacity could manage reconstruction programs and projects, but this projection proved off the mark.²⁰

Trying To Bring Order

Ambassador Bremer arrived in May 2003 to find that neither the military nor the civilian leadership were responding effectively to the disintegration of Iraq's government and the consequent loss of law and order. The CPA's first two orders—de-Ba'athification and disbanding the Army—further complicated the chaos.²¹

In the summer of 2003, Defense opened the Head of Contracting Activity office in Baghdad to provide acquisition support to the CPA, starting with just three contracting officers to execute a rapidly growing backlog of contracts. The HCA expanded to 50 people within a year, but this represented just 50% of the personnel required to administer the thousands of contracting actions the CPA requested.²²

The White House provided support by facilitating a Joint Manning Document, which determined that the CPA would need a staff of at least 1,200 people. Throughout its tenure, however, the CPA operated with about one-third fewer people than necessary, and turnover was constant. Moreover, the length of duty for various agencies ranged from 3 to 18 months, with military and civilian rotations not synchronized.²³

Attempting Iraq's Recovery

The CPA sought to spur Iraq's recovery through large infrastructure projects focused on the electricity and water sectors. Ambassador Bremer hoped these efforts would energize the economy and supply Iraqis with much-needed essential services.²⁴

The CPA developed its program in haste, missing opportunities to integrate adequately the views of Iraqis—a fact borne out in this report—and alienating USAID, whose arguments for early capacity-building programs went largely unrecognized.²⁵ By the fall of 2003, Iraqi and U.S. government leaders became increasingly impatient with the slow pace of recovery, prompting the United States to announce, on November 15, 2003, that sovereignty would transfer back to Iraq by June 30, 2004. This immediately increased pressure to amplify and accelerate the rebuilding program, but the CPA did not yet have IRRF 2 money to spend, and it would not until toward the end of its tenure.²⁶

Establishing what would be the first of several ad hoc organizations to manage reconstruction, the CPA created the Program Management Office in the summer of 2003. Initially, USACE provided a handful



Prime Minister Ayad Allawi, Ambassador L. Paul Bremer, and Iraqi President Ghazi Mashal Ajil al-Yawar leave a ceremony celebrating the transfer of full governmental authority to the Iraqi Interim Government in June 2004. (DoD photo)

of staff to support the new entity. Over the course of its 10-month lifespan, the PMO had only half of the 100 people it needed to manage the CPA's programs.²⁷

A Slow Start

Several issues limited the initiation of the IRRF 2 program. First, Washington concluded that the CPA's spend plan lacked sufficient detail. The Office of Management and Budget thus withheld the allocation of some funds through the winter of 2004, pending more specific information, which slowed action on contracts then in the process of being competitively bid.²⁸

Defense sent an acquisition assessment team to Baghdad to review the CPA's practices and determine the resources necessary for effective IRRF contract administration. It found weaknesses in staffing and processes that SIGIR would echo in later audit findings. In response, the HCA took immediate steps to increase staff, create a management team to advise the PMO on contract requirements, establish a board for prioritizing contracts, develop an automated contracting data system, and end the unauthorized procurement of goods and services. But these changes were never fully realized.²⁹

In the spring of 2004, ongoing projects began to suffer as security deteriorated, with some seeing cost increases of up to 20%.³⁰ At its end, 14 months after its creation, the CPA had barely begun to use the IRRF 2 for reconstruction. Ambassador Bremer funded most of the CPA's early projects, as well as Iraqi government operations, from the Development Fund for Iraq. By April 2004, the HCA had awarded 1,988 contracts, grants, and purchase and delivery orders—1,928 of which were funded by the DFI.³¹

U.S. Embassy—Re-evaluating the Program (June 2004–June 2005)

In May 2004, just after Coalition forces reorganized as the new Multi-National Force–Iraq, the President signed NSPD 36, assigning responsibility for Iraq's reconstruction to State. On June 28, 2004, when the Iraqi Interim Government gained sovereignty, the U.S. Mission–Iraq, under new Ambassador John Negroponte, assumed the nominal lead of the rebuilding program.³²

NSPD 36 established the Iraq Reconstruction Management Office to manage the reconstruction program's strategic direction. Its senior advisors provided support and technical assistance to Iraqi ministers. Meanwhile, another ad hoc Defense entity called the Project and Contracting Office subsumed the PMO, and it took over managing most construction contracts.³³

The ambiguities created by having two ad hoc reconstruction offices—IRMO and PCO—reporting to two different U.S. agencies—State and Defense—made it difficult to achieve unity of effort. A third ad hoc entity, the Multi-National Security Transition Command–Iraq, took charge of ISF training and equipping. Meanwhile, USAID maintained control of its own programs. This diffusion of activities limited Ambassador Negroponte's ability to integrate reconstruction activities, weakened management insight, and fed interagency tensions, all of which impeded progress.³⁴

In the summer of 2004, Ambassador Negroponte ordered a review of reconstruction priorities, which led to the reprogramming of substantial IRRF 2 funds from the water and electricity sectors into the security and economic development sectors.³⁵ This contributed to a “reconstruction gap”—the difference between the number of projects

that the U.S. government told the Iraqis it would build and the number of projects that it would ultimately complete. The gap marred Iraqi expectations, attenuating their trust, but security problems demanded the change.³⁶

A rising insurgency in Iraq required the revamping of reconstruction funding allocations. In May 2005, the Congress provided more than \$700 million for the CERP and \$5.49 billion for the new Iraq Security Forces Fund created chiefly to equip and train the ISF. Over the course of its life, the ISFF received \$20.19 billion, nearly matching the IRRF.³⁷

The U.S. Mission–Iraq began moving away from using expensive design-build contracts with large companies to direct contracting with Iraqi firms. But the PCO director cautioned against shifting large amounts of funding away from contracts that had been awarded under full and open competition. Hundreds of firms were active across the country, employing tens of thousands of foreign contractors and an estimated 180,000 Iraqis.³⁸

Project management systems remained problematic. In mid-2005, the U.S. Mission–Iraq still could not match projects with the contracts that funded them, nor could it estimate how much they would cost to complete. Further, completed projects were failing after being turned over to Iraqis who could not properly maintain and operate the facilities.³⁹ SIGIR reported on all of this, making recommendations for improvements.

U.S. Mission–Iraq—Executing the Program Amid Growing and Then Descending Violence (June 2005–August 2010)

The U.S. reconstruction strategy continued to evolve during the tenure of Ambassador Zalmay Khalilzad, who arrived in Baghdad in June 2005.⁴⁰ At that time, the U.S. government began to recognize that the GOI lacked sufficient capacity—both at the national and provincial levels—to manage the infrastructure projects provided through the IRRF.⁴¹ Reconstruction managers identified sustainment as a problem. Ambassador Khalilzad thus shifted the reconstruction effort's focus to smaller projects at the local level designed to provide jobs and improve the delivery of services.⁴²



Ambassador John Negroponte was the first U.S. Chief of Mission to serve in Iraq after the second Gulf War. (DoS photo)



Zalmay Khalilzad served as the U.S. Ambassador to Afghanistan prior to taking over as the Chief of Mission in Iraq in June 2005. (DoD photo)

SIGIR Audits 06-036, 10-006, 10-014, 10-020, 12-001, 12-008 12-013, 13-003

Documenting the DFI: Transparency and Accountability 101

During its 14-month regency, the Coalition Provisional Authority possessed authority over about \$23.4 billion in Iraqi funds: \$20.7 billion in Development Fund for Iraq money and \$2.7 billion in Iraqi seized and vested assets. It directed DFI distributions totaling \$14.1 billion, most of which went to Iraqi ministries and the Kurdistan Regional Government to pay salaries, pensions, and operating costs. It also spent about \$2.4 billion in seized and vested assets by the time its mission ended on June 28, 2004.

When the CPA concluded operations, it had \$6.6 billion in DFI funds on hand. The Administrator transferred almost all of it to the Central Bank of Iraq. Defense kept control over \$217.7 million in cash in the Republican Palace vault. Later, the GOI provided Defense \$2.8 billion in DFI funds to pay bills from contracts the CPA awarded prior to its dissolution.

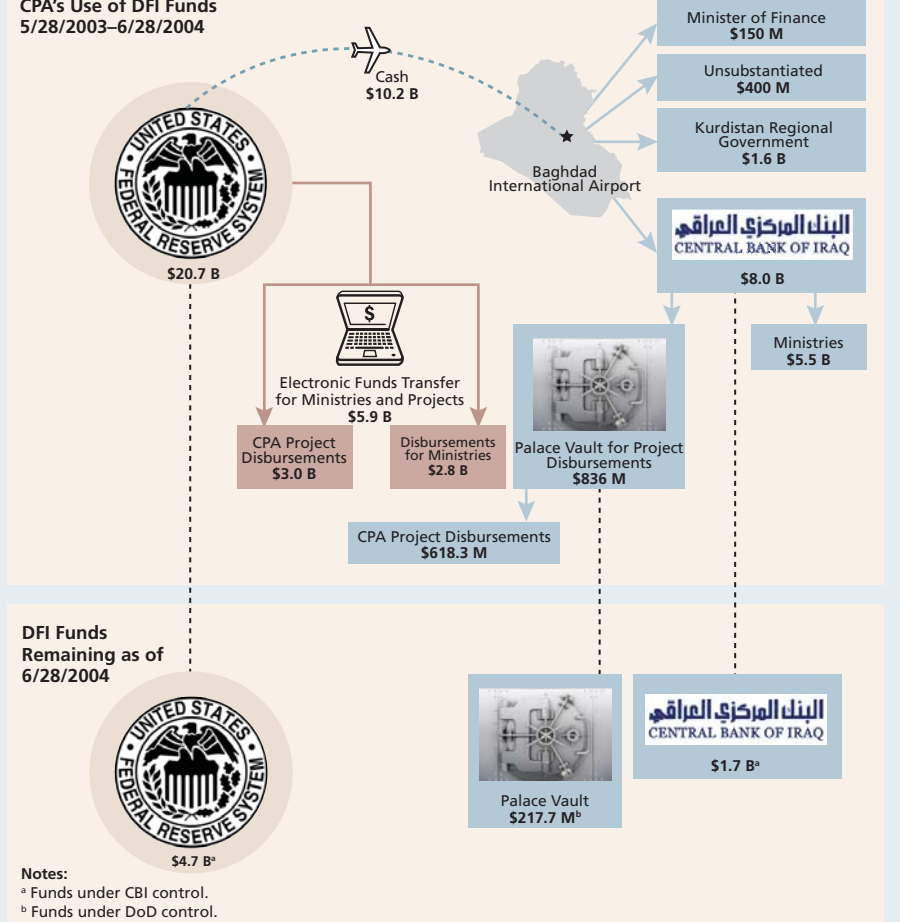
SIGIR audits made the following findings about the use of the DFI:

- Of the \$14.1 billion used by the CPA, about \$5.9 billion involved electronic fund transfer payments made for Iraqi ministry expenses and for a variety of items and services such as petroleum products, firearms and ammunition,

vehicles, firefighting equipment, and military equipment. SIGIR found most of the required financial documents supporting payments for items and services purchased in 2003, but documents for payments made in 2004 were largely missing. The largest portion of the DFI, more than \$10 billion, was provided to the Iraqi ministries and the KRG in 2003 and 2004 to pay for salaries, pensions, and operating costs. SIGIR found poor controls, weak accountability, and limited documentation supporting the use of funds.

- Of the \$2.8 billion in DFI provided to the Defense Department by the GOI, Defense could not produce documents supporting the use of approximately \$1.7 billion, including \$1.3 billion in fuel purchases. Instead of using the required receiving reports to document fuel purchases, Defense officials maintained a fuel delivery log book. When SIGIR audited these funds, the log book could not be found.
- Defense spent \$193.3 million of the \$217.7 million in cash that was in the Republican Palace vault, but it could not locate documentation supporting \$119.4 million of these expenditures.

CPA's Use of DFI Funds
5/28/2003–6/28/2004



Reaching Out to the Provinces

To extend capacity-building efforts beyond Baghdad, Ambassador Khalilzad deployed Provincial Reconstruction Teams across Iraq, adapting a concept he developed during his time as Ambassador to Afghanistan. The PRT program established a novel system in which military and civilian personnel sought to work as an integrated team, rather than as a coordinative partnership. Its mission encompassed not only capacity-development efforts to support provincial and local governments but also projects that supported the counterinsurgency

effort and stability operations. Although funded primarily from U.S. sources, PRT activities also received Coalition support, as well as help from nongovernmental organizations, donor nations, and the Iraqis.⁴³ On November 11, 2005, the first PRT opened in Mosul.⁴⁴ Originally conceived as a smaller two-phase program, the United States expanded and extended the effort to support the 2007 “surge.” By the time Ambassador Khalilzad’s replacement arrived in the spring of 2007, the United States led seven PRTs, with other Coalition nations leading another three.⁴⁵

Surging Ahead

Throughout 2006, Iraq fell further into deadly chaos. The February 2006 bombing of the “Golden Mosque” in Samarra eventually sparked a chain of retaliatory killings, kidnappings, mosque attacks, and street fighting. For the rest of the year and into the next, sectarian violence worsened, decimating mixed Sunni-Shia neighborhoods in Baghdad and spreading its lethal effects across the country.⁴⁶

General David Petraeus assumed command of MNF-I in February 2007, and Ambassador Ryan Crocker became Chief of Mission the following month. Together, they implemented a new comprehensive, civilian-military campaign plan that brought more than 25,000 additional U.S. troops into Iraq and a smaller, but complementary, contingent of civilian personnel to staff “ePRTs” (PRTs embedded in brigade combat teams). The new strategy also focused on securing the people by locating with them, emphasized implementation of CERP-funded projects, and supported reconciliation with Sunni insurgents and Shia militia members (including funding the “Sons of Iraq” program to employ Sunnis and some Shia who might otherwise have continued to take up arms against the Coalition).⁴⁷

The complementary leadership that General Petraeus and Ambassador Crocker brought to bear at this crucial moment achieved something that their respective institutions could not: integrated civilian-military operations. The new approach turned the tide, tamping down sectarian violence, relentlessly targeting Sunni insurgent leaders, and compelling Muqtada al-Sadr, leader of the Mahdi Army, to declare a cease-fire in August 2007. Al-Sadr’s forces ultimately would be defeated in April 2008 in the Battles of Basrah and Sadr City. By summer’s end, attacks had significantly decreased, and they would continue to do so for the balance of the year.⁴⁸

In September 2007, the United States had more than 170,000 combat personnel in Iraq as part of the counterinsurgency operation, with more than 171,000 contractors supporting the mission.⁴⁹ There were 15 new “ePRTs” operating across Iraq, staffed chiefly by U.S. government civilians and overseen by the new Office of Provincial Affairs at the Embassy (see Figure 3.3). The ePRTs supported the counterinsurgency mission in unstable, yet strategically significant, areas such as Baghdad, Anbar, and Babylon provinces.⁵⁰

Although the civilian surge provided much-needed personnel

SIGIR Audit 06-045

Building Capacity To Sustain Projects: Too Little, Too Late

In the spring of 2003, Iraq’s governance capacity was shattered. Thirty years of centralized control had debilitated the government’s core functions, and post-invasion looting and the de-Ba’athification order aggravated matters. System failures became acutely apparent when Iraq could not maintain transferred facilities constructed by the United States. Although the Congress encouraged U.S. agencies receiving reconstruction funds to provide capacity-building support to the GOI, SIGIR found a dearth of efforts on this front during the rebuilding program’s early stages.

Turnover of personnel across several interim Iraqi governments hampered efforts to assess GOI competencies and capacities. Exacerbating this weakness, U.S. agencies failed to share information garnered from GOI engagements in an integrated fashion. Without a clear understanding of Iraq’s abilities and needs, program managers initiated projects driven by parochial understandings and particular preferences.

Symptoms of this ad hoc approach lingered. For example, by 2007, the U.S. Mission had



SIGIR’s inspection of the Hai Musalla Primary Healthcare Center revealed that U.S.-funded equipment was not being used because Iraqi staffs had not been trained to operate it.

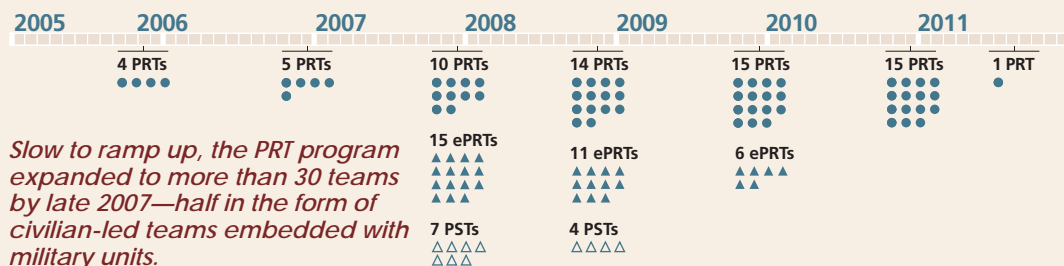
yet to designate a lead office to direct coordinated capacity-development efforts. Moreover, Embassy officials indicated that they lacked the legal authority to integrate interagency activities. Unity of effort was missing, weakening sustainment and putting reconstruction projects at risk.



U.S. Ambassador Ryan Crocker, Iraqi President Jalal Talabani, and Deputy Secretary of State John Negroponte attend the dedication of the new U.S. Embassy in Baghdad on January 5, 2009. (DoS photo)

FIGURE 3.3

U.S. Provincial Reconstruction Team Footprint, 2005–2011



SIGIR Audit 09-005

Private Security Contractors: Iraq Amok

Private security contractors provided protection in Iraq for U.S. government and contractor personnel, facilities, and property. These services included guarding bases and work sites, escorting individuals and convoys, and providing security advice and planning. In an October 2008 report, SIGIR identified 77 companies that provided such services since 2003. But the number of personnel deployed by these companies was more difficult to pin down.

In August 2008, the Congressional Budget Office estimated that number to be 25,000–30,000. But an October 2008 Government Accountability Office report stated that complete and reliable data was unavailable, and thus it was impossible to determine the precise number.

The security contractor phenomenon brought serious problems. A September 2007 incident in Baghdad, involving State’s security contractor Blackwater, resulted in the deaths of 17 Iraqi civilians. This tragedy forced Defense and State to improve oversight of PSCs, producing, among other things, the following improvements:

- MNF-I established an Armed Contractor Oversight Division to monitor PSCs and serve

as the prime point of contact on PSC policies.

- MNF-I published comprehensive guidance for PSCs, assigning military units more responsibility for overseeing PSC missions, managing incidents, conducting investigations, and executing contract management.
- A memorandum of agreement defined State and Defense authorities and responsibilities for overseeing PSC operations in Iraq. In addition to establishing common rules regarding the use of force, serious incident investigation, and report preparation, the agreement spelled out prudential control procedures for PSC missions, requiring liaison officers to monitor them.



Iraqi security forces stand guard at the April 2008 re-dedication ceremony at the newly refurbished King Faisal Bridge. Four years earlier, the bodies of four Blackwater security contractors were hung from the bridge. (USMC photo)

for the dispersed capacity-building efforts that began to dominate reconstruction, the coordination of an expanding U.S. Mission-Iraq became much more complicated. As the organization chart for 2007 visually reveals, it was difficult to manage funding and programs (see Figure 3.4).

Three years of ISFF investment into training and equipping the ISF began to pay dividends.⁵¹ Iraqi forces played important security roles in the “surge.” By the same token, Iraqis began to take leadership in funding and managing reconstruction projects. At the end of 2007, the GOI had drawn even with the United States in funding reconstruction, and, in 2008, Iraq provided more than \$19 billion or almost four times the amount provided by the United States.⁵²

During this period, SIGIR expressed concerns about the process for transferring completed projects to the GOI, citing the lack of a definitive bilateral asset-transfer agreement. The absence of such caused many projects to be unilaterally transferred to Iraqi control without formal acceptance, increasing the risk that the U.S. investment in Iraq would be wasted.⁵³ Additionally, as the IRRF program closed out, the CERP increasingly served as a vehicle to finish ongoing IRRF projects,⁵⁴ with new CERP projects growing larger in size—a trend that eventually became a serious problem.⁵⁵

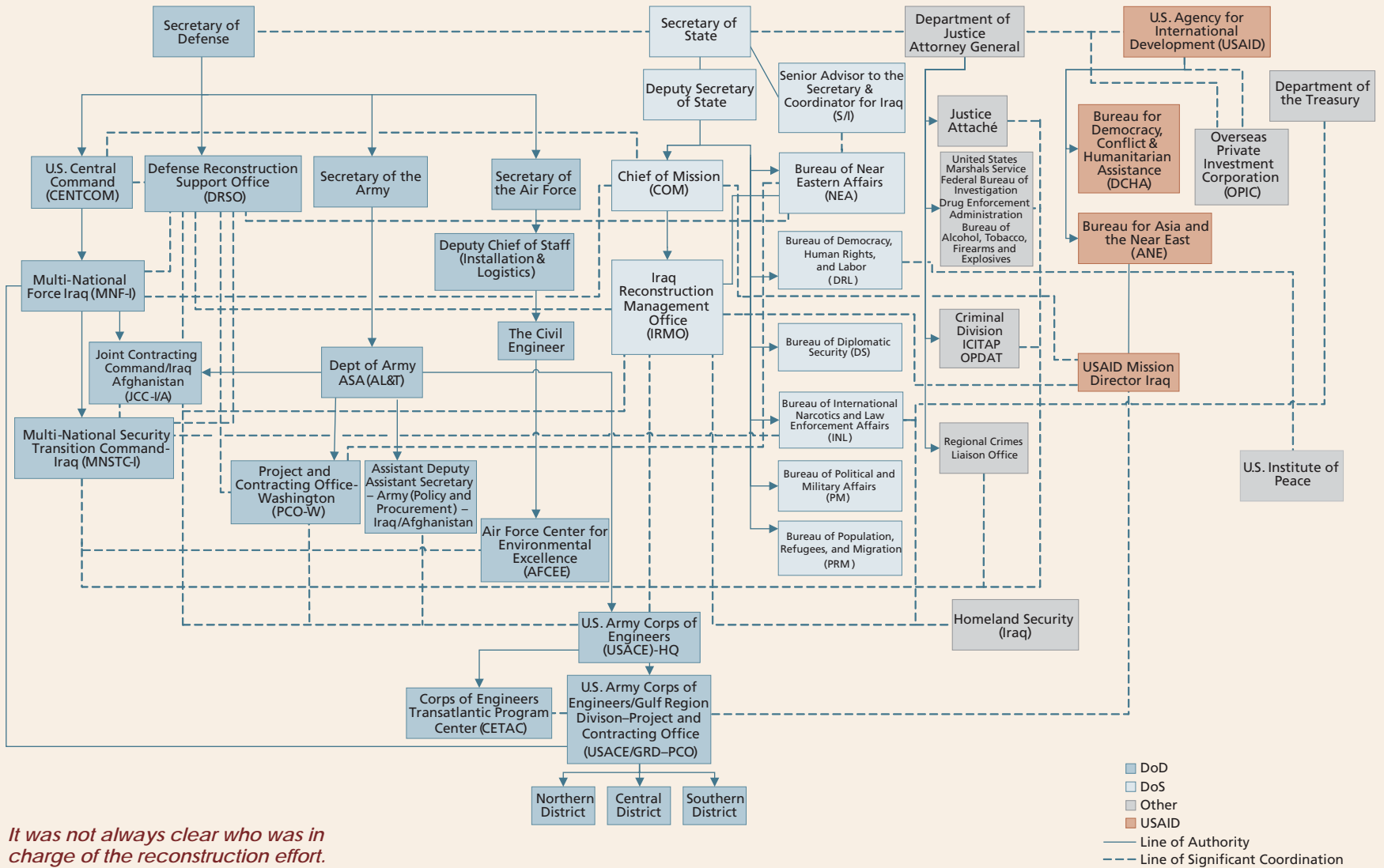
When the last “surge” brigade left Iraq in July 2008, the transfer of security responsibilities to Iraq was well underway, with the ISF in the lead in 10 of Iraq’s 18 provinces. The “surge” helped drop average daily security incidents to 2004 levels and reduced Iraqi civilian deaths by 75%.⁵⁶

Preparing for Transition

In April 2009, Ambassador Christopher Hill inherited the mammoth challenge of preparing for the withdrawal of U.S. troops. The November 2008 Security Agreement required all U.S. troops to leave Iraq by the end of 2011. After final withdrawal, the new Strategic Framework Agreement would drive U.S.-Iraq relations.⁵⁷

In December 2009, President Obama announced that the U.S. combat mission in Iraq would conclude by August 31, 2010. On January 1, 2010, five major MNF-I command groups merged under a single command—the U.S. Forces-Iraq—which would manage the drawdown in coordination with State.⁵⁸ The Iraq Training and Advisory Mission assumed responsibility for activities that had

FIGURE 3.4
U.S. Embassy-Baghdad Organization Chart During 2007



It was not always clear who was in charge of the reconstruction effort.

been under MNSTC-I, including police training conducted by 574 international police advisors.⁵⁹

The Iraq Security Assistance Mission took over administering the Foreign Military Sales program, with contracting support from the Defense Security Cooperation Agency. Among its many responsibilities over the two years leading up to the final troop withdrawal, the Defense Department was responsible for determining the disposition of more than 3 million pieces of U.S. military equipment, including items valued collectively at \$1.1 billion that transferred to the GOI's security forces.⁶⁰

When USACE's Gulf Region Division deactivated on October 23, 2009, it reported having completed 4,697 U.S.-funded projects at a combined cost of \$7.3 billion. Two smaller districts overseen by the USACE Transatlantic Division continued work in Iraq until April 10, 2010, when operations merged into a single Gulf Region District.⁶¹

U.S. Mission-Iraq continued efforts to “right-size” U.S. Embassy-Baghdad operations and State's presence in the provinces. Upon expiration of its authority in May 2010, the Iraq Transition Assistance Office transferred most program management responsibilities to the Iraq Strategic Partnership Office, a third successive ad hoc agency. ISPO continued oversight of construction projects and grants. Another ad hoc entity, the Office of Provincial Affairs, coordinated PRT/PRDC projects and played an increasing support role in prioritizing and administering CERP projects through the PRTs.⁶²



U.S. Ambassador James Jeffrey talks with businessmen at the Baghdad Trade Fair in November 2011. (DoS photo)

U.S. Embassy—Transitioning to Traditional Assistance (August 2010–October 2012)

In August 2010, the U.S. combat mission formally concluded, and Ambassador James Jeffrey returned to Iraq to take over as Chief of Mission.⁶³ The slow march to full U.S. military withdrawal spanned 15 months. The CERP in Iraq closed out in September 2011,⁶⁴ and almost all of the \$20 billion in ISFF was obligated when the final authority to obligate expired a year later.⁶⁵ The Office of Security Cooperation-Iraq continued ISAM's mission, coordinating continuing security assistance for the ISF with funding chiefly from the FMS program. Defense transferred its police training advisors to State's new Police Development Program and prepared to hand off its



U.S. Ambassador Christopher Hill (second from right) and GOI officials visit the Qudas Power Plant, one of the largest U.S.-funded power-generation projects, in 2009. (DoS photo)

limited counterterrorism and training support activities to OSC-I in October 2011.⁶⁶

The PDP saw State's Bureau for International Narcotics and Law Enforcement Affairs resume responsibility for police training, a mission it had led early on in the reconstruction program. Although INL continued to execute and fund small anticorruption and rule-of-law efforts, most INCLE funds now supported the police development efforts.⁶⁷

In October 2011, ITAM transferred full responsibility for police training to INL's planned five-year, multibillion-dollar program. One year later, however, State scaled back the PDP dramatically because of an internal INL assessment and SIGIR audit findings. Slashing hundreds of millions of dollars from the program, State reduced the number of police advisors to 35—a tenth of the original requirement.⁶⁸

The total number of personnel dropped when USACE's Iraq Area Office subsumed GRD in March 2011, and the PRT program closed its doors that summer. But personnel numbers rose slightly in early 2012 as State prepared to operate at several Embassy satellite locations, OSC-I hubs, and training sites. As long-running USAID programs closed and the scope of U.S. involvement in Iraq narrowed

through 2012, U.S. Mission-Iraq again moved to decrease civilian and contractor personnel. ISPO's three remaining staff members transferred to U.S. Embassy sections when that office closed in August 2012.⁶⁹

Ambassador Robert Beecroft took over as Chief of Mission in September 2012. State's role in Iraq still transcended the traditional boundaries of diplomacy and development assistance, requiring Ambassador Beecroft to manage a sprawling mission of unprecedented size and unrivaled complexity amid a still-volatile Iraq. At the end of 2012, the Mission's personnel totals still exceeded 10,000, with programs coordinated out of 11 sites (see Figure 3.5).⁷⁰

Who Did the Work?

As the Executive Agent for most reconstruction funding, the Defense Department directed programs covering more than 75% of U.S. funds allocated for Iraq's reconstruction.⁷¹

USAID directed almost 15% of money in the five major funds. Its programs initially addressed the restoration of critical public services and then transitioned to capacity-development efforts in the governance and economy sectors funded by the IRRF 2 and the ESF.⁷²

Although State bore responsibility for the strategic direction of the program starting in May 2004, it implemented less than 10% of the obligations from the five major funds. Approximately three-fourths of all State-led efforts addressed rule-of-law programs, supported by the INCLE, ISFF, and IRRF. The remainder provided technical support to Iraq's ministries and funded projects to build capacity at the local level, mainly through the PRT/PRDC program.⁷³

Department of Defense Programs

Construction Services

USACE, through its Gulf Region Division (activated in January 2004), served as the primary construction manager of U.S.- and Iraqi-funded construction projects in every reconstruction sector. NSPD 36 authorized the establishment of the PCO a few months



U.S. Ambassador Robert Beecroft is sworn in as Chief of Mission. (DoS photo)

later to provide additional reconstruction management oversight. By December 4, 2005, GRD and PCO merged, and by October 14, 2006, GRD became the successor to PCO, which closed its Washington office several months later. USACE oversaw military construction services provided through Iraqi-funded FMS cases and implemented an additional \$2.4 billion in DFI-funded projects contracted by the CPA, almost all of which supported contracts for the Task Forces to Restore Iraqi Oil and Iraqi Electricity. USACE implemented many types of U.S.-funded construction, including these:⁷⁴

- IRRF and ESF projects overseen by ISPO and its predecessors
- projects funded through Defense allocations of the IRRF to USACE and through interagency agreements with other agencies to build or refurbish schools, hospitals, medical clinics, government buildings, water and waste supply and treatment facilities, oil and electrical infrastructure, police stations, border forts, prisons, courthouses, and much more

- “pseudo-FMS” projects funded by the ISFF to build and refurbish ISF bases and facilities
- INL-funded police training facilities and other projects to support the ISF
- at least \$1.65 billion in Army Operations and Maintenance projects to build facilities and install security measures on bases occupied by U.S. military forces, such as overhead protection for dining halls and barracks facilities

As of September 2012, USACE reported completing more than 5,000 projects since March 2003, funded by at least \$8.27 billion of the major U.S. reconstructions funds (see Figure 3.6). It had 44 ongoing or planned projects with a collective contract value of \$639.1 million, the majority of which were FMS cases.⁷⁵

Rebuilding the ISF

Defense directed more than \$25 billion in projects and programs to recruit, train, equip, and sustain MOI police forces and MOD military forces through September 2012.⁷⁶ Prior to 2004, Combined Joint Task Force-7 led U.S. efforts to begin rebuilding the ISF, including initial projects utilizing Iraqi funds such as the DFI and CERP. When MNF-I assumed command and control of military operations in

April 2004, its subordinate command MNSTC-I took over the role of rebuilding the ISF.⁷⁷

Under MNSTC-I, these elements carried out programs:⁷⁸

- **Coalition Military Assistance Training Team—CMATT** supported the Ministry of Defense and Joint Headquarters Transition Team in building the ranks of Iraqi Army, Air Force, and Navy units throughout Iraq.
- **Civilian Police Assistance Training Team—CPATT** coordinated with INL, DoJ, and IRMO to train, equip, organize, mentor, and develop MOI forces.
- **Coalition Air Force Transition Team—CAFTT** worked to build Iraq’s military air capability, and coordinated with two other MNSTC-I teams assigned to work with the MOD and MOI to improve command and control and develop law-enforcement capacity.

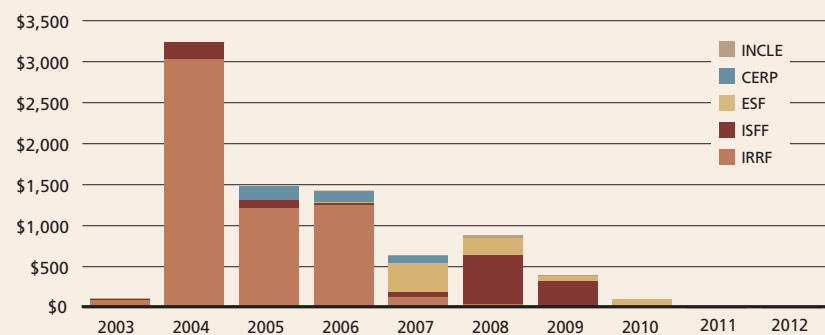
The Air Force Center for Engineering and the Environment supported MNSTC-I’s contracting. In January 2010, ITAM subsumed MNSTC-I’s various CMATT and CPATT teams, continuing certain specialized teams to support Iraq’s security forces.⁷⁹

Security Assistance Through the FMS Program

The FMS program facilitated contracting for the purchase of military equipment sales and construction services in Iraq since 2005. Through September 2012, the FMS program executed 496 separate cases valued at \$12.79 billion—237 FMS cases funded by the GOI for about \$9.44 billion and 259 pseudo-FMS cases funded by the United States through the ISFF for about \$3.35 billion.⁸⁰ Notable cases included the purchase of 140 M1A1 tanks, 36 F-16s and associated training, and a fleet of 35-meter and 60-meter coastal patrol boats.⁸¹

Supported first by the Multi-National Corps-Iraq with help from DSCA, the program transitioned to the responsibility of the Iraq Security Assistance Mission in January 2010. When the last U.S. combat troops left Iraq in December 2011, the Office of Security Cooperation-Iraq assumed responsibility for administering FMS cases as well as those funded through Foreign Military Financing.

FIGURE 3.6
Contract Amount of USACE-managed Projects, by Year of Award and Funding Source
\$ Millions



USACE implemented nearly \$8.27 billion in projects sourced from the major reconstruction funds—more than 69% provided by the IRRF.

U.S. Agency for International Development Programs

USAID's Office of Foreign Disaster Assistance supported Iraq reconstruction ahead of the invasion, using creative cooperative agreements with non-governmental organizations to get projects started quickly. By September 30, 2012, when OFDA ended its operations in Iraq, it had spent more than \$450 million on its programs to provide humanitarian assistance, including \$261 million in International Disaster Assistance Funds.⁸²

USAID's Bureau for the Middle East supported Iraq programs overseen by USAID Mission/Iraq, headquartered in Baghdad. Contractors, grantees, and United Nations implementing partners executed USAID's project and program activities, with support over time from these five ad hoc entities: the CPA, IRMO, ITAO, ISPO, and GRD.

From February through May 2003, USAID awarded eight contracts under less than full and open competition to meet pressing requirements funded by IRRF 1 signed in mid-April 2003. The largest went to Bechtel National for the Restore Economically Critical Infrastructure Program. USAID received only \$2.98 billion of the IRRF 2, predominantly for infrastructure projects, after its funding requests for capacity-building and democracy programs went ignored.⁸³

During FY 2006–FY 2012, USAID programs received \$2.92 billion from the Economic Support Fund and focused on capacity building, economic growth, and democracy and governance initiatives. As of September 2012, remaining USAID programs were valued at approximately \$685 million.⁸⁴

Figure 3.7 provides a snapshot of major USAID programs, including their funding sources and duration.

Department of State Programs

State had responsibility for civil reconstruction efforts in Iraq, including Defense-funded projects executed through the Project and Contracting Office and USACE's Gulf Region Division. SIGIR affirmed that mandate in an October 2005 legal opinion prepared

in response to a request from IRMO, the first ad hoc program management office to report to State. IRMO (and its ad hoc successors, ITAO and ISPO) provided overall strategic direction for the reconstruction program, while the PCO continued oversight of most construction contracts.

Since 2003, the following State entities provided humanitarian relief and served as implementing partners for programs funded by almost every major U.S. reconstruction fund (see Appendix B for details):

- Bureau of International Narcotics and Law Enforcement Affairs
- Bureau of Population, Refugees, and Migration
- Bureau of Democracy, Human Rights, and Labor
- Bureau of Political-Military Affairs
- Office of Export Control Cooperation

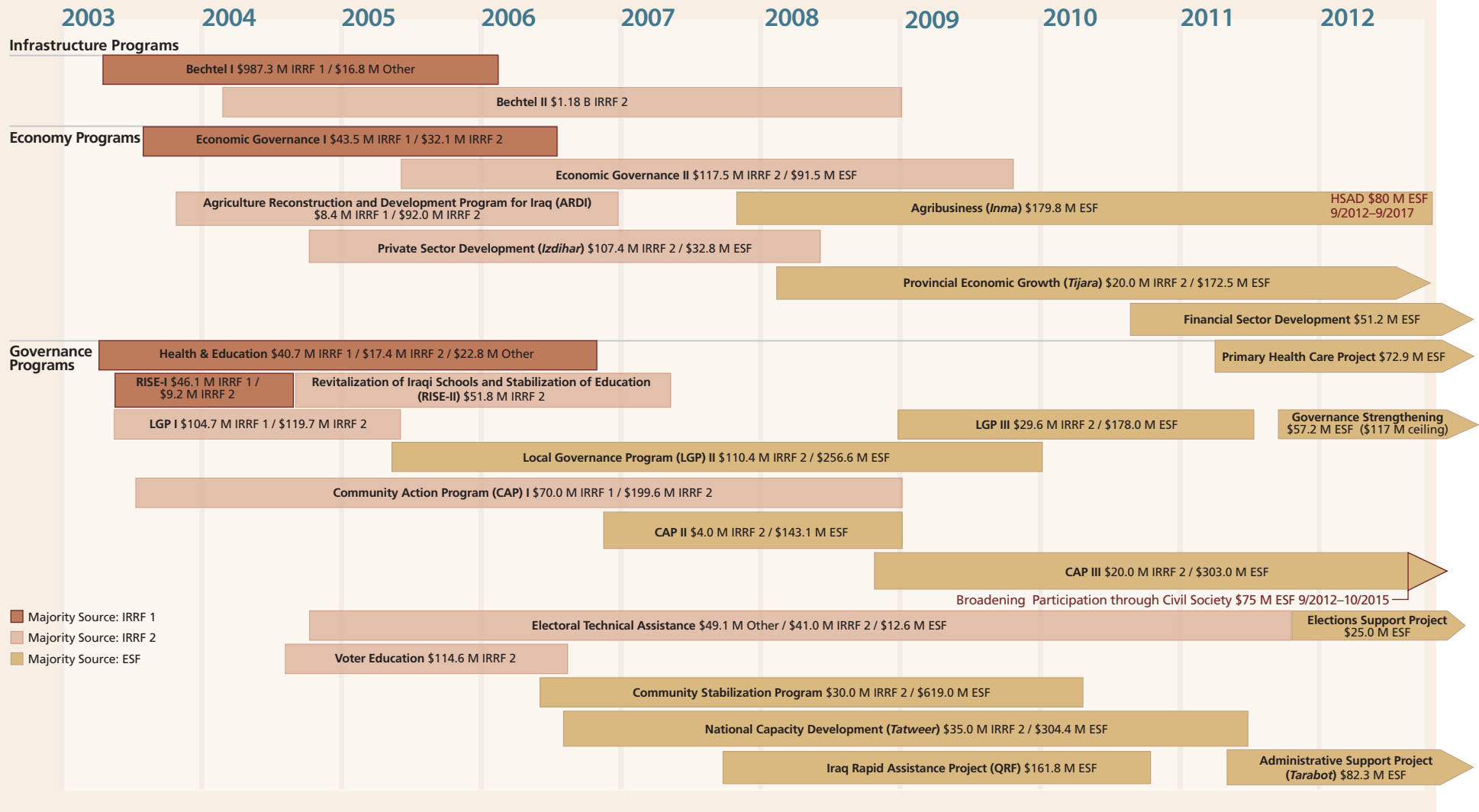
State personnel working in Embassy sections provided advisory support to the Iraqi government. Expenses for the bureaus overseeing programs came out of State's operating funds. State relied on the support of implementing partners for program and project execution through interagency agreements. For example, USACE provided technical construction expertise and program management for \$618 million in PRT/PRDC projects funded through obligations of the ESF, and INL funded rule-of-law programs conducted by the Department of Justice.⁸⁵

Other Civilian Agency Programs

From the earliest days of reconstruction, civilian detailees from U.S. agencies served ORHA, the CPA, and U.S. Mission-Iraq. Several major agencies established Attaché offices to support U.S. Embassy-Baghdad sections and oversee a variety of reconstruction programs (see Appendix B for details). The salaries and operating expenses for these offices were provided through the budgets of the agencies. Funding for most programs, however, was provided through interagency agreements with State and Defense using IRRF, ESF, CERP, and INCLE funds. These agencies included:

FIGURE 3.7
Major USAID Programs, 2003–2012

As of September 2012, USAID had obligated at least \$6.89 billion for programs in Iraq.



- Department of Justice
- Department of Homeland Security
- Department of the Treasury
- Department of Transportation
- Department of Commerce
- Department of Agriculture
- Department of Health and Human Services
- Export-Import Bank
- Overseas Private Investment Corporation
- U.S. Institute of Peace

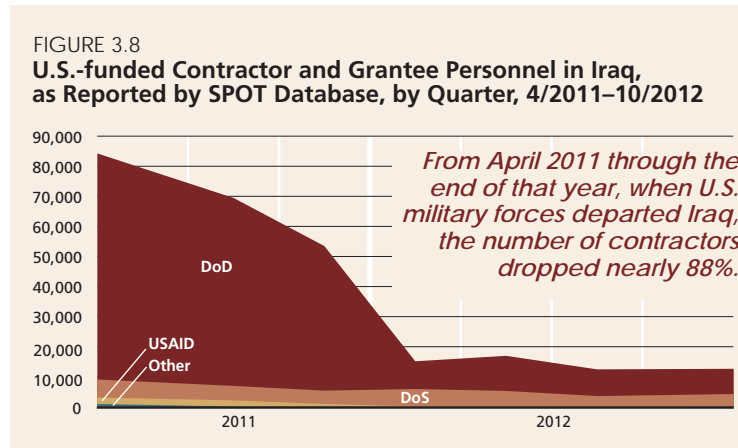
Contractors

Although U.S. government agencies managed the reconstruction program in Iraq, contractors performed the bulk of the work on the ground. Throughout the Iraq reconstruction effort, contractors trained police, constructed facilities, provided technical assistance to the Iraqi government, executed capacity-building programs, guarded critical infrastructure and reconstruction sites, and provided personal security and other support services for Iraqi, U.S., and Coalition entities. Many died doing so.⁸⁶

Determining the number of contractor personnel in Iraq proved a challenge. In 2008, the Secretary of Defense, Secretary of State, and USAID Administrator entered into a memorandum of understanding to identify roles and responsibilities and establish procedures for the coordination and movement of contractors. It designated the Synchronized Pre-Deployment and Operational Tracker as the database system for tracking all contractor information.⁸⁷

To support accurate and timely contractor tracking, a SPOT-generated letter of authorization was required for contractors receiving government support, which prompted a substantial increase in registered contract personnel. Not all contractors required government support, and agencies continued to use different systems to track personnel. Although the SPOT offered the most comprehensive picture of contractor and grantee personnel working in Iraq, it was far from complete.⁸⁸

In August 2009, Defense reported that almost 174,000 contractor personnel were working in Iraq.⁸⁹ By April 2011, according to SPOT



data, that number had been cut in half, and it continued to drop in conjunction with the withdrawal of U.S. troops (see Figure 3.8).⁹⁰

Contract Administration

Effectively implementing programs begins with strong acquisition support that prepares and conducts solicitations, writes contracts, and provides financial controls. SIGIR found that the lack of sufficient contracting personnel in Iraq weakened acquisition support, hampering project outcomes.

As the volume of contracting actions mounted, an overwhelmed cadre of acquisition staff could not provide sufficiently detailed statements of work, resulting in contract changes, delays, and higher project costs. Contracting officers did not always check invoices against goods and services received, which created opportunities for fraud. Ultimately, SIGIR determined that contracting processes and personnel improved over time, but the U.S. government lacked the right regulations and sufficient personnel to support a large-scale stabilization and reconstruction operation.⁹¹

Defense designated the U.S. Army as Executive Agent for most of the major funds used in Iraq. The Army transitioned this contracting authority through six different organizations over the course of the program (see Figure 3.9).⁹² State controlled the ESF and INCLE, with contract administration provided through the State and USAID Offices of Acquisition.⁹³

*SIGIR Investigations***The Cockerham Conspiracy: Contracting and Kickbacks**

The Cockerham case was the most significant criminal conspiracy case uncovered during the Iraq reconstruction program. The investigation found widespread fraud that, by the end of 2012, led to the conviction of 22 individuals, the recovery of \$67.7 million, and the suspension or debarment of 57 companies and individuals. The Cockerham case was fraught with intrigue: one military officer who received bribes committed suicide after being caught; another key player was murdered.

Occurring at the principal supply hub for the Iraq reconstruction program located at Camp Arifjan, Kuwait, the criminal conspiracy arose from the actions of former U.S. Army Major John Cockerham. Between June 2004 and December 2005, Cockerham served as the base contracting officer responsible for soliciting and reviewing proposals for bottled-water contracts and other ongoing program-support needs for Iraq.

Cockerham's crimes were simple but lucrative: he received more than \$9 million in kickbacks from companies or individuals in return for contract awards. He brought his wife, sister, and a niece into the conspiracy. Several other officers participated, including a lieutenant colonel who chaired the selection board for an annual \$12 million contract to build and operate DoD warehouses in Iraq.

The Cockerham Task Force drew agents from SIGIR, the Defense Criminal Investigative Service, the U.S. Army Criminal Investigation Command's Major Procurement Fraud Unit, and other U.S. government investigative agencies to produce these and other convictions:

- Cockerham received 17.5 years in prison and was ordered to pay \$9.6 million in restitution.
- Melissa Cockerham, his wife, received 3 years and 5 months in prison.
- Carolyn Blake, his sister, received 5 years and 10 months in prison.
- Nyree Pettaway, his niece, received 12 months and 1 day in prison and was ordered to pay \$5 million in restitution.
- Levonda Selph, the former lieutenant colonel

who chaired the selection board, received 12 months in prison and was ordered to pay a \$5,000 fine and \$9,000 in restitution.

- Derrick Shoemake, a former Army major who worked with Cockerham on contracts for the purchase of bottled water, received 41 months in prison and was ordered to pay \$181,900 in restitution and forfeit \$68,100.
- Major Christopher Murray, a contracting specialist at Camp Arifjan, received 4 years and 9 months in prison and was ordered to pay \$245,000 in restitution.
- Terry Hall, a contractor, received 39 months in prison and was ordered to forfeit \$15.8 million, real estate, and a motorcycle.
- Tijani Saani, a former DoD civilian employee, received 110 months in prison and was ordered to pay a \$1.6 million fine and \$816,485 in restitution.
- Eddie Pressley, a former U.S. Army major and contracting official, received 12 years in prison and was ordered to forfeit \$21 million, real estate, and several automobiles.
- Eurica Pressley, his wife, received 6 years in prison and was ordered to forfeit \$21 million, real estate, and several cars.



John Cockerham received more than \$9 million in kickbacks for which he was convicted and sentenced to 17.5 years in jail.

The core IRRF 2 infrastructure program had two main components: design-build construction contracts and program-management contracts. The PMO planned for 12 design-build, cost-plus contracts to execute projects in six primary construction sectors (see Figure 3.10). In addition, the PMO planned for seven program-management contracts to support oversight—one to provide management of the entire program and six to provide supervisory management for the six sectors.⁹⁴ USACE provided additional construction management and contracting support through GRD, which was activated in January 2004.⁹⁵

Before the design-build contracts were competed in the spring of 2004, the PMO requested and received approval in December 2003 from the U.S. Air Force to execute “bridge” contracts through the Worldwide Environmental Restoration and Construction contract administered by AFCEE. By January 2004, AFCEE had awarded four task orders, totaling \$191.1 million, predominantly to meet the urgent requirements for rebuilding New Iraqi Army facilities. By May 2004, AFCEE awarded 11 additional task orders totaling \$290.1 million. However, SIGIR auditors found that some task orders were outside the scope of the WERC contract.⁹⁶

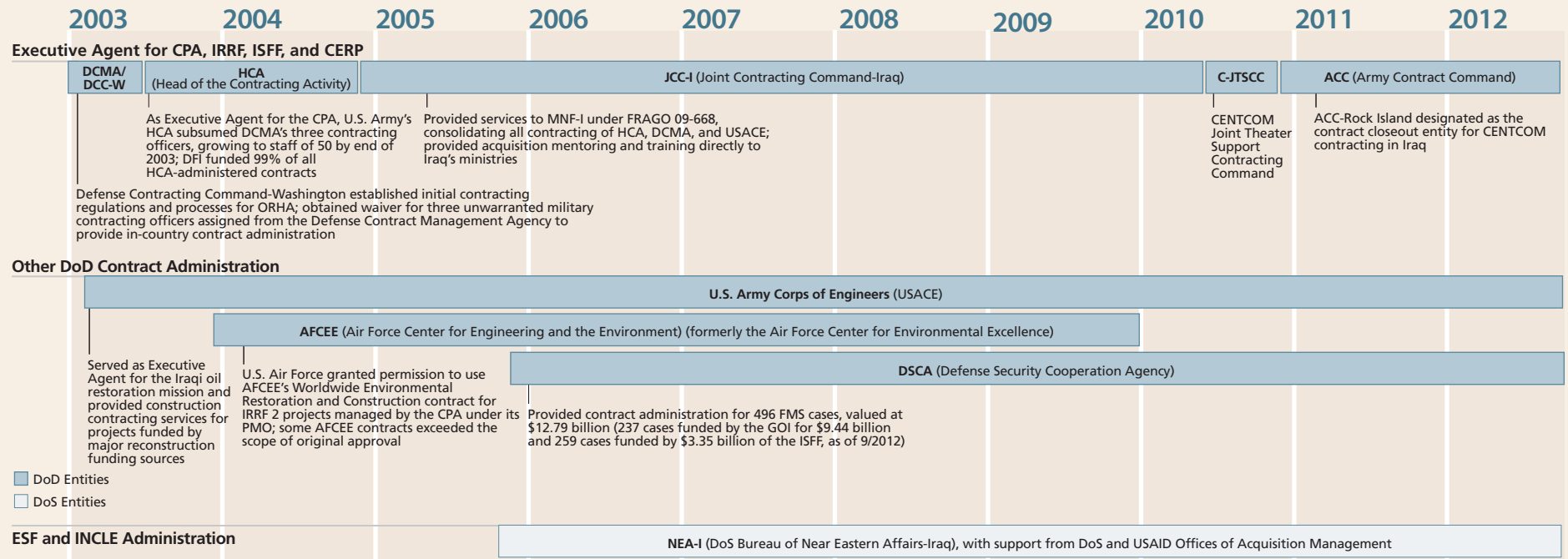
USAID awarded a bridge contract in early January 2004: the \$1.8 billion Bechtel II contract to provide engineering, procurement, and construction services as a follow-on to its IRRF 1 infrastructure contract. The PMO issued only four task orders under Bechtel II, amounting to \$180 million of work, before the remaining 10 design-build sector contracts and 7 program-management contracts were awarded in March 2004.⁹⁷

Task orders for the IRRF 2 contracts awarded in March took several months to be issued, while contractors charged costs waiting for work.⁹⁸ SIGIR audits reported on USAID and USACE contracting challenges that led to project delays and, ultimately, charges for overhead with no work being carried out.⁹⁹

Indefinite-delivery indefinite-quantity contracts facilitated quick start-up, allowing the scope of work to be defined as project requirements were definitized. These early contracts has provisions allowing the U.S. government to convert to firm-fixed pricing once a set percentage of design work had been completed, but SIGIR found that the government failed to exercise these options.¹⁰⁰

The U.S. Army served as the Executive Agent responsible for contracting a majority of reconstruction funding.

FIGURE 3.9
Contracting Authorities for Major Iraq Reconstruction Funds, 2003–2012



The PMO had two tiers of support through the design-build program—AECOM's contract to manage the prime contractors across all sectors and six prime contractors to manage construction in each sector.

FIGURE 3.10
IRRF 2 Design-build Program Management Structure



FIGURE 3.11
Selected Major Contractors: IRRF, ISFF, and ESF
 \$ Millions

Because the U.S. government did not track all funding by project and contractor, a comprehensive list of awards cannot be compiled.



Moreover, SIGIR auditors found that the government failed to enforce deadlines for definitization, increasing costs and wasting money. Award fees to motivate contractor performance were also poorly managed; a SIGIR audit reported that failing contractors still received substantial fees. SIGIR also reported that poor oversight of contractor invoices caused waste and created vulnerabilities to fraud.¹⁰¹

Major Contracting Firms

A complete project-by-project accounting of funds, including contractor details, is not available through the U.S. government's database of record—the Iraq Reconstruction Management System. However, for a list of selected major contractors and the cumulative amounts awarded to them from the IRRF, ISFF, and ESF, see Figure 3.11.¹⁰²