

## Article

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# Institutional Capacity Building and Legal Reform in Iraq: Toward Innovation and Public Administration Modernization

**Abstract:** Iraq is often cited as a test case as to whether “nation-building” can work. Since 2003, the U.S. government has been advancing institutional capacity development with Iraq’s national government. Now 10 years later, it is clear that the program, the largest such as U.S. government program since the Vietnam War, has been a success. Tangible durable institutional reforms are now in place to professionalize the civil service, improve electricity production, make public procurement more transparent and efficient, and upgrade budget formulation and execution. The program, known locally as USAID/Tatweer, worked across executive branch agencies, to improve government performance and expand institutional capacity development. Its accomplishments, so far almost entirely unrecognized by the media, will continue to advance democratic change in Iraq for generations to come.

**Keywords:** Iraq, institutional reform, capacity development, nation-building, USAID

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The political process in Iraq, in spite of all its many complications, is going forward. Hajim Al-Hassani, former Speaker of the Iraqi Parliament.<sup>1</sup>

With the tenth anniversary of the 2003 Iraq invasion,<sup>2</sup> it is a propitious moment to reflect on what has been accomplished in Iraq. The very notion of “nation-building” following a change in regime is controversial, and the mood seems pessimistic.<sup>3</sup>

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This article represents the personal opinions of the author and does not necessarily reflect the opinion of USAID or the U.S. Government.

1 Joel Roberts, “Iraqis Agree on Constitution Deal”, *CBS News* (12 October 2005), available at: <<http://www.cbsnews.com/stories/2005/10/13/iraq/main939672.shtml>>.

2 Combat operations in Iraq ended in December 2011. BBC, *Obama Hails End to US Combat Operations in Iraq* (1 September 2010), available at: <<http://www.bbc.co.uk/news/world-us-canada-11147300>>, ABC News, *President Obama to Mark End of the War in Iraq Next Week* (8 December 2011), available at: <<http://abcnews.go.com/blogs/politics/2011/12/president-obama-to-mark-end-of-the-war-in-iraq-next-week/>>.

3 See, for example, Global Pundit Blog, *War in Iraq: Folly of Nation Building* (5 January 2012), available at: <<http://globalpundit.com/2012/01/05/war-in-iraq-folly-of-nation-building/>>.

Since 2003, Iraqis have recognized that the sooner an Iraqi government provides the fundamental services required by its citizens, the sooner the country could return to normalcy.<sup>4</sup> With the 2010 elections, a new constitution and new government, and more recently, the withdrawal of U.S. combat troops, Iraq has taken control of its own development. By assisting Iraq's nascent democratic steps, the U.S. government continues to support Iraq's vision for a sovereign country. This article looks at how the U.S. government approached institutional capacity building in Iraq, what worked and why, drawing lessons and conclusions for future U.S. national security policy, diplomacy, and development strategy.

This is not the first time the U.S. government has taken the position of providing support to post-conflict countries.<sup>5</sup> The U.S. Agency for International Development (USAID) is the successor entity of the Marshall Plan, which assisted the reconstruction of Japan, Germany, Italy, the Philippines, and other countries in the South Pacific and Western Europe damaged during World War II.<sup>6</sup> The USAID's progenitors also helped South Korea emerge as a stronger nation after it's the 1953 armistice with North Korea. Created in 1961, USAID has assisted countries in recent conflicts such as Bosnia, Kosovo, Palestine, Afghanistan, and Pakistan. Other countries, such as Chile, Costa Rica, and Jordan, received substantial USAID support on their path to development. Today, USAID is central to Colombia's highly successful counter-insurgency program.<sup>7</sup> Often, the goal is to accelerate a country's transition to a peaceful and prosperous nation. To accomplish this, experience has taught the U.S. government that the country must be able to successfully operate and maintain its own programs and facilities and build and maintain their own projects that provide services to the people.<sup>8</sup> When the host nation contributes to these efforts, it brings stability and security to the country

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<sup>4</sup> One of the most clear vision statements for Iraq is found in the Government of Iraq, the World Bank and the United Nations, *The International Compact with Iraq* (2007) (published jointly among the three entities). See also, Government of Iraq, *National Development Strategy* (2007–2010) (March 2007).

<sup>5</sup> The State Department has published a guidebook for providing assistance in conflict and post-conflict settings. See generally, State Department, Office of the Coordinator for Reconstruction and Stabilization (S/CRS), *Interagency Conflict Assessment Framework* (2007). See also generally, U.S. Agency for International Development, *Conducting a Conflict Assessment: A Framework for Strategy and Program Development* (2005).

<sup>6</sup> Secretary of State Madeleine K. Albright, *Commencement Address* (Cambridge, MA: Harvard University, 5 June 1997), available at: <<http://www.usaid.gov/multimedia/video/marshall/albright.html>>.

<sup>7</sup> Thomas A. Marks, *A Model Counterinsurgency: Uribe's Colombia (2002–2006) vs. FARC*, *Military Review* (April 2007) 41 et seq.

<sup>8</sup> A number of lessons learned in development are summarized in the, USAID *Primer: What We Do and How We Do It* (2006).

and helps to make it a long-term ally of the United States. As described in this article, the Iraq experience illustrates why development is such a critical part of U. S. foreign policy and U.S. National Security. Defense, diplomacy, and development, the so-called 3 Ds, comprise a set of instruments to promote American values and advance U.S. national policy interests globally.<sup>9</sup>

Successfully managing and sustaining development projects involve technical skills to manage projects, and systems in place to make them effective. This management structure will have a direct impact on improving development. Indirect components include a government's ability to plan for things like operations and maintenance, recruiting and retaining staff, procuring goods and services in a transparent and timely manner, budgeting with efficiency and transparency, and gathering information on available market alternatives and costs. These factors all involve capacity building.

For the General Accounting Office, "capacity building" or "capacity development" referred to:

... efforts and programs to advise and help Iraqi government employees develop the skills to plan programs, execute their budgets, and effectively deliver government services such as electricity, water, and security. U.S. and international officials agree that developing Iraq's ministerial capacity requires long-term, sustained effort.<sup>10</sup>

Capacity building is a long-term effort,<sup>11</sup> especially in volatile countries such as Iraq. In such situations, international donor agencies are organizations that provide funding for capacity building projects of a developmental nature.<sup>12</sup> To

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**9** For additional discussion of the 3Ds, see Lawrence J. Korb, Center for American Progress, *Assessing the Debates: Development, Diplomacy, and Defense as a Policy Framework* (Paper Prepared for the AFRICOM Conference, University of Pittsburgh, 20 March 2009), available at: <[http://www.americanprogress.org/issues/2009/03/korb\\_africom.html](http://www.americanprogress.org/issues/2009/03/korb_africom.html)>.

**10** U.S. General Accounting Office (GAO), *Stabilizing and Rebuilding Iraq: U.S. Ministry Capacity Development Efforts Need an Overall Integrated Strategy to Guide Efforts and Manage Risk* (October 2007) 1.

**11** See generally Ashraf Ghani and Clare Lockhart, *Fixing Failed States* (2008).

**12** Donors are often national governments. The donor agency for the U.S. government is the USAID. Some western governments have national donor agencies including CIDA (Canada), ODA (United Kingdom), NORAD (Norway), SIDA (Sweden), and AUSAID (Australia). Multilateral international donor agencies comprise the joint efforts of a collection of countries. Some of the most recognized agencies of this sort include the World Bank (which usually gives loans as opposed to grants), United Nations Development Program (UNDP), and the United Nations Children's Fund (UNICEF). Charitable organizations can also serve as international donor agencies. Examples of these include Oxfam, the Gates Foundation, the Kellogg Foundation, and the Ford Foundation. Increasingly, private sector firms are setting up their own Corporate Social Responsibility (CSR) programs. One corporation that has done this is the athletic apparel company, Nike.

be successful, these entities need to stay the course in the face of adversity and disenchantment. Disillusionment can come from many corners including political changes, public perceptions that the process is moving too slow, economic changes, or even adverse weather. This was shown in Germany after World War II, where U.S. military surveys regarding the public's attitude toward democracy did not show a favorable balance or tip toward democracy until 1959 under then West German Chancellor Willie Brandt. Similarly, reconstruction in post-war Japan was also slow.<sup>13</sup> In both cases, the publics wanted to see new democratic governance deliver on the economy and jobs and social stability. Governance and popular support for new democratic values were slow to emerge in Japan, even though the United States did not depose the Emperor or dismiss the civil service (in contrast to Iraq where the president and former Baathist leadership were removed). In these examples, Germany, Japan, and later Korea, all of these countries emerged with market economies and democratic values and are all valued allies of the United States. None of these successes, however, were achieved cheaply or with a short time horizon. The inference for Iraq is that this is a long-term effort, but that eventual success is possible.

## 1 Early programming in Iraq, 2003–2007

For much of the first year after U.S. troops initially entered Iraq, the only reconstruction entity on the ground in Iraq was USAID. USAID's partner in Iraq at that time was the company that won the Iraq USAID bid, Bechtel.<sup>14</sup> Task Force REI (Restore Iraqi Electricity program) was formed later in August 2003,<sup>15</sup> and the Army Corps of Engineers Gulf Regional Division (GRD)<sup>16</sup> and the State

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**13** For a broader discussion of democratic values in the post-World War II environment, see for example, Muthiah Alagappa, *Asian Security Order*, Stanford University Press, San Francisco, (2003), 61; Michael K. McKoy, "Foreign-Imposed Democracy and Allied Pacification Strategy in Postwar Germany and Japan" in *The Overthrow Option: The Strategic Choices of Interstate Conflict and Foreign-Imposed Regime Change*, PhD dissertation, Princeton University, (2012).

**14** Bechtel is one of the largest engineering and construction firms in the world. The company publishes its own information on its work in Iraq. See <<http://www.bechtel.com/iraq.html>>.

**15** This was an inter-agency task force between military forces and USAID representatives.

**16** The Gulf Regional Division (GRD) of the Army Corps of Engineers was formed to undertake projects in Iraq and Afghanistan. GRD maintains its own website and publishes information on its own activities: <http://www.grd.usace.army.mil/> GRD contributed \$1.4 billion in work to REI program. U.S. General Accounting Office, *Rebuilding Iraq: Resource, Security, Governance, Essential Services, and Oversight Issues* (June 2004) 4.

Department team (Iraq Reconstruction Management Office – IRMO)<sup>17</sup> joined the effort in June 2004.

To begin, USAID developed its procurement strategy in the Iraq conflict to build roads and infrastructure. USAID funded projects worth \$2 billion, making roads, building bridges and hospitals, and setting up other infrastructure. The work was completed through a contract with Bechtel through a previously competed award and later through a fully competed contract. Only about 6% of costs went for Bechtel overhead, plus expenses for their people.<sup>18</sup> USAID identified what was needed in terms of the infrastructure including hospitals and roads. Given its particular engineering expertise, Bechtel turned those needs into a specifications and descriptions (scope of work) that could be competitively awarded together with a cost estimate. Bechtel would then bid that work out to sub-contractors, mainly local Iraqi firms. Over 90% of the work was done on competitively bid, results-based firm fixed price sub-contracts.

USAID, while very competent at managing contracts, is not an engineering firm. To adequately monitor Bechtel's performance, USAID hired the Army Corps of Engineers (ACE), with 100 engineers, who were funded by and reported to USAID through September 2006.<sup>19</sup> USAID also employed its own engineers on staff, American and Iraqi, to help supervise both Bechtel and the ACE. The USAID engineers were also responsible for financial and Congressional reporting on the various reconstruction efforts.

The work Bechtel completed was on fixed-priced sub-contracts which require very particular specifications. If there is any change, the U.S.

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**17** IRMO was created by President George W. Bush citing 5 U.S.C. Sec. 3161. National Security Presidential Directive 36 was entitled "United States Government Operations in Iraq." Superseding NSPD-24, this new directive formally transferred responsibilities for relief and reconstruction operations in Iraq from CPA/Defense to State, placing the Chief of Mission in charge of the Iraq reconstruction. See National Security Presidential Directive 36 (11 May 2004) 2, available at: <<http://www.fas.org/irp/offdocs/nspd/nspd051104.pdf>>. IRMO's creation is also discussed in Special Inspector General for Iraq Reconstruction (SEGIR), *Applying Iraq's Hard Lessons to the Reform of Stabilization and Reconstruction Operations* (February 2010) 6.

**18** This was the average between the two instruments, the initial contract and the subsequent fully competed instrument.

**19** Section 632 of the Foreign Assistance Act allows the U.S. Agency for International Development to transfer funding to other governmental agencies. "632(a)" agreements provide transfer of funds, along with responsibility for management and reporting to Congress to the beneficiary agency. In "632(b)" agreements, USAID transfers funds, but retains management and the responsibility for responding and reporting to Congress. In Iraq, USAID had a 632(b) arrangement with ACE-GRD. ACE-GRD also received funding from the U.S. Embassy under a similar arrangement. The State Department funding allowed ACE-GRD to carry out its own work on electricity and other sectors. ACE-GRD funded its work in Iraq from these two sources.

government has to issue a change order, which dramatically increases costs and produces delays.<sup>20</sup> Bechtel was able to provide a high degree of specificity and the necessary level of expertise so that change orders were rarely received. When changes were needed, the firm had the ability to re-estimate costs and amend the sub-contract technical specifications. As a result, there were very few change orders to the sub-contracts. As a result, the final project costs were usually very close to initial estimates, and the U.S. government was able to avoid more expensive cost plus fixed fee arrangements.<sup>21</sup>

Among the various infrastructure projects, power plants were given high priority. Electricity was the most important essential service<sup>22</sup> and, immediately after the war, there were major shortages. Under Saddam Hussein, Iraq produced about 3,000 megawatts (Mw) of electricity.<sup>23</sup> While this was nowhere near what was needed to power Iraq,<sup>24</sup> Saddam disproportionately allocated what was produced to Baghdad so the elites and capital city residents felt they had

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**20** Anyone who has had a contractor work on a home will identify with this experience. Any changes to the design, once construction has started, result in greatly increased costs and delays. In effect, Bechtel was able to help the U.S. government work through exactly what it needed before work began so that the U.S. government could avoid change orders.

**21** Cost plus fixed fee contracts are ones in which the construction firm earns all of its costs plus is awarded a profit fee for its work. Under such situations, the firm is guaranteed a profit and may have little incentive to control costs. In this instance, USAID proved that results-based fixed fee contracts can be used even under war conditions to give great value to the U.S. government.

**22** General Accounting Office (GAO), *Rebuilding Iraq: Resource, Security, Governance, Essential Services, and Oversight Issues* (June 2004) 2 notes that the main focus for service delivery was electricity.

**23** One author noted that installed pre-war capacity may have been over 4,000 megawatts. Radio Free Europe, *Iraq's Electricity Production Surpasses Prewar Level* (19 February 2009), available at: <[http://www.rferl.org/content/Iraqs\\_Electricity\\_Production\\_Surpasses\\_Prewar\\_Level/1495927.html](http://www.rferl.org/content/Iraqs_Electricity_Production_Surpasses_Prewar_Level/1495927.html)>. Achieving installed capacity output required all facilities to be operational and running optimally, which was not possible because of chronic maintenance problems and fuel shortages, as noted in Special Inspector General for Iraq Reconstruction (SIGIR), *Hard Lessons: The Iraq Reconstruction Experience* at 146. Iraq in fact was producing at the 3,000 megawatt level. *Id.* at 149. To meet full demand, 8,000 megawatts was determined to be the initial objective at the time. U.S. General Accounting Office, *Rebuilding Iraq: Resource, Security, Governance, Essential Services, and Oversight Issues* (June 2004) 4.

**24** The United Nations calculated electricity demand at 13–15,000 megawatts in 2010, and forecast demand of 20–21,000 megawatts by 2015. See United Nations Development Program, Inter-Agency Information Analysis Unit, *Electricity in Iraq Factsheet* (July 2010), available at: <[http://www.iauiraq.org/documents/385/Electricity%20Factsheet\\_English\\_FINAL\\_v2.pdf](http://www.iauiraq.org/documents/385/Electricity%20Factsheet_English_FINAL_v2.pdf)>.

some level of service.<sup>25</sup> After Saddam's fall, the new administration allocated electricity equally across the country<sup>26</sup> and suddenly few felt they had enough electricity.<sup>27</sup> Worse, the conflict itself had knocked about 800 Mw of production off-line. In a country where temperatures can reach 125° F, air conditioning is critical which means electricity is critical. It is also critical to just about any kind of production or manufacturing and therefore jobs depend on it. Even in agriculture, some irrigation systems depend on electricity. Getting electricity working again was one of the top U.S. foreign policy objectives for Iraq.

The Army Corps of Engineers was able to add 300 Mw of electricity to the Iraqi system in the first couple of years. When the Kudas electric plant was complete, the Corps of Engineers had added another 180 Mw of electricity. Through Bechtel, USAID generated 1,670 Mw of new or restored electric power. USAID generated this additional power by setting up new electricity generation at the Baghdad South plant by adding two new turbines; in Kirkuk USAID added another two generators, greatly expanding the ability of Iraq to produce electricity in pre-existing electrical plants. USAID rehabilitated other electrical plants in the cities of Daura, Musayyib, and Hartha and provided major maintenance in Baiji. Through Bechtel, USAID also provided \$31 million in spare parts for power plants. These spare parts enabled the Iraqi Ministry of Electricity to keep plants running.

With electricity so key to the U.S. national security objective of keeping stability in Iraq, it was USAID that led this important effort for the U.S. government, with the U.S. military and U.S. Department of State playing a complementary role.<sup>28</sup> Cost per kilowatt was low, even with security concerns.<sup>29</sup> Together these joint efforts, the U.S.

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**25** Glen C. Carey, "Anger Simmers in Baghdad Over Lack of Electricity, Crime," *USA Today* (28 July 2003), available at: <[http://www.usatoday.com/news/world/iraq/2003-07-28-anger-usat\\_x.htm](http://www.usatoday.com/news/world/iraq/2003-07-28-anger-usat_x.htm)>.

**26** Even by 2007, Baghdad was still receiving *fewer* hours a day of electricity than locations in the interior of the country. Special Inspector General for Iraq Reconstruction, *January 2007 Report to Congress* (January 2007) at 25, available at: <<http://www.scribd.com/doc/6725949/SIGIR-Report-January-2007-Complete>>.

**27** *Supra* note 24 regarding unmet demand.

**28** Inter-agency coordination and integration of efforts is becoming the norm in post-conflict settings. See Nina M. Serafino, Congressional Research Service, Library of Congress, *Peacekeeping and Related Stability Operations: Issues of U.S. Military Involvement* (18 May 2006) at 9, available at: <<http://www.fas.org/sgp/crs/natsec/IB94040.pdf>>.

**29** *Supra* note 26, the report notes that security concerns included acts of sabotage. See also Patrick Cockburn, *Powerless Iraqis Rail Against Ignorant, Air-Conditioned US Occupation Force*, Independent/UK (22 June 2003), available at: <<http://www.commondreams.org/headlines03/0622-07.htm>>.

military's Energy Fusion Cell (EFC),<sup>30</sup> the Embassy,<sup>31</sup> and USAID all together added 2,000 Mw of electricity (including Bechtel's contribution of 1,670 Mw noted above) by 2009. USAID and its partners literally got the lights back on.

Electricity was not all USAID contributed. Iraq's single, major shipping port, Umm Qasr, where most of its oil is loaded onto tankers, had been laid with mines during the war and suffered other damage as troops arrived. Clearing this port was critical for Iraq to get its economy back on line and to help start generating new jobs. Through Bechtel, USAID cleared and opened the strategically important port at Umm Qasr, and then linked it with new rail to the national railroad system. These efforts created jobs at Umm Qasr which helped create greater stability in Iraq, helping to calm the environment in which U.S. and coalition troops had to operate.<sup>32</sup>

Additionally, in 3 years immediately following the invasion, through Bechtel's various subcontractors, USAID rebuilt bridges all across Iraq that had been bombed during the war. For example, in September 2004, Tikrit bridge in Saddam Hussein's home town was rebuilt,<sup>33</sup> allowing the community to be reconnected to the broader Iraqi economy and allowing former informal combatants to return to normal lives. It also provided U.S. troops a broader range of movement to increase security in the area.

Immediately after Saddam Hussein's fall, USAID devoted efforts to increasing telephone and Internet service across Iraq. Through Bechtel, USAID replaced the central telephone switch to restore telephone service to Baghdad and enabled the reactivation of international connections. In 2003, USAID spent \$40 million to upgrade a high speed, broadband fiber optic cable from Basrah through Baghdad and Mosul, and then out to Turkey, again via Bechtel.<sup>34</sup> From this main cable, branches were then extended to other major cities.<sup>35</sup> The laying of this fiber-optic cable brought the Internet to Iraq's 31 million people. In 2006 via Bechtel and General Electric, USAID carried out a nationwide project to connect all the major power facilities to this fiber-optic network so they could communicate with each

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**30** The EFC was the successor to Taskforce REI and included ACE-GRD and USAID.

**31** The Economics Section of the Embassy was active with commercial and policy dialogue with the Electricity Ministry.

**32** The port reconstruction took place prior to 2005. Later, in February 2008, Basra erupted again with civil strife and violence.

**33** Jim Krane, "Tikrit Bridge Destroyed by U.S. in '03 Reopens with Fanfare," *Associated Press* (23 September 2004), available at: <[http://www.signonsandiego.com/uniontrib/20040923/news\\_1n23tikrit.html](http://www.signonsandiego.com/uniontrib/20040923/news_1n23tikrit.html)>.

**34** U.S. Agency for International Development, *USAID: Iraq Reconstruction and Humanitarian Relief Weekly Update #1 (FY 2004)* (1 October 2003), available at: <<http://reliefweb.int/node/135219>>.

**35** *Id.*

other and with the central Ministry of Electricity.<sup>36</sup> This improved information exchange among the plants, allowing the Ministry of Electricity to distribute electricity across Iraq more efficiently. The Ministry of Electricity was also able to ensure that plants received maintenance on time and that personnel and payroll systems were in order. The increase in telephone and Internet service was critical as the U.S. and coalition forces sought to stabilize the country.

After Iraq was liberated, the Baghdad airport was in ruins as a result of coalition operations.<sup>37</sup> Getting it operational again would serve the U.S. military as a way station for bringing in reinforcements and supplies. It would also help stabilize the Iraqi economy by allowing for air shipment of goods. Consequently, this became a strategic priority for coalition forces. In June 2003, USAID was given the challenge to put the airport back in international service by August 1, a very short time frame considering its state at that time.<sup>38</sup> USAID, via the Bechtel contract, fixed the runways, re-built the control tower, re-installed runway lights, and air conditioning and added electricity generation for the commercial airport itself.<sup>39</sup>

Not all projects that USAID handled in Iraq went as smoothly as project managers initially hoped they would. Security concerns were always a major impediment to USAID operations in Iraq.<sup>40</sup> Due to security concerns, Bechtel had to sub-contract two efforts that led to less-than-hoped-for results. The first effort was a project taken on by Bechtel to renovate over 600 schools across the country between 2004 and 2006, an ambitious goal, but not all the work was first rate. While Bechtel wanted to build top quality schools, security concerns would not allow them to oversee construction directly,<sup>41</sup> and they were forced to

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**36** U.S. Agency for International Development, *Reconnecting Iraq: Telecommunications* (16 June 2006), available at: <<http://reliefweb.int/node/416717>>; Technology Partners, “Ministry of Electricity”, available at: <[http://www.tpfc.com/01\\_06\\_sol\\_iraq\\_sub07\\_minst\\_elec.html](http://www.tpfc.com/01_06_sol_iraq_sub07_minst_elec.html)>.

**37** CNN, Ground Troops Clash Over Baghdad Airport” (4 April 2003), available at: <[http://articles.cnn.com/2003-04-03/world/sprj.irq.war.main\\_1\\_baghdad-iraqi-capital-saddam-international-airport?\\_s=PM:WORLD](http://articles.cnn.com/2003-04-03/world/sprj.irq.war.main_1_baghdad-iraqi-capital-saddam-international-airport?_s=PM:WORLD)>.

**38** For film footage of the airport, such as it was, see ABC News, *Saddam Airport Overtaken* (3 April 2003), available at: <<http://abcnews.go.com/Archives/video/saddam-airport-baghdad-overtaken-2003-9931117>>.

**39** The Bechtel Contract was amended to allow the company to fix the airport. The funds for this project came from the same project budget and no additional expenses were added to the original budget. The U.S. Department of Defense upgraded the military side of the airport.

**40** National Public Radio, *Contractor Bechtel Pulls Out of Iraq* (7 November 2006), available at: <<http://www.npr.org/templates/story/story.php?storyId=6449811>> notes that Bechtel lost 52 employees in Iraq due to the conflict.

**41** David R. Baker, “Bechtel Pulling Out After 3 Rough Years of Rebuilding Work,” *S.F. Chron* (1 November 2006), available at: <<http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2006/11/01/MNGMIM3RAG1.DTL>>.

contract out some of the supervision to local engineering firms. As a result, USAID ended up with some less than stellar work in over 50 cases.<sup>42</sup> But USAID did renovate 600 schools under the program.<sup>43</sup>

Another example of a project that Bechtel had to contract out was the Basrah Children's Hospital, which when completed was the first and only children's oncology center in Iraq. There, USAID spent \$40 million and Bechtel completed over 60% of construction, but by 2006 was about half a year behind schedule due to security issues. The contract was signed as a results-based fixed price contract for \$75 million and Bechtel was ready and able to get the job done at that price.<sup>44</sup> An audit finding<sup>45</sup> by the Special Inspector General for Iraq Reconstruction (SIGIR) on the delay convinced USAID to transfer the balance of the project to the Iraq Reconstruction Management Office – IRMO within the Embassy.<sup>46</sup> Over the next 4 years, this office would complete the balance of the work in collaboration with the ACE<sup>47</sup> and the hospital opened in 2010 with a total price tag of \$166 million.<sup>48</sup> This project gave Iraq its first children's cancer treatment center, a proud achievement for both Iraq and the United States. This project was of special interest to America's First Lady, Laura Bush.<sup>49</sup>

A review of the portfolio of international military and reconstruction coalition investments in Iraqi infrastructure shows, however, that building

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**42** Karim El-Gawhar, "Bechtel Fails Reconstruction of Iraq's Schools," *Corp Watch* (2 December 2003), available at: <<http://www.corpwatch.org/article.php?id=9248>>; Bechtel's side of the story is available at: <<http://www.bechtel.com/bechtels-perspective-on-iraqi-schools-repair-program.html>>.

**43** *Id.*

**44** Bechtel's position is available at: <<http://www.bechtel.com/assets/files/projects/hospital.pdf>>.

**45** Special Inspector for Reconstruction in Iraq (SIGIR), *Review of the U.S. Agency for International Development's Management of the Basrah Children's Hospital Project* (31 July 2006), available at: <<http://www.sigir.mil/files/audits/06-026.pdf>>.

**46** James Glanz, "U.S. Ousts Iraq Hospital Contractor," *NY Times* (28 July 2006), available at: <<http://www.nytimes.com/2006/07/28/world/africa/28iht-basra.2325619.html>>.

**47** USAID was subject to audits by SIGIR, the General Accounting Office (GAO), and USAID's own Inspector General. In the case of Basrah Children's Hospital, the audit finding came from SIGIR. IRMO later evolved, through reorganization, into ITAO – the Iraq Transitional Assistance Office. <<http://iraq.usembassy.gov/about-us/offices-and-departm/iraq-transition-assistance-office.html>>.

**48** Chanelcherie DeMello, "Iraq's First Children's Cancer Hospital Opens in Basra," *U.S. Army Homepage* (26 October 2010), available at: <<http://www.army.mil/article/47156/iraqs-first-childrens-cancer-hospital-opens-in-basra/>>.

**49** James Glanz, "Series of Woes Mar Iraq Project Hailed as Model", *NY Times* (28 July 2006), available at: <<http://www.nytimes.com/2006/07/28/world/middleeast/28basra.html>>.

facilities to provide services, and then handing them over to the Iraqi government met with mixed results, as the Iraqis sometimes did not have the institutional capacity to successfully operate and maintain these new facilities.<sup>50</sup> Part of the reason why Iraq struggled is that many new projects were understaffed by the Iraqi government and were plagued by a shortage of spare parts and supplies.<sup>51</sup>

In most countries, reconstruction efforts are funded through debt or donor assistance grants.<sup>52</sup> Iraq is unique among post-conflict reconstruction countries in that it has a potential, immediate source of revenue to finance reconstruction. Washington politicians correctly recognized early on that oil revenues would allow the Government of Iraq to rebuild its own infrastructure as the government became more capable of administering its own budget and managing projects.<sup>53</sup> Iraq sits on the fourth-largest volume of proven oil reserves

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50 There are many books already in print critical of the reconstruction efforts. See, for example, George Packer, *The Assassins' Gate: America in Iraq*, New York: Farrar, Straus and Giroux (2005); Thomas E. Ricks, *Fiasco: The American Military Adventure in Iraq*, London: Penguin Group, London (2006); and Toby Dodge, *Inventing Iraq: The Failure of Nation Building and a History Denied*, New York: Columbia University Press (2005). Those publications focused mainly on the efforts by the Departments of Defense and State and not on those by USAID, usually America's lead agency for development programming and policy.

51 USAID provided \$31 million for spare parts for power plants. This approach was not done in many other projects managed by other entities.

52 For example, the Haitian government sought \$11.5 billion from donors after its earthquake. See Government of the Republic of Haiti, "Action Plan for National Recovery and Development of Haiti" (March 2010) at 8, English version available at: <[http://www.haiticonference.org/Haiti\\_Action\\_Plan\\_ENG.pdf](http://www.haiticonference.org/Haiti_Action_Plan_ENG.pdf)>

53 Paul Wolfowitz originally testified on Capitol Hill, "There's a lot of money to pay for this. It doesn't have to be U.S. taxpayer money. We are dealing with a country that can really finance its own reconstruction, and relatively soon." Wolfowitz also told Congress "oil revenues of Iraq could bring between \$50 and \$100 billion over the course of the next two or three years." Paul Wolfowitz, Congressional Testimony, 27 March 2003 available at: <<http://www.americanprogress.org/issues/2004/04/b46752.html>>. However, it was soon apparent this was not feasible. See, for example, David Chance and Mona Megalli, "Iraq Reconstruction: If Oil Can't Pay Who Will?" *Rediff* (3 April 2003), available at: <<http://www.rediff.com/money/2003/apr/03iraq.htm>>. Senator Carl Levin noted: "We are dealing with a country that can really finance its own reconstruction and relatively soon." See Sen. Carl Levin, *Paying for Reconstruction in Iraq* (14 March 2008), available at: <[http://www.levin.senate.gov/newsroom/in\\_the\\_news/article/?id=720b90ed-27a6-40dc-aded-d2321e63c516](http://www.levin.senate.gov/newsroom/in_the_news/article/?id=720b90ed-27a6-40dc-aded-d2321e63c516)>. The need for Iraq to use public resources was one of the major findings and recommendations by then Senator Joe Biden and the Iraq Study Group. See generally, United States Institute for Peace, *The Iraq Study Group Report* (2008) available at: <[http://www.usip.org/isg/iraq\\_study\\_group\\_report/report/1206/index.html](http://www.usip.org/isg/iraq_study_group_report/report/1206/index.html)>.

on Earth, after Saudi Arabia, Canada, and Iran,<sup>54</sup> and what may ultimately turn out to be the largest oil reserves on the planet once it has had the chance to properly explore and document its assets.<sup>55</sup> Today, oil accounts for about 85% of Iraq's national revenue.<sup>56</sup> Activating that revenue source is critical to getting Iraq to lead its own reconstruction, create jobs, and create a stable economic and political environment for its benefit.

With reconstruction, the Iraqi government hired and trained officials. Democratically elected officials began to take leadership roles in office. As they did, the Iraqi government identified the people's needs and planned projects. But the process was slow, and the revenue in Iraqi public coffers was not sufficient to respond to the identified needs and demands. This in turn made U.S. politicians frustrated with the Iraqis' perceived inability (or perhaps unwillingness) to spend their own money and execute their own projects.<sup>57</sup> These delays and failures were due to a wide range of shortcomings in the Iraqi government and its capacity to administer its own budget and projects.<sup>58</sup> This evolution in thinking led the U.S. government to launch a capacity-building program in conjunction with the Government of Iraq.

## 2 The USAID/*Tatweer* ministerial capacity-building program

In Iraq, the U.S. government's National Capacity Development program, administered by USAID, was designed on the principle that all successful government functions – such as law enforcement, national security, and public services – are

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<sup>54</sup> Daniel Canty, "Iraq Update: An Upstream Oil and Gas Profile," *Arabian Oil and Gas* (14 February 2011), available at: <<http://www.arabianoilandgas.com/article-8470-iraq-update-an-upstream-oil-and-gas-profile/1/print/>>.

<sup>55</sup> *Id.*

<sup>56</sup> Paul French, "Iraq's Black Gold Rush," *Offshore Technology* (1 April 2008), available at: <<http://www.offshore-technology.com/features/feature1677/>>.

<sup>57</sup> The President's New Way Forward in Iraq identified Iraq's inability to spend its resources to rebuild infrastructure and deliver essential services as a critical economic challenge to Iraq's self-reliance. See U.S. General Accounting Office, *Iraq Reconstruction: Better Data Needed to Assess Iraq's Budget Execution* (15 January 2008), available at: <<http://www.gao.gov/products/GAO-08-153>>.

<sup>58</sup> In 2005, Iraq spent just 73% of its \$30.2 billion budget, 67% in 2006, 65% in 2007, and 69% in 2008. See Blog: The Ground Truth in Iraq, *Iraq Still Has Problems Spending Its Money* (27 December 2009), available at: <<http://thegroundtruth.blogspot.com/2009/12/iraq-still-has-problems-spending-its.html>>.

dependent on the core strength of a government's administrative systems.<sup>59</sup> To help change the administrative system in Iraq, USAID created the National Capacity Development program, referred to locally as *Tatweer*, Arabic for "development," in 2006. USAID/*Tatweer* contributed to improvement in the Government of Iraq's ability to provide critical basic public services nationwide. The approach was predicated on the creation of efficient and transparent public administration systems, fostering a willingness to change, and Iraqi leadership and ownership of the process.<sup>60</sup> The \$339 million program, which ran through July 2011, improved capacity development across 11 civilian ministries and 5 executive agencies.

The 11 ministries can be divided into three strategic groups. The first set – the Ministries of Human Rights,<sup>61</sup> Justice,<sup>62</sup> and Migration<sup>63</sup> – was critical for political reasons.<sup>64</sup> A second group was critical because it provided essential

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59 Statement by Ali Baba, Minister of Planning and Development Cooperation, "Forward," in Management Science International (MSI), *USAID/Tatweer Program: Developing National Capacity in Public Management, Annual Report – Year 3, October 2008 – September 2009* (30 October 2009) at vi, available at: <[http://pdf.usaid.gov/pdf\\_docs/PDACQ652.pdf](http://pdf.usaid.gov/pdf_docs/PDACQ652.pdf)>.

60 *Id* at v.

61 The Charter of the Ministry of Human Right, Law Number 60 (2006). The Ministry promotes and secures "implementation of ... the culture of human rights and personal freedom in accordance with international treaties that Iraq has entered..." and prevents its violation. See International Gay and Lesbian Human Rights Commission – IGLHRC's Letter to the Iraqi Minister of Human Rights (17 April 2009), available at: <<http://www.iglhrc.org/cgi-bin/iowa/article/takeaction/resourcecenter/889.html>>.

62 The Justice Ministry "has responsibility for Iraqi courts, prosecutors, judicial and prosecutorial training, publishing the Legal Gazette (all laws and proclamations), notaries public, deeds & records, and since June 5, 2004, prisons." Global Security, *Ministry of Justice* (12 January 2012), available at: <<http://www.globalsecurity.org/intell/world/iraq/justice.htm>>

63 Coalition Provisional Authority (CPA), "Fact Sheet – Ministry of Displacement and Migration", available at: <[http://govinfo.library.unt.edu/cpa-iraq/pressreleases/20040508\\_displacement.html](http://govinfo.library.unt.edu/cpa-iraq/pressreleases/20040508_displacement.html)> notes that the Ministry "is responsible for all matters relating to Iraqi refugees and displaced persons and all non-Iraqi refugees residing in Iraq. It develops policies to address migration issues and serves as the focal point for organizations assisting refugees and displaced persons. Objectives of the Ministry include: – Continue to assist limited, voluntary refugee returns to Iraq and implement strategies to protect and assist non-Iraqi refugees inside Iraq. – Develop strategies to create durable solutions for internally displaced persons (IDPs) in Iraq. – Advocate for legislation that provides protection and assistance to refugees and displaced persons."

64 In post-Bathist Iraq, human rights were a political imperative, especially in the aftermath of the Abu Graib prison incidents. Introduction: "The Abu Ghraib files," Salon (14 March 2006), available at: <[http://www.salon.com/2006/03/14/introduction\\_2/](http://www.salon.com/2006/03/14/introduction_2/)> Human rights and the rule of law remain serious concerns and a priority. See, for example, "Human Rights Watch: Iraq Has Executed at Least 65 People in 2012, Despite 'flawed' Trials", *Washington Post* (9 February 2012),

public services. These were the Ministries of Education,<sup>65</sup> Health,<sup>66</sup> Agriculture,<sup>67</sup> Water Resources,<sup>68</sup> and Electricity.<sup>69</sup> A third set of ministries enabled the operations of the other ministries. These were the Ministries of Municipalities and Public Works<sup>70</sup> (which provided construction support), Oil<sup>71</sup> (which provided the government with income to finance other Ministries), and Planning and Development Cooperation<sup>72</sup> (which enabled other Ministries by

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available at: <[http://www.washingtonpost.com/world/middle-east/human-rights-watch-iraq-has-executed-at-least-65-people-in-2012-despite-flawed-trials/2012/02/09/gIQA5Fjm0Q\\_story.html](http://www.washingtonpost.com/world/middle-east/human-rights-watch-iraq-has-executed-at-least-65-people-in-2012-despite-flawed-trials/2012/02/09/gIQA5Fjm0Q_story.html)>

**65** “Ministry of Education,” *Global Security* (7 November 2011), available at: <<http://www.globalsecurity.org/military/world/iraq/education.htm>> notes that the Ministry has historically operated elementary and secondary schools and vocational centers nationwide. The Ministry is responsible for construction and outfitting schools, curricula, textbooks, student testing, and auditing school performance. Prior to the 1970s, Iraq’s educational system had a reputation as one of the best in the Middle East, especially in the science and mathematics areas.

**66** The Health Ministry administers the national healthcare system for all Iraqi citizens.

**67** According to *Global Security*, *Ministry of Agriculture* (7 September 2011), available at: <<http://www.globalsecurity.org/military/world/iraq/agriculture.htm>>, the Ministry is responsible for providing agricultural inputs and services to farmers. The article notes there are more than 600,000 farmers in Iraq.

**68** The Water Resource Ministry provides the country with integrated water resources management. This includes balancing competing demands of *irrigation*, municipal and industrial water supply, hydropower, flood control, and environmental requirements including marsh restoration. See Ministry of Water Resources website: <<http://www.mowr.gov.iq:81/english/>>.

**69** Established in 2003, the Ministry of Electricity is the national-level entity that administers electricity for the country, responsible for policy, and electricity production, transmission, and distribution. Further detail is available at the Ministry’s website: <[http://www.moelc.gov.iq/default\\_en.aspx](http://www.moelc.gov.iq/default_en.aspx)>.

**70** *Global Security*, *Ministry of Municipalities and Public Works* (7 September 2011), available at: <[http://www.globalsecurity.org/military/world/iraq/public\\_works.htm](http://www.globalsecurity.org/military/world/iraq/public_works.htm)> notes that the Ministry of the Interior was subdivided by the Coalition Provisional Authority (CPA). Security aspects were retained in a streamlined Ministry of the Interior. The Municipalities and Public Works elements were consolidated under a new Ministry of Municipalities and Public Works. CPA Order Number 33 (9 September 2003). The Ministry provides municipal services, water supply, and sewerage.

**71** The Ministry of Oil is the Iraqi government entity that manages petroleum resources. The previous Iraq National Oil Company was abolished in 1987. Since that time, 15 state owned oil companies now all fall directly under the Ministry of Oil. See Amy Myers Jaffe, “Case Study on Iraq’s Oil Industry,” Conference on “The Changing Role of National Oil Companies in International Energy Markets” (1–2 March 2007), available at: <<http://www.rice.edu/energy/publications/docs/NOCs/Presentations/Hou-Jaffe-Iraq.pdf>>.

**72** The State Department reports: “The Ministry of Planning and Development Cooperation has responsibility for planning and prioritizing development and reconstruction activities in Iraq, principally through its role in donor coordination and in the preparation of the capital budget. Within the Ministry are a number of specialized agencies: the Central Statistic Organization, the

providing project planning, budget, and evaluation support services). This third set also included five executive offices that also ensure the Ministries function by providing oversight and policy guidance: the Presidency Council,<sup>73</sup> the Council of Ministers Secretariat (COMSEC),<sup>74</sup> the Prime Minister's office<sup>75</sup> (which includes the new Civil Service Committee and the Administrative Development Unit), and both Deputy Prime Ministers' offices.<sup>76</sup>

During the first year of the USAID/*Tatweer* program, July 2006 to July 2007, USAID focused on providing Iraqi civil service employees with the skills they needed to do their jobs in seven critical areas: fiscal management, project management, human resources, information technology, strategic planning,

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Central Organization for Standardization and Quality Control, the De-Mining Commission, the NGO registration office and the National Center for Administrative and Technological Development. The Ministry is also home to the Foreign Investment Promotion Unit and the Economic and Social Fund, which grants loans to small business." <[http://careers.state.gov/uploads/e3/00/e30028e2d097398077d088056d468e00/iraqi\\_ministries.pdf](http://careers.state.gov/uploads/e3/00/e30028e2d097398077d088056d468e00/iraqi_ministries.pdf)>.

**73** Art's 134–139, Constitution of Iraq note that the Presidency Council functions in the role of the President of Iraq until one successive term after the Constitution is ratified and a government is seated. The Presidency Council is comprised of the President and two deputies or Vice Presidents. The Presidency Council has to make all decisions unanimously. The full text of the Iraq Constitution is available at: <<http://www.washingtonpost.com/wp-dyn/content/article/2005/10/12/AR2005101201450.html>>.

**74** The Council of Ministers is the Iraqi government cabinet.

**75** The Iraqi National Assembly names the Presidency Council, including the Prime Minister and the Council of Ministers. The Presidency Council names a Prime Minister unanimously. The Prime Minister is the Iraqi head of state. Nouri al-Maliki became Prime Minister on 21 April 2006. "Maliki Endorsed as New Iraqi PM," *BBC News* (22 April 2006), available at: <[http://news.bbc.co.uk/2/hi/middle\\_east/4933026.stm](http://news.bbc.co.uk/2/hi/middle_east/4933026.stm)>.

**76** There are 3 Deputy Prime Ministers. U.S. State Department, "Iraq" (2 May 2011), available at: <<http://www.state.gov/r/pa/ei/bgn/6804.htm>>. There are Deputy Prime Ministers for Economic Affairs, Services, and Energy. Special Inspector General for Reconstruction in Iraq (SIGIR), *Developments in Iraq* (30 October 2011) 42, available at: <[http://www.sigir.mil/files/quarterlyreports/October2011/Section4\\_-\\_October\\_2011.pdf](http://www.sigir.mil/files/quarterlyreports/October2011/Section4_-_October_2011.pdf)>. The Deputy Prime Minister for Services does not exist in the Constitution. Rather it was created by Prime Minister Maliki. The position chairs a committee consisting of 10 other ministers with portfolios in the service sector. The position does not have fixed responsibilities, and the Deputy Prime Minister for Services does not have authority over the Ministers. Authority comes from the Prime Minister. There is also a "Deputy Prime Minister for Energy." Again, this slot is not found in the Constitution. The Ministries of Oil and Electricity are under this Deputy Prime Minister's function control. Ben Van Heuvelen, "The Man Who Would Be King," *Foreign Policy* (13 June 2011), available at: <[http://www.foreignpolicy.com/articles/2011/06/13/the\\_man\\_who\\_would\\_be\\_king?page=full](http://www.foreignpolicy.com/articles/2011/06/13/the_man_who_would_be_king?page=full)>. At the time of the USAID/*Tatweer* program, there were only two Deputy Prime Ministers – the one for energy was created later.

leadership and communications, anti-corruption, and ethics.<sup>77</sup> These seven areas were selected because USAID/*Tatweer* was set in the broader context of stabilizing Iraq. The program accomplished these ends by providing technical assistance, training, and mentoring across each of the target Ministries and executive offices.

Over 60% of the population in Iraq is under the age of 25.<sup>78</sup> The supply of labor (mostly unskilled) vastly exceeds demand. The problems associated with a large youth population need a market-based solution<sup>79</sup> that involves creating jobs. In Iraq, a market-based solution had to come through agriculture, and small- and medium-sized businesses, or enterprises. The acronym used in Iraq for these types of business was SMEs.<sup>80</sup> SMEs employing 10 or fewer people account for 93% of all private-sector employment in Iraq. Since agriculture is one sector that can absorb new labor,<sup>81</sup> USAID was heavily engaged in

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**77** QED Group Ltd., *Tatweer National Capacity Development Program Final Evaluation: Final Report* (April 2011) at 2 discusses the challenges the program was to address at its formation. The full text is available at: <[http://pdf.usaid.gov/pdf\\_docs/PDACR430.pdf](http://pdf.usaid.gov/pdf_docs/PDACR430.pdf)> [hereinafter referred to as Final Report].

**78** Cited in Tamara Heimur and Sally Iadarola, “The Role of Youth in Rebuilding Communities After Conflict – A Case Study Development and the Next Generation: Investing in Iraqi Youth” (2010) at 1, available from the Network for Youth in Transition at <<http://networkforyouthin-transition.org/forum/topics/the-role-of-youth-in->>.

**79** Employment in the public sector could never absorb this amount of surplus supply, making the private sector the principal alternative.

**80** The particular importance of agriculture in post-conflict environments is discussed in United Nations Industrial Development Organization, *Turning the Tide of Disaster: Agro-Industrial Assistance in Post-Crisis Environments* (2008). See also United Nations Industrial Development Organization and the Food and Agriculture Organization of the United Nations, *Weaving a New Fabric of Small-Scale Agro-Industries in Northern Iraq* (2009).

**81** The U.S. Government worked with the Iraqi Government through a Strategic Framework Agreement (SFA) available at: <<http://www.state.gov/documents/organization/122076.pdf>> Beyond USAID/*Tatweer* help, USAID also provided assistance in agriculture through two other programs. (1) The USAID/Iraqi Rapid Assistance Program (IRAP) Quick Response Fund (QRF) funded projects (up to \$500,000 each) that are directly managed by Provincial Reconstruction Teams (PRTs) to achieve short- to medium-term impact on the agriculture sector. This included 54 agricultural projects funded at almost \$12 million in 2008–2009. According to the State Department, “Provincial Reconstruction Teams (PRTs) are joint civilian-military diplomatic outposts dedicated to helping Iraqis at the provincial level to develop and sustain capacity in four key areas: Governance & Rule of Law, Economic Development, Education & Culture, and Public Health. PRTs are found in 15 of Iraq’s 18 provinces, while a Regional Reconstruction Team in Erbil covers the three northernmost provinces. Led by a senior officer from the Department of State, teams include military advisors, as well as members from other U. S. government agencies such as USAID and the Departments of Agriculture and Justice.” <http://iraq-prt.usembassy.gov/> (2) The second was the USAID/Inma Agribusiness Program which

supporting the Ministries of Water Resources and Agriculture by providing civil service employees the skills critical to do their jobs. It is critical that those ministries be effective because water resources are integral to agriculture and both are necessary if the agriculture sector is to thrive and generate employment.

Electricity, as mentioned above, is one of the most critical services. USAID assistance to the civil service for its management processes through the *Tatweer* program, together with earlier investments via Bechtel and General Electric, sought to ensure that a peaceful and sovereign Iraq would continue to develop. It has taken on critical importance over the past several years, especially during hot summer months when high temperatures can lead to social instability. Further, it is hard to imagine economic growth among the SMEs or any business without reliable electricity.

The Ministry of Municipalities and Public Works, as its name implies, is where budget execution and new infrastructure meet at both the national and local levels. It is one of the most visible ministries because of its budgetary role, its interface at the community level, and its own large-scale infrastructure projects, all of critical importance if municipal and local service delivery is to meet demand. Again, the USAID/*Tatweer* package aimed to help the Ministry with its administration so that it, in turn, could improve budget execution on projects.

Through its *Tatweer* program advisors working across the seven skill areas with the civil service, USAID also had a significant presence at the Ministry of Planning, which directs reconstruction. Under the former regime, this was one of the most powerful ministries in the cabinet since it dictated the country's strategies and efforts to promote economic growth. Now, the Ministry acts more like a facilitator and at times auditor, ensuring that Ministries take charge of their own development in a transparent and effective manner by helping them formulate plans and strategies and work to establish budgets and monitor performance.

The new Planning Ministry bears little resemblance to the old, Stalinist, command-and-control structure. While the old Ministry sought control and centralization, this new Ministry seeks decentralization and sharing of best practices. The old Ministry also monopolized the training function (leading to

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provided support to private sector and key agriculture. It did this by helping to assess value chains (the value added at each stage of production) to demonstrate the impact of addressing problems that limit overall economic growth. USAID/Inma focused on commodities that have the most potential as viable enterprises which tended to be products that do not travel well such as live carp, live poultry, red meat, high value horticulture, and perennial fruit. Those commodities alone had an annual value of \$92.5 million.

corruption), while the new entity seeks to empower all ministries to have their own personnel systems that include not only a training function but also competent civil service structures including merit-based selection, performance-based evaluation and promotion, matching of candidate's qualifications to documented needs, and broader workforce management. With USAID's help, the Ministry's training unit – the National Center for Consultancy and Management Development (NCCMD) – is being transformed from a centralized, stagnant training facility to a dynamic unit that shares best practices and shares lessons learned across government and facilitates International Standards Organization (ISO) certification of core competency training. In sum, the new vision for the Planning Ministry in Iraq is more accurately compared to a combination of the U.S. Office of Management and Budget with the U.S. Office of Personnel Management – a major step forward for this young democracy.

To help the new Iraqi government resolve administrative conflicts, USAID/*Tatweer* completed work on the Administrative Tribunal courtroom at the Planning Ministry. That Court functions much like the U.S. General Accounting Office does for administrative appeals of government contract awards. In 2004, the Coalition Provisional Authority issued Order No. 87 on Public Procurement, modeled on the U.S. Federal Rules of Acquisition, with the purpose of governing Iraqi public contracts and procurements based on transparency, predictability, fairness, and equality of treatment.<sup>82</sup> While Iraq's new 2005 Constitution incorporated Order 87 into law, it was still necessary to create the institutional mechanisms to implement it. Creation of an Administrative Tribunal to resolve disputes is a first critical step in that regard. With USAID/*Tatweer* help, this Court opened for business in 2008.<sup>83</sup> In its first year, 28 cases were presented to the court.<sup>84</sup> This court rules on disputes over the award of public government contracts and is a major advance for the Iraqi procurement system.

Today, approximately 90% of the basic level, introductory or “competency” level training in project management, human resources, leadership communication, and fiscal management is delivered by Government of Iraq trainers to their colleagues. Ministries are supporting their trainers' efforts with cash incentives

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<sup>82</sup> Coalition Provisional Authority, Order No. 87, 2004. Supplemental Guidance to Implementing Regulations For Governmental Contracts, No. (1) 2007 further defined the framework. Those guidelines are published in Arabic and English at: <<http://www.scribd.com/doc/50900902/Iraq-Contracting-Guide-2007>>.

<sup>83</sup> Final Report, *supra* note 77 at 15.

<sup>84</sup> For a more in depth discussion of the court, see USAID/*Tatweer*, *Iraqis Find A Voice In The Legal System* (2009), available at: <<http://tatweer.gohernandez.com/success-stories/iraqis-find-voice-legal-system>>.

to the trainers, prizes for the best performing trainees, and the development of new training facilities – sometimes with USAID/*Tatweer* support, but often planned from their own Ministry budgets. With USAID help, Iraq now trains more civil servants in a month than it ever did in the 1970s when Iraq enjoyed a reputation for excellence in training and education.<sup>85</sup>

All USAID training is skills oriented, competency based, and in Arabic.<sup>86</sup> More specifically, USAID's efforts in public administration have resulted in the training of over 108,000 civil servants, including over 2,000 trainers trained.<sup>87</sup> In the longer term, obviously, USAID cannot keep training everyone. So to increase capacity and sustainability, over time, USAID focused on the training of trainers.<sup>88</sup> In 2010, of the nearly 27,000 civil servants trained, 97% were taught by Iraqi trainers, compared to 96% by U.S. trainers in 2007 with only just over 3,000 Iraqis trained.<sup>89</sup> When the program began, national civil service training only took place in the capital city of Baghdad. By 2011, two-thirds of the training was conducted in the provinces outside of Baghdad.<sup>90</sup> And there were more than 2,500 USAID-trained civil servants in every Iraqi province nationwide, including conflict-prone provinces like Diyala, Salahdin, and Sulaymania.<sup>91</sup>

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**85** For a retrospective on education in Iraq, see Jinan Hatem Issa and Hazri Jamil, *Overview of the Education System in Contemporary Iraq*, 14 *European Journal of Social Sciences* (2010) 360, 361 et seq., available at: <[http://www.eurojournals.com/ejss\\_14\\_3\\_02.pdf](http://www.eurojournals.com/ejss_14_3_02.pdf)>

**86** A programmatic audit found: “The Program is service oriented and labor intensive—relying heavily on fluent Arabic speakers for all aspects of its operations. Success is highly dependent on the ability of its advisors to win the trust of key Ministry officials so the respective ministries will accept and utilize the services offered by the Program.” USAID Office of the Inspector General, “Audit of USAID/Iraq’s National Capacity Development Program” (Report No. E-267–09–001-P) (25 November 2008) at 6, available at: <<http://www.usaid.gov/oig/public/fy09rpts/e-267-09-001-p.pdf>>.

**87** Management Sciences International (MSI), *108,000 Iraq Ministry Officials Enrolled in Tatweer Training* (2012), available at: <<http://www.msiworldwide.com/project/tatweer-strengthening-iraqs-public-management-for-the-future/>>. MSI was the firm implementing the USAID/*Tatweer* program. An earlier official U.S. government press release, with earlier data, put the figure at 105,000. See U.S. Agency for International Development, “Building the Skills Iraqis Need for the Services They Want,” *Front Lines* (April/May 2011), available at: <[http://www.usaid.gov/press/frontlines/fl\\_apr11/FL\\_apr11\\_TATWEER.html](http://www.usaid.gov/press/frontlines/fl_apr11/FL_apr11_TATWEER.html)>.

**88** USAID Office of the Inspector General, *Audit of USAID/Iraq’s National Capacity Development Program* (Report No. E-267–09–001-P) (25 November 2008) at 8, available at: <<http://www.usaid.gov/oig/public/fy09rpts/e-267-09-001-p.pdf>>.

**89** Final Report, *supra* note 77 at 61.

**90** For further discussion of USAID/*Tatweer* outside Baghdad, see USAID/*Tatweer*, *Tatweer in The Provinces* (2009), available at: <<http://tatweer.gohernandez.com/activities/tatweer-provinces>>.

**91** *Id.*

In addition to its standard training program across the seven priority skill areas, USAID/*Tatweer* provided scholarships to 110 Iraqis for international 2-year graduate programs and a 1-year diploma program to three Iraqis.<sup>92</sup> All programs related to public administration and were carried out in universities in Cairo, Amman, and Beirut. These scholars will become tomorrow's leaders and administrators at their Ministries.

USAID's capacity development program is driven by demand and tied to best practices (as defined by the International Standards Organization, or by relevant trade and professional associations, depending on the Ministry receiving the assistance), international standards, and needs assessments. Rather than locating U.S. advisors and local Iraqi staff at the Embassy, as was done under the earlier Coalition Provisional Authority (CPA) and the Iraq Reconstruction Management Office (IRMO) initiatives, it assigned embedded advisors within Ministries. Their goal is to help with institutional development rather than provide directed assistance to fix particular problems. They were there to serve as mentors, not to supplant Iraqi leadership.

One example of Iraqis learning and succeeding is their leadership on civil service reform.<sup>93</sup> This helped establish a non-sectarian, merit-based, modern-governance model. Historically, hiring was done on a sectarian basis, through nepotism or via corruption.<sup>94</sup> No ministries had personnel offices, job descriptions, merit-based hiring, or performed merit-based performance evaluations.<sup>95</sup> "Ghost workers" were a well-known phenomenon of public administration.<sup>96</sup> In 2008, the Council of Ministers (COM) asked USAID to help re-establish the Civil Service Commission (abolished by Saddam Hussein) and help it pass new civil service legislation and regulation.<sup>97</sup> This request was nothing short of a revolution. The law re-establishing the commission was passed 1 year later.<sup>98</sup> The Civil

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<sup>92</sup> U.S. Agency for International Development, *Press Release: USAID-Tatweer Scholarship Program* (8 January 2011), available at: <<http://iraq.usaid.gov/node/207>>.

<sup>93</sup> The World Bank, "Rebuilding the Civil Service in a Post-Conflict Setting: Key Issues and Lessons of Experience" (March 2002) 1 notes the importance of civil service reform in post-conflict countries, citing experiences of East Timor and Kosovo.

<sup>94</sup> For a more in-depth discussion of the context for civil service reform, see USAID/*Tatweer*, *Making Civil Service Reform in Iraq a Reality* (2009), available at: <<http://tatweer.gohernandez.com/news/making-civil-service-reform-iraq-reality>>.

<sup>95</sup> *Id.*

<sup>96</sup> *Id.*

<sup>97</sup> USAID/*Tatweer*, *Developing National Capacity in Public Management, Quarterly Progress Report – 11* (30 April 2009) at 32, available at: <[http://pdf.usaid.gov/pdf\\_docs/PDACO093.pdf](http://pdf.usaid.gov/pdf_docs/PDACO093.pdf)>.

<sup>98</sup> Article 107 of the Iraqi Constitution requires the creation of a Federal Civil Service Commission. See U.S. Agency for International Development, *Making Civil Service Reform In Iraq A Reality* (2009), available at: <<http://tatweer.gohernandez.com/news/making-civil-service-reform-iraq-reality>>.

Service Commission also drafted new civil service legislation and vetted this with civil society and the Council of Ministers.<sup>99</sup> This is important, creative work, establishing the structure for future of democratic governance. USAID technical assistance continues to play a critical support role in this Iraqi-led initiative.

With the National Capacity Development program's help, all Ministries USAID/*Tatweer* worked with now have established personnel offices.<sup>100</sup> The Ministries created job descriptions, employee evaluations and merit-based hiring practices. USAID's took a training and facilitation role, while the Iraqis took ownership and were responsible for the accomplishments.

USAID's National Capacity Development program had different strategies and programs for each of the 11 ministries and 5 executive agencies with which it works.<sup>101</sup> The program was further complicated by the fact that each of Iraq's eighteen provinces is unique, requiring diverse approaches to given objectives. So in terms of strategic complexity, as a result USAID had plans for 16 institutions for 18 different provinces, in other words, 288 unique plans.

One of the developments since 2010 in USAID's National Capacity Development program has been its extension to the provinces. USAID set up regional hubs and coordinated its strategy with the Council of Ministers Secretariat (COMSEC), the State Ministry for Provincial Affairs and the State Ministry for Reconstruction and Reconciliation, as well as other Ministries

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**99** On 22 February 2009, the Council of Representatives (CoR) approved the Federal Civil Service Commission Law. This law provides the basis for the enactment of a new Civil Service Law and represents a major step toward a comprehensive civil service reform program. The Commission Law provides that regions and provinces will have their own civil service commissions in charge of provincial civil service, instead of just branches at the federal level. A draft civil service law went in circulation for review among various Iraqi ministries and institutions. USAID/*Tatweer* provided assistance to the Prime Minister's Advisory Council and the Civil Service Committee on civil service reform and helped stand up the new Civil Service Commission. Civil servants have been governed by the 1960 Civil Service Law, which has been amended over 600 times. The size of the Iraqi civil service is currently estimated at around 2.5 million, but there is an acute shortage of skilled people, and the current civil service law historically suffered from a lack of transparent procedures.

**100** The National Capacity Development program approach to personnel management is further discussed in USAID/*Tatweer*, *Tatweer-Backed Human Resource Management Tool Gains Acceptance Across Several Iraqi Ministries* (2009), available at: <<http://tatweer.gohernandez.com/news/tatweer-backed-human-resource-management-tool-gains-acceptance-across-several-iraqi-ministries>>.

**101** Every Ministry and executive agency had its own plan or strategy. These were authored by the entity along with the USAID advisors. See, e.g., Ministry of Electricity, *Capacity Development Plan* (2008).

providing essential services.<sup>102</sup> The program now has offices in Hillah, Ramadi, Mosul, Basrah, Erbil, Kirkuk, and Baghdad.<sup>103</sup> All of these offices evolved under USAID's provincial roll-out strategy. In the process, USAID converted training coordination offices into regional consulting units that include project management, budgeting, and procurement specialists, among other functions. The program's emphasis shifted from building people's capacity (i.e., training) to building government ministries' capacity (i.e., institutional development).

### 3 Engineering support achievements

In 2008, at USAID's invitation, key project planning personnel from six civilian ministries with large capital budgets (Oil, Electricity, Public Works, Health, Water, and Agriculture) and the Ministry of Planning completed specialized training in Amman, Jordan, on the implementation of a fully automated system for feasibility study preparation, presentation, and evaluation.<sup>104</sup> In 2009, the participants installed the UNIDO-developed software (COMFAR III) at their home ministries and began training their colleagues.<sup>105</sup> Until that happened, the lack of feasibility studies and inadequate costing analysis has led to delays in capital project approval and in delays in implementation due to unrealistic and incomplete project designs. The broad use of this program to standardize and automate the feasibility process, including environmental impact studies, will contribute directly to improved budget execution across major ministries. More importantly, when careful feasibility and environmental impact studies are used, Ministries will maintain and staff their facilities and guarantee sustainability and success. It was the lack of institutionalization after the invasion that left hospitals empty and schools unstaffed.<sup>106</sup> As the Iraqis take control and

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**102** U.S. Agency for International Development, *Press Release: USAID Prepares to Expand Capacity Building Program Across Iraqi Provinces* (6 May 2009), available at: <<http://www.usaid.gov/press/releases/2009/pr090506.html>>.

**103** *Id.*

**104** USAID/*Tatweer, Improved Budget Execution* (2009), available at: <<http://tatweer.gohernandez.com/news/improved-budget-execution>>.

**105** *Supra* note 74 at 6 et seq.

**106** Gilbert Burnham, Connie Hoe, Yuen Wai Hung, Agron Ferati, Allen Dyer, Thamer Al Hifi, Rabia Aboud, and Tariq Hasoon, *Perceptions and Utilization of Primary Health Care Services in Iraq: Findings from a National Household Survey* (2011) at 2, available at: <<http://www.biomed-central.com/content/pdf/1472-698X-11-15.pdf>>.

ownership, they are moving toward requiring the feasibility studies that will prevent those mistakes in the future.<sup>107</sup>

Another area the Iraqis are moving fast in is procurement change and applying that in highly technical engineering areas. With USAID/*Tatweer* encouragement and assistance, integrated Iraqi teams are coming together to understand procurement law and process, share best practices, and provide anti-corruption safeguards. For example, there was no central procurement office for the Ministry of Oil. Each oil company re-invented the wheel with each procurement. The Iraqis sought to standardize approaches and asked USAID/*Tatweer* for help. The Ministry asked USAID to draft procurement documentation to purchase steel pipe. USAID refused. Instead, USAID/*Tatweer* taught the Oil Ministry how to do it rather than provide them with the answer. This took much longer, but the Ministry now has that capability institutionalized.<sup>108</sup> In the short term, this resulted in a \$1 billion procurement for steel pipe.<sup>109</sup> But the bigger impact is that the Oil Ministry now knows how to detect needs, work across functional lines, establish criteria, purchase other supplies, and learn in the process.

Iraq put this process on display in July 2009. The Iraq Oil Ministry put up for bid the rights to manage six giant oil fields. International firms could bid on one or any number of the fields on offer. Firms would have to invest their own private capital to upgrade facilities and extract the oil.<sup>110</sup> Firms offered the Iraqi government investment capital and profits based on production targets. In that bid round, one offer was accepted. That offer came from the BP/CNPC consortium for the Rumaila field.<sup>111</sup> However, while only one bid was accepted at that

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**107** USAID/*Tatweer*, *Feasibility Studies & Project Evaluation Course Targets Improved Project Selection Process & Budget Execution* (2009), available at: <<http://tatweer.gohernandez.com/news/feasibility-studies-project-evaluation-course-targets-improved-project-selection-process-budget>>.

**108** For a further discussion of USAID help to the Oil Ministry, see U.S. Agency for International Development, “Building the Skills Iraqis Need for the Services They Want,” *Front Lines* (April/May 2011), available at: <[http://www.usaid.gov/press/frontlines/fl\\_apr11/FL\\_apr11\\_TATWEER.html](http://www.usaid.gov/press/frontlines/fl_apr11/FL_apr11_TATWEER.html)>.

**109** Given the integration and information sharing promoted by USAID/*Tatweer*, the program will have an impact across management units. The Oil Ministry includes each of the captive oil companies: Basra Oil Institute, Maysan Oil Company, Oil Marketing Company, North Gas Company, Gas Filling Company, North Oil Refinery, Midland Oil Refinery, Oil Projects Company, North Oil Company, and the South Oil Company.

**110** “Foreign Oil Giants Bid on Iraq’s Resources,” *CBS News* (16 July 2009), available at: <<http://www.cbsnews.com/stories/2009/06/30/business/main5124377.shtml>>.

**111** Michael T. Klare, “Will Iraq Be a Global Gas Pump? The (Re)Making of a Petro-State”, *Huffington Post* (30 June 2009), available at: <[http://www.huffingtonpost.com/michael-t-klare/will-iraq-be-a-global-gas\\_b\\_231930.html](http://www.huffingtonpost.com/michael-t-klare/will-iraq-be-a-global-gas_b_231930.html)>.

time, the process demonstrated exceptional transparency – with all firms invited to witness bid openings at the Al Rashid Hotel in Baghdad under international observation, with bids opened in public on live TV and on the Internet with subsequent publishing of all offers – all for the largest procurement in world history in dollar terms.<sup>112</sup> It was also highly competitive: there were very serious bids with most of the major international energy firms participating in more than one bid. The fact that it was held in Iraq with such extensive participation also underscored the positive security improvement. That the bid process was done under Iraqi law reflected a new-found confidence in the national legal structures. The total amount of new oil that the Ministry had hoped for was 1,689,000 barrels per day. The accepted offer exceeded that, projecting an increase of 1,850,000 barrels per day. The Ministry could have awarded up to six oil fields but was able to surpass its production goal for all six by privatizing just one.<sup>113</sup>

The Ministry of Oil bid round provided the Government of Iraq with a number of concrete lessons. While many questioned the wisdom of privatization and allowing outside companies to enter Iraqi oil fields,<sup>114</sup> the process demonstrated that the Ministry of Oil is serious about international oil company (IOC) involvement and that the firms could bring outside capital and know-how to increase production and profits – again, witness the surpassing of production and financial targets for all six fields with the privatization of just one, a result that took the Iraqi Ministry pleasantly by total surprise. The companies, for their part, accepted the Ministry's decisions as to the type of contracts it is willing to offer – contracts under Iraqi sovereign law with submission to Iraqi national

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**112** For a discussion on the setting for the bid round, see Timothy Williams, "Few Bidders to Develop Iraqi Oil and Gas Fields," *NY Times* (July 2009), available at: <<http://www.nytimes.com/2009/07/01/business/global/01iraqoil.html>>.

**113** Gina Chon, "Oil Companies Reject Iraq's Contract Terms," *Wall Street Journal* (1 July 2009), available at: <<http://online.wsj.com/article/SB124635835306572521.html>> was critical that only one award was made.

**114** Kazakhstan privatized in 1997, only to suspend that process a year later when the country thought it was being ripped off by international firms. That sent a chilling message to other countries thinking about privatization. See, for example, Alexander's Gas and Oil Connections, *Kazakhstan Leaves Rest Oil and Gas Privatisation to Next Generations* (20 April 1998), available at: <[http://www.gasandoil.com/news/central\\_asia/3304b8e48a55c39fbd8a471fb96c6ed5](http://www.gasandoil.com/news/central_asia/3304b8e48a55c39fbd8a471fb96c6ed5)>; Guy Chazan, "Kazakh Spat Casts Light on China Deals: Exiled Banker Alleges Chinese Oil Firm Routed \$166 Million to Associate of Top Oil Executive, as Part of 2003 State Sale," *Wall Street Journal* (26 March 2010), available at: <<http://online.wsj.com/article/SB10001424052748703580904575131611702788550.html>>. Many Countries have been suspect of privatizations of natural resources and fears that they would be swindled by international investors. See, for example, "Wish You Were Mine," *The Economist* (11 February 2012), available at: <<http://www.economist.com/node/21547285>>.

jurisdiction.<sup>115</sup> The Ministry also severely underestimated the field potential. This led to a gap between what the Ministry and the bidders expected. On the Ministry's side, the Ministry offered a relatively low remuneration fee to incentivize increased production. For their part, the international oil companies' (IOCs) higher fee structures proposed in their bids may be the result of the high production plateaus resulting in much higher IOC proposed investments. In any case, thanks in part to the USAID effort, Iraq took an important first step to opening the Iraqi oil industry to foreign investment and joint operation. It seems that Iraq greatly underestimated its oil fields production potentials and only planned for 6 million barrels per day target for the next 10 years, in part because it did not have the benefit of IOC involvement. But it is clear now that Iraq can produce much higher rates in a much shorter time frame. And as a consequence of its now increased international standing from its newly increased productive capacity, Iraq has to be prepared to take a much larger role among other petroleum exporters and politically within the Middle East region.

Within the Electricity Ministry, USAID/*Tatweer* was key to the Ministry's so-called fast track program to get four new power plants up and running.<sup>116</sup> USAID helped the Ministry with project management, from needs detection, through feasibility, budgeting, planning, to procurement, award, program supervision, and performance management.<sup>117</sup>

Sometimes USAID's assistance had surprising impacts. Every day Iraq's southern oil fields burn off natural gas associated with oil production – gas that could drive 3,500 Mw of generation power worth U.S. \$9 billion per year.<sup>118</sup> With USAID assistance, Iraq is now set to capture a portion of this wasted gas, which will occur when Iraq commissions a long delayed new gas gathering and treatment plant in Basra.<sup>119</sup> At the request of the Oil Ministry in 2008, USAID agreed to help the Ministry take the steps necessary to gather the flared

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**115** Sabrina Tavernise and Andrew E. Kramer, "Iraq to Open Oil Fields for 35 Foreign Companies; Initial No-Bid Contracts Delayed," *NY Times* (1 July 2008), available at: <<http://www.nytimes.com/2008/07/01/world/middleeast/01iraq.html>> discusses initial interest from international firms in the bid round that came a year later.

**116** The USAID effort was part of the so-called civilian surge. For further discussion of the civilian surge and USAID/*Tatweer*, see Final Report, *supra* note 77 at 2.

**117** The Fast Track program is discussed in further detail in *supra* note 88 at 21.

**118** USAID/*Tatweer*, *Tatweer Helps Capture \$1 Billion Per Year Flare Gas For Power Plant Fuel* (2009), available at: <<http://tatweer.gohernandez.com/news/tatweer-helps-capture-1-billion-year-flare-gas-power-plant-fuel>>.

**119** *Id.*

associated gas in Zubair for use in Basra.<sup>120</sup> Ministry engineers in Basra now have successfully turned on all the related digital equipment in the facility and the plant is now officially ready for commissioning.<sup>121</sup>

In the Health Ministry, USAID/*Tatweer* was heavily engaged in helping the Ministry get control of its financial management systems and planning. The Health Ministry created a new accounting unit within the engineering section of its headquarters in Baghdad, as part of a step-by-step system reform promoted by USAID/*Tatweer* through ongoing assistance and interaction with the Fiscal Management Working Group.<sup>122</sup> This process strengthened the link between budget execution rates and project completion in the capital budget process.<sup>123</sup>

The Iraqi government has also been impressive through promoting cross-ministerial problem solving.<sup>124</sup> The Iraqi government has asked USAID/*Tatweer* specifically for help in this area, and USAID cross-ministerial subject area consultants have provided targeted workshops and assistance within Ministries, resulting in very real, tangible, measurable applications.<sup>125</sup> In 2008, in the midst of Iraq's struggles with crippling drought, USAID facilitated a partnership between the Ministries of Water Resources, Agriculture, and Electricity to help secure a rehabilitation budget allotment to keep the water flowing through the South Rashidiya canals.<sup>126</sup> The South Rashidiya Project, the first inter-ministry, multi-organization approach, with the USAID-funded programs and the local Provincial Reconstruction Team (PRT), could prove to be a model for other development projects involving Iraqi Ministries and U.S. assistance.<sup>127</sup>

While budgets and planning had atrophied to mere laundry lists for funding under the Saddam era, the new Planning Ministry has introduced modern business approaches to multi-year planning and budgeting to allow for a more serious approach to maintenance, infrastructure, and investment. The plans call

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120 *Id.*

121 *Id.*

122 Final Report, *supra* note 77 at 81.

123 *Id.*

124 USAID/*Tatweer*, *Tatweer Introduces Advanced Risk Analysis Approach to Top Iraqi Engineers* (2009), available at: <<http://tatweer.gohernandez.com/news/tatweer-introduces-advanced-risk-analysis-approach-top-iraqi-engineers>>.

125 *Id.*

126 *Id.* at 94, 97.

127 USAID/*Tatweer*, *Developing National Capacity in Public Management, Quarterly Progress Report – 8, April–June 2008* (31 July 2008) at 7, available at: <[http://pdf.usaid.gov/pdf\\_docs/PDACL958.pdf](http://pdf.usaid.gov/pdf_docs/PDACL958.pdf)>.

for 5-year strategy horizons – consistent with international best practices.<sup>128</sup> In sum, the new vision for the Planning Ministry in Iraq is more accurately compared with the U.S. Office of Management and Budget or with the Office of Personnel Management, and not considered as some sort of relic of a failed political system.<sup>129</sup> This radical transformation is 100% Iraqi led. USAID/*Tatweer* played an important, but supporting role.

## 4 Conclusions

As we witness change in Iraq, it is best to place modern events in the longest term historical context. At the time of the Abbasid Empire, around 762 AD, Iraq was a world center of learning, with Baghdad at the heart of an Islamic Golden Age.<sup>130</sup> Over the years, Iraq lost much of that luster, after invasions by the Persians, Mongols, Greeks, Romans, Arabs, Ottoman, and the British. With Iraqi leadership over a sovereign Iraq, with Iraqi control and ownership, leadership, and vision, Iraq has a very bright future. Today, Iraq is recovering some of that old glory and is leading the Middle East by setting up a model and an example for pluralistic democratic reform. Recent sectarian violence, at times spiking, grabs headlines and sets the country back. But the long-term prospect remains positive.

In development terms too, Iraq is moving very quickly. By way of comparison, 50 years ago, Saudi Arabia was a developing economy in terms of development indicators, but today is quite advanced. Iraq is already a middle-income country and well on its way in terms of development. But unlike Saudi Arabia, Iraq has both oil and water. Iraq could be on a lightening track for economic development, surpassing neighboring countries like Saudi Arabia or Bahrain.

This notion that people (and nations) need to take ownership over their own destinies if projects are to be successful seems tautological. In any discipline, the most important wisdom is not in having the answer but in knowing how to

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**128** For a general discussion of multi-year budgeting and best practices, see Jameson Boex, Jorge Martinez-Vazquez, and Robert M. McNab, “Multi-Year Budgeting: A Review of International Practices and Lessons for Developing and Transitional Economies”, *Georgia State University* (November 1999), available at: <<http://aysps.gsu.edu/isp/files/ispwp9804.pdf>>.

**129** The old Soviet model is covered in Paul R. Gregory, *The Stalinist Command Economy*, 507 Annals of the American Academy of Political and Social Science (January 1990), 18-25, available at: <<http://ann.sagepub.com/content/507/1/18.abstract>>.

**130** For a broader discussion of the Islamic Golden Age, refer to: <[http://www.absolutedastry.comy.com/topics/Islamic\\_Golden\\_Age](http://www.absolutedastry.comy.com/topics/Islamic_Golden_Age)>.

ask the right question. In Iraq, the question was asked repeatedly “How do we get the Iraqis to do what the U.S. Embassy wants?” That is the wrong question. Donor or assistance agencies cannot be on their own “agenda.” In this case, they have to be on Iraq’s agenda – Iraqis define the problems and they define the solutions. Development does not work any other way.

As long as the donors are those trying to figure out how to solve a problem, as long as they are the ones who “own the problem,” there will be no development. Obviously, the United States doesn’t own Iraq. The Iraqis own Iraq. The United States can only play a supportive role, and only if the Iraqis want the United States to do so, and only in the way the Iraqis would like. If the United States or anyone else wants it more than they want it – it will fail. Development assistance program sponsors have to be completely prepared to walk away if the program is not wanted or not demand driven.

The good news in all of this is that in all Ministries where USAID/*Tatweer* was active, the Ministries were pulling USAID to work harder, better, faster. They really wanted change and they had the initiative. They owned it. They demanded it. They own the problem, they own the solution, and they want USAID help. That’s textbook development.

As an international Coalition under the Multinational Forces in Iraq (MNF-I), there was a Joint Campaign Plan.<sup>131</sup> The operative part of any plan is always in the transitive verbs – or with apologies to both Noam Chomsky and Donald Rumsfeld – the “transformational” verbs. In the Joint Campaign Plan, the focus was not on “construction” or “reconstruction.” Instead, it called on the coalition to “facilitate,” “assist,” “enable.” The USAID/*Tatweer* approach was exactly that.

With the U.S. government’s commitment to build a stable and self-reliant Iraq, and through USAID’s ongoing assistance, Iraq will rapidly develop its economy, deliver public services to its people, and re-join the community of nations. It will provide jobs for its youth and grow with increased oil exports and investment. Iraqis will again be successful, and a sovereign Iraq will once again share its cultural heritage and leadership with the world.

And finally, the Iraq experience demonstrates why development is such a critical part of U.S. foreign policy. Along with defense and diplomacy, development rounds out the toolbox of instruments for advancing U.S. national policy interests around the globe. As the U.S. government’s lead agency for international development policy, USAID plays a critical role in assuring U.S. national

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<sup>131</sup> Richard S. Lowry, “The Joint Campaign Plan: A Strategy for Stability in Iraq”, *The Weekly Standard* (2 August 2007), available at: <<http://www.weeklystandard.com/author/richard-s.-lowry>>.

interests while also improving the lives of ordinary people around the globe. And in some cases, development may not only be the best tool in the U.S. foreign policy toolbox, it may be the only one that gets the job done in a particular context. Iraq was illustrative of how development policy and development expertise can be brought to the table to advance strategic interests.

