Cleaning Up the Mess:

The Failures of the CPA and the US Effort in Iraq and What Can Be Done to Salvage Them

Anthony H. Cordesman
Center for Strategic and International Studies

July 7, 2004
There is no doubt that Iraq is a critical issue affecting the near term future of the wider Middle East. It is a problem for the US and Europe, as well as for the Arab world and Iran. At the same time, it is equally clear that talking about “after” in Iraq is now an extraordinarily uncertain proposition and that focus on “after” is far too premature.

The challenge for all of the parties concerned at this point—and especially the US—is how to best apply the art of the practical and the possible to Iraq’s present security, political, and economic problems, and how to do so with deadlines measured largely in a few months and no later than some point in 2006.

**The Need to Focus on Short-Term Aid to Iraq**

The situation in Iraq has moved beyond creative new policy solutions to how to help the Iraqis play out their game in their way with the greatest possible chance of success as they define it. We have moved beyond neo-conservative, neo-liberal, NATO, or UN solutions. Whatever might have been, success now depends on helping the Iraqis play out the scenario for a council, constitution, and elections as best they can.

This is not the moment to concentrate on the art of what should have been or to theorize about the art of what should occur in another future contingency. This situation in Iraq is one where short-term solutions are required; if we are to ever get to the longer-term issues. Furthermore, it is clear that dealing with the longer-term issues is going to be a matter for whatever Iraqis emerge in power over the next few months and years and not for outsiders. In fact, it is the Iraqis who must play out even the short-term game in Iraq and make the critical decisions. What is left for outsiders is the issue of how best to help them.

The most important practical issues for immediate action are:¹

- How best to help give the Iraqi interim government popular legitimacy, and ensure that an elected government is created? The CPA has left Iraq with an extraordinarily demanding political calendar that may be impossible to meet.

A national conference is scheduled for July 2004 to select an Interim National Council with largely undefined powers and functions. Political leaders and parties must emerge between July and 31 January 2005, when an election is to be held for the National Assembly.

A “transitional government” with undefined new political structures and functions must replace the new “interim government” that took office on 28 June 2004 in “early 2005.” The “transitional government” must complete the draft of a permanent constitution on 15 August 2005, and a national debate must follow on such constitutional issues as federalism and the role of religion that leads to a constitutional referendum on 15 October 2005.

Elections for a full democratic government must create the third new Iraqi government in less than two years on 15 December 2005, and the new “permanent” elected government must take office on 31 December 2005. This schedule may well prove impossible, and it seems almost certain that much of it
must be attempted in a wartime environment in which elections and the political process cannot meet Western standards and the operating government’s legitimacy will be under constant insurgent challenge.

The real-world challenge is how to best help the Iraqis create a government and constitution that are obtainable, as distinguished from desirable. The task is not to enforce “international standards,” or set unobtainable mid and long-term goals. It is rather how to help the Iraqis define the art of the possible and help them make it happen. The end result is almost certain to be more inclusive of Ba’ath, religious, and ethnic/sectarian movements than the West would like. The calendar may slip, elections may have many faults, the constitution may be less than ideal, and the security situation may improve far too slowly. Far more patience, time, and compromises will be needed than either the US or Europe has previously planned. However, frustration and letting the good be the enemy of the acceptable, are the worst possible "exit strategy."

- **How best to strengthen the Iraqi military security forces and give them an increasing role in the security and counterinsurgency missions as soon as possible?** The US has left Iraq with a very poor legacy in terms of security. The US Congress must accept some blame for failing to create procedures that allow time-critical expenditures on security aid, and the CPA and CJTF-7 failed dismally to execute their plans in the security sector. As officers like Major General Charles H. Swannack, the commander of the 82nd Airborne have pointed out in interviews, the CPA did as much to make it difficult to use US aid funds to training and equip Iraqi security forces as the Congress, and often forced commanders to use CERP aid.²

At least until April 2004, US plans failed to recognize the need to treat the Iraqis as full partners in achieving security in Iraq, and to make meaningful efforts to train and equip them effectively to perform counterinsurgency missions and warfare. For nearly a year, the US acted as if the insurgency was not nationalist in character, was driven by former regime loyalists and foreign volunteers, and was small and unpopular. It emphasized the foreign threat increasingly after January 2004, although Swanneck noted that only 50 men out of the 3,800 the 82nd Airborne apprehended in the Sunni triangle area were foreign and for nearly a year, the US acted as if the threat would go away once the US and the rest of the MNF defeated it and could be dealt with without serious Iraqi aid.

The final CPA status report issued on July 6, 2004 shows that obligations for non-construction security procurement were about 30% of goal on June 30, 2004, and commitments were around 60%. The figures for construction tasks were far more favorable, but almost totally misleading. They indicated that the $825 million was obligated as of June 30, 2004, and $985 million was committed, to meet a goal for 1 July 2004 of only $749 million. Yet, virtually every report on Iraqi security efforts indicates that facilities remain grossly inadequate.

The CPA went out of business just as the first battalion of the Iraq National Task Force division began to deploy to Baghdad, and just after having seen the new Iraqi government override its plans to leave the Iraq Civil Defense Corps as a
largely passive defense force and having the new Iraqi Prime Minister convert it to a National Guard. The Iraqi police are just beginning to acquire serious counterinsurgency capabilities in the form of nine public order battalions and two counterinsurgency battalions as part of an Iraqi Police Service (IPS) civil intervention force.

As of 26 June 2004, the US reporting summarized in the final CPA status report showed a net average increase in the number of significant insurgent attacks using improvised explosive devices, vehicle-borne IEDs, mortars, rocket propelled grenades, and improvised rockets over the period since September 2003. They were averaging over 40 per day and the total number of incidents of all kinds was far higher. The US had reported the capture or killing of many Iraqi foreign and domestic insurgents, but no decline in the total number of active insurgent since its first meaningful estimates in July 2003. It could not characterize the leadership or membership of either domestic or foreign insurgent groups with any precision, or the level of actual Al Qaida central influence and control.

The training data on the Iraqi security forces were deliberately altered to disguise the level of training in most services in the CPA reporting issued from April 2004 onwards, by implying that training under the Ba’ath regime, or limited on the job training under the Transition Integration Program (TIP) was adequate.

The penultimate CPA status report shows, however, that only 5,857 out of 88,039 Iraqi police had serious academy training, as of 25 June 2004, although another 2,387 were in the training pipeline. The final CPA report issued on 6 July 2004 did not provide the summary training data in previously reports, but did indicate that a total of 3,411 students had graduated from the Jordanian Academy and 1,674 students had graduated from the Baghdad Public Safety Academy. Even these students had courses lasting less than a fifth as long as similar training in the US and Europe. The figures for the Department of Border enforcement showed that 255 had postwar academy training out of a total of 18,248, plus 25 in training.

No figures were provided for trained manpower in the new National Guard, although 2,362 out of 39,128 were said to be “in training.” The same was true for the Iraqi Army. A total of 10,222 men were said to be in service, of which 2,316 were “in training.” The data for the Facilities Protection Service showed an active strength of 74,069. Once again, no data were provided on what portions were regarded as trained and only 77 were reported to be “in training.”

Most of the training was far less formal, and a GAO investigation describes the end result as follows:

State/INL provided the commanders with a temporary curriculum, the Transition Integration Program. The full curriculum is 108 hours long and provides basic police training in such subjects as basic human rights, firearms familiarization, patrol procedures, and search methods. According to a State Department official, the various major subordinate commanders had wide latitude in terms of training police and did not uniformly adopt the Transition Integration Program. They were free to establish their own curriculum and requirements for police, which varied in depth and scope. Training could last between 3 days and 3 weeks. According to a State/INL official, some
commanders required trainees to undergo class and field training, while other commanders only required officers to wear a uniform. According to a multinational force interim assessment from May 2004, the Iraq Civil Defense Corps also lacked proper training. It stated that investment into training the Iraqi Civil Defense Corps units varied among the multinational divisions and that the units in the western and center south major subordinate commands in particular were the least prepared for combat. Furthermore, the training was not sufficient for high-intensity tasks. One CPA official agreed with this, stating that the training for the Iraqi Civil Defense Corps did not prepare it to fight against well-armed insurgents with mortars and rocket-propelled grenades, for example. The assessment also noted that the Iraqi Civil Defense Corps units contained too many inexperienced officers and soldiers.

The CPA public status reports never reported on how many of Iraq's military and security services could be said to have the necessary equipment, transportation, communications, and facilities. However, it was clear from the start that equipment and facilities continued to be a critical problem. A GAO study found that data from the CPA’s Provost Marshall’s Office, as of 28 March 2004, showed that the Iraqi Police Service was operating with 41% of its required patrol vehicles, 63% of its required uniforms, 43% of its required pistols, 21% of its required hand radios, 7% of its required vehicle radios, and 9% of its required protective vests. In March 2004, equipment provisioning for Iraqi Civil Defense Corps was months behind schedule. According to a CPA official, no Iraqi Civil Defense Corps units possessed body armor, and many were using Saddam-era helmets for protection.4

According to a multinational force planning document, as of 23 April 2004, units were still awaiting the delivery of uniforms, helmets, body armor, vehicles, radios, AK-47 rifles, RPK machine guns, ammunition, and night vision equipment while a CPA official claimed that most, if not all, of this equipment was currently flowing into the region. A multinational force assessment noted that Iraqis within the Iraqi Civil Defense Corps felt the multinational force never took them seriously, as exhibited by what they perceived as the broken promises and the lack of trust of the multinational force. This was true although none of these forces were then planned to be trained or equipped for offensive and active counterinsurgency missions.

This may help explain why the Department of Defense reported the following desertion and manning problems in the Iraqi Civil Defense Corps Deserter from 2 April to 16 April: Northeastern Iraq, including the cities of Baqubah and Tikrit - about 9,100 to about 6,100, or 30%; Baghdad and surrounding area-about 6,200 to about 3,200, or 49%; Central-southern Iraq, including Karbala, An Najaf, and Al Kut - about 3,500 to about 2,500, or 30%; Multinational Division-Center South Western Iraq, including Fallujah - about 5,600 to about 1,000, or 82%.5

Serious training in urban warfare, and efforts to provide proper equipment—including reconnaissance assets and other special equipment—seems to be currently underway. For example, the CPA reported as it went out of business that it had decided to give the new Iraqi air force two Seeker reconnaissance aircraft to conduct surveillance of the borders and oil facilities and was rushing procurement of 14 more.
Militias remain a major problem, and disarming them is likely to prove to be no more than an administrative fiction, given the vast number of light arms disbursed among Iraq's population. In early June 2004, the CPA reached agreement with nine parties to disband their militias. This agreement covered about 100,000 former resistance fighters and the CPA estimated that about 90% of these individuals would complete the transition and reintegration process by January 2005, and that all would complete the process by October 2005.6

The CPA also estimated that about 60% of these militia members would transition into Iraqi security services—such as the Iraqi Armed Forces, Iraqi Police Service, or the Internal Security Forces of the Kurdistan Regional Government. The CPA went out of business without agreement on many elements of the broader transition and reintegration process. No agreement was reached on which entity—whether Iraqi security forces or the multinational force—was responsible for taking action against illegal militias, and many of the programs that were supposed to provide services for militia members participating in the program were not operational. It was also not clear that key militias like the Kurdish militias and Badr forces would really be disbanded, as distinguished from being renamed, or that smaller militias would not simply reemerge as personal protection forces.

No single mission is more important than security, and no Iraqi popular desire is clearer than that this mission be done by Iraqis. The US has been guilty of a gross military, administrative, and moral failure. It seems to be finally taking steps to correct these mistakes, but its past history shows that detailed progress reporting is essential, and that the US military has been reluctant at best to come to grips with the need for an effective effort.

- **How to restructure US and other economic aid so that Iraqi planning, administration, and activity that are involved in shaping the use of aid funds and reforming the Iraqi economy?** It is impossible at this point to measure just how serious the problems are that the Iraqi ministries face in terms of governance. It is possible, however, to measure the fact that the CPA was a dismal failure in many areas, and left a legacy that must now be dealt with in the middle of a serious insurgent conflict.

The CPA and the US have had one element of success in dealing with the Iraqi economy: basic financial services. Their efforts to deal with the rest of the Iraqi economy, including the oil sector and utilities, have otherwise ranged from token success to ineffective waste, and without leaving a legacy of effective planning.

No useful plans emerged for reform of the state industries, the agricultural sector, or compensating for the destruction of Iraq’s military industries. Even with a one-time boost from an end to draconian tariffs and aid money, the one Iraqi survey (January 2004) of employment put unemployment and severe underemployment at over 50%.

The GAO reports that as of the end of April 2004, the world had so far pledged about $58 billion in grants, loans, assets, and revenues to the relief and reconstruction of Iraq. Of the funds available, the United States obligated about
$8 billion of the available $24 billion in U.S. funds. The CPA obligated about
$15.5 billion of the nearly $21 billion in available Iraqi funds.  

However, CPA reports show that the CPA went out of existence without effective
plans to use some $18.4 billion in US aid for FY2004. Only $400 million had actua-
ly been spent as of 30 June 2004. The CPA had failed dismally to develop
effective measures for determining the effectiveness of actual spending, and it had
created a bureaucratic nightmare where it could apportion some $11 billion of the
money, commit $9.5 billion, and obligate $5.6 billion in ways where as much as
half would go to security, overhead, and expenditures outside Iraq. (GAO
reporting indicated that contractor security spending ranged between 14 and 18%
of total contract outlays.)

CPA reporting as of 29 June 2004 shows that progress in construction and non-
construction aid projects for key sectors like water, electricity, health and oil
lagged far behind the goals set by the CPA for action as of 1 July 2004. A report
in the New York Times noted that only 140 of 2,300 promised construction
projects were underway when the CPA went out of business, and that this created
fewer than 20,000 jobs, rather than the planned goal of 50,000. Even food stocks
averaged well under 50% of the CPA goal. In addition, the CPA developed
effectiveness measures based on funds expended and projects “completed”
without measures of their adequacy and effectiveness.

Many successes in areas like health and education were actually dysfunctional,
and many of its detailed claims of success bordered on the absurd. The CPA
reported it had 4,607 peak deliverable megawatts worth of generation capability at
the end of June to meet an arbitrary post Saddam goal of 6,000 megawatts, but
this reporting ignored massive distribution problems and the fact that peak
megawatts could not be delivered throughout the day. The CPA also included
1,260 peak megawatts in its 4,607-megawatt total that were actually offline for
scheduled and unscheduled maintenance. In contrast, the GAO reported that 7 of
the 18 Iraqi governorates had 16 hours of power per day when the war began and
only one Kurdish governorate had such power levels in June 2004.

The CPA reporting on Iraq's budget for 2004 is a statistical and functional
nightmare where most expenditures cannot be linked to progress in aid or
reconstruction—although it is clear that Iraq’s Minister of Planning and
Development Cooperation did independently develop such plans in many areas.
As of the end of June 2004, the budget totalled $22.4 billion for the year—about
twice what the IEA estimates Iraq earned in oil export revenues in 2002, and 40%
higher than the rate of annual export earnings that Iraq had reached by mid-2004.
Only $2.5 billion of this total goes for capital projects, and $1.8 billion for
salaries. Some $14.8 billion goes to “other operating expenditures,” of which only
$1.8 billion seems to be tied to short term and emergency aid—about the same
amount going to reparations and debt payments. It took the CPA until 5 April
2004 to create an Iraqi Business Set Aside Program to reserve small contracts for
Iraqi firms.
No coherent plan has yet been announced for rehabilitating and modernizing the petroleum sector, actual oil production still is not metered in any accurate way, and Iraqi domestic consumption has been severely distorted by keeping Saddam-era energy prices ($0.05 a gallon gasoline.) The CPA went out of business having established a peak low for oil production: 1.092 MMBD for 18-24 June, and an average weekly rate of 1.8 MMBD for 19-30 June, versus a goal of 2.5 MMBD. This compared with a pre-war peak of 2.5 MMBD in March 2003, a post-war peak of 2,595 MMBD in April 2004, and a long-term target for December 2004 of 2.8-3.0 MMBD.

The CPA never developed effective measures for accounting for its expenditure of some $15.5 billion of the roughly $21 billion it inherited from the Ba’ath regime, and the UN oil for food program, or obtained from Iraqi oil sales: amounts in excess of $10 billion including $8.1 billion from the oil for food account. In spite of massive fiscal abuses by the Ba’ath regime and under the UN oil for food program, the CPA did not comply with the requirement under UNSCR 1483 that it provide independent outside review and it co-mingled Iraqi funds into US aid projects. Moreover, the CPA spent up to $1 billion of Iraqi funds on undefined security projects, and did not even appoint an auditor until April 2004. It failed to cooperate with the UN appointed International Advisory and Monitoring Board (IAMB) and provided contradictory reports on oil export revenues with billions of dollars worth of differences. The CPA also never came to grips with the need to account for the fact some 10-25% of Iraq’s refined product is smuggled abroad.  

The end result is that the US has a clear obligation to not only provide Iraq with sustained help in moving towards effective governance, but to find some way to break out of the near-disaster of trying to have the US government and private sector plan and administer the aid program, and to put Iraqis firmly in charge of planning and administering aid—reserving the US role to making sure the projects are meaningful and well conceived, and are effectively implemented.

There are other issues with only marginally smaller priority that need both short and mid-term action:

- **How to lower the profile of what appears to be unilateral US military action in Iraqi eyes, while remaining effective.** How do we fight with the Iraqis, rather than for -- or in spite of -- them? The problem of creating effective military partnerships and interoperability in asymmetric wars is one the US will need to solve in far more cases than Iraq.

- **Finding ways to help the new Iraqi governments divide and include insurgent movements and elements.** The Iraqis seem to recognize that they need to divide and co-opt many insurgent elements rather than simply defeat them. The US and its allies need to face this reality as well.

- **Determining whether there are real-world missions for obtainable NATO, UN, and allied capabilities that can be provided on a timely basis vs. vacuous, empty rhetorical concepts.** Talking about training and other aid for cosmetic political purposes in creating the façade of more unity in the alliance does nothing for Iraq
and little, if anything for NATO. Iraq needs serious training and equipment efforts, not more diverse training methods tied to countries with different languages, tactical methods, and often, different political objectives.

- **Finding ways to multilateralize the political and economic support effort without losing real world effectiveness or waiting on promises that are never kept.** The skills of individual UN civil servants often disguise how often UN and “international community” pledges to provide manpower and aid funds are not kept, and how little actual resources often flow to the recipient country. Real international cooperation can be vital. Token pledges serve no purpose, and tied aid, loans disguised as aid, efforts too small to have effective scale, and indeterminate pledges to off debt and reparations relief are simply dishonest exercises in political correctness. For example, out of some $13.5 billion in aid pledges at the Madrid Donor’s Conference in October 2003, only the $4 billion pledged by the US was actual grant aid rather than loans.

- **Sustaining US and British support for the Iraqis over the next 6-18 months.** It is far easier to talk about end games, exit strategies, and transferring the burden of aid than to accept the fact that if short and mid-term success is possible at all, it is ultimately going to remain dependent on US and British aid for almost all of the core effort. This may well mean not only a prolonged troop presence, but also major further increases in aid.

**What Does “After” Actually Mean?**

If the Iraqis do succeed in their short-term political and security missions, however, the outside world needs to face the fact that “after” may take up to 10-15 more years of outside support and encouragement, and will almost certainly require substantial aid through 2010.

It is all too clear from what has been discovered under the US and British-led occupation, that Iraqi "oil wealth" will not be enough to finance Iraq’s recovery. It is clear that restructuring the command kleptocracy that existed under Saddam can easily take a decade, and that once the internal security problem is solved, Iraqi military forces must be created that can deal with regional security.

No one on the outside can shape such efforts for Iraq, but it should be possible for the US and its allies to create a responsive mix of aid efforts that also act as an incentive for longer-term Iraqi political, economic, and military evolution and stability over a period of 5-10 years. The key to effective influence is also going to be to provide such positive incentives. Efforts to compel or sanction can only be counter productive.

**Thinking About the Unthinkable**

At the same time, the US, Europe, and the regional friends and allies do need to think and plan for the unthinkable. Iraqi success can be encouraged, and Iraq may well succeed in becoming a stable state along federal and pluralistic lines. No one, however, can guarantee success in Iraq; or that Iraq will not descend into civil war, come under a strongman, or split along ethnic or confessional lines.
There is no need to plan an “exit strategy” in the event of success. The timing will become obvious from events. What the US and its allies do need is a contingency plan for failure; for the possibility that Iraqis may either demand an exit or the situation may become untenable in spite of US and allied efforts.

It is silly to deny the possibility this can happen, or to claim the US can never withdraw. Accordingly, the US should have a back up plan that includes major efforts to reassure the friendly Gulf states and other Arab allies, demonstrates that the US will maintain a major presence in the Gulf, contains any risk that civil conflict in Iraq will spill over into other countries, contains any Iranian actions, and deals with the inevitable Islamist claims of “victory.” The US must also be ready to salvage events in Iraq as best the US and its allies can.

---


8 Part of the reason was security. A GAO study found that, as the security situation worsened during 2003, the CPA abandoned plans to fully staff offices throughout Iraq to assist in Iraq’s political transition and reconstruction and instead established a much smaller field presence. Further, the CPA established stringent security measures that U.S. government staff had to follow in traveling outside the Green Zone, the coalition’s “safe area” in Baghdad, thereby making it difficult for them to move around the country. In late February 2004, the Department of Homeland Security decided to stop sending teams of customs investigators to assist CPA. They could no longer do their jobs because it had become too dangerous for them to move around the country. CPA officials also stated that they were concerned about the safety of their Iraqi employees, particularly their interpreters, as insurgents had increasingly targeted them for cooperating with the coalition.


10 The GAO reported on June 29, 2004 that the CPA had set a goal of 6,000 megawatts of generating capacity by June 30, 2004, in anticipation of the higher demand for power during the summer months. As part of the overall effort to achieve this goal, the U.S. Army Corps of Engineers (Corps) undertook $1.4 billion in work under the Restore Iraqi Electricity (RIE) program. As of late May 2004, the Corps still claimed that that 59 of the 66 RIE projects expected to help meet the goal would be completed by June 30. However, electrical service in the country as a whole has not shown a marked improvement over the immediate postwar levels of May 2003 and has worsened in some governorates. RIE contractors report numerous instances of project delays due to difficulties in getting employees and materials safely to project sites. Further, the security environment continues to affect the cost of rebuilding the power sector. [Link to report](http://www.gao.gov/docsearch/abstract.php?rptno=GAO-04-902R)
13 The GAO examination of this funding reported on June 29, 2004, describes the funding and expenditure situation as follows: On May 22, 2003, United Nations Security Council Resolution 1483 recognized the establishment of the Development Fund for Iraq (DFI) to provide a repository for Iraqi funds to support the reconstruction of Iraq. DFI funds consist of oil proceeds, U.N. Oil for Food program surplus funds, and returned Iraqi government and regime financial assets.
As of May 6, 2004, the DFI had received about $18 billion in deposits largely from U.N. Oil for Food surplus funds and proceeds from the sale of Iraqi oil. The majority of funds disbursed from the DFI have supported the Iraqi budget to cover Iraqi ministry operating expenses. The remaining DFI funds have been used for PRB-approved relief and reconstruction projects and programs.
The United Nations deposited $8.1 billion in surplus funds from renegotiated Oil for Food contracts in a series of transfers from May 2003 to April 2004. Net oil revenues of $8.8 billion from the sale of oil for export have been deposited since July 2003. Other sources of DFI funding have come from transferred Iraqi government financial assets. More than 10 countries and the Bank for International Settlements transferred several hundred to several hundred million dollars to the DFI.3 In addition to these sources, other deposits to the DFI have been made since late June 2003, including $146 million from the World Food Program The CPA allocated and disbursed DFI funds6 under three broad categories: Iraqi ministry operations and expenses, Program Review Board-approved projects, and regional programs.
From September 2003 to May 6, 2004, $7.5 billion was allocated from the DFI to support Iraqi ministry operations and expenses; of this amount, $6.1 billion has been disbursed. The amount of the monthly budget disbursements varied from a low of $433 million in October 2003 to nearly $1.5 billion in March 2004. These monthly disbursements covered salaries, pensions, operating costs, some capital project requirements, and transferred expenditures, such as the provision of food and other goods through the public distribution system. From July 2003 to early May 2004, the CPA allocated about $4.8 billion for relief and reconstruction projects and services, of which $1.8 billion was The DFI operates as a series of bank accounts; disbursements are thus actually withdrawals or debits.
Some of the larger DFI allocations and disbursements made between July 2003 and May 6, 2004, include the following:

**Humanitarian and human services**
- $1.86 billion was allocated for imports of liquid petroleum gas for domestic heating and cooking; about $1.07 billion was disbursed.
- $272 million was allocated for food procurement, transport, security, and production; about $204 million was disbursed.
- $22 million was allocated for agriculture; nearly $12 million was disbursed. Essential services
- $972 million was allocated for power infrastructure; about $157 million was disbursed.
- $437 million was allocated for oil infrastructure; about $150 million was disbursed.
- $30 million was allocated for transportation and telecommunications; about $10 million was disbursed.

**Security**
- $842 million was allocated in late April and early May 2004 to address increased security needs, including resources for the Iraq security forces; about $2 million was disbursed.
- $52 million was previously allocated for police and security equipment; $20 million was disbursed. Economic reconstruction
- $197 million was allocated for the currency exchange; about $180 million was disbursed.
- $27 million was allocated for microloans and employment programs; about $2 million was disbursed.

**Governance**
- $21 million was allocated and disbursed for regional governance.
Public buildings, miscellaneous ministry projects, and other reconstruction
• $18 million was allocated for a Program Management Office/Iraqi Ministry of Planning and Development Cooperation business complex; about $6 million was disbursed.
• $9 million was allocated for legal fees and settlements; about $3 million was disbursed.

According to the CPA, since May 6, 2004, the CPA Administrator approved additional PRB-recommended allocations totaling about $1.5 billion for the essential services, humanitarian and human services, and economic reconstruction projects, and for other purposes. Essential services projects include $460 million for the oil infrastructure and $315 million for the electricity sector. Humanitarian and human services projects include $200 million to maintain current levels of food procurement through 2004 and $65 million for agriculture development. Economic reconstruction projects include $65 million for vocational training and $65 million to provide capital to critical state-owned enterprises. Examples of other allocations include $180 million for the Iraq Property Claims Commission, $125 million to protect the Iraqi budget from oil revenue volatility, and $25 million for the Victims’ Compensation Fund.

The Commanders’ Emergency Response Program and the Rapid Regional Response Program have been allocated DFI funds for local humanitarian, essential services, economic, general construction, security, and governance projects, as discussed below.

• Under the Commanders’ Emergency Response Program, the CPA allocated $353 million through the multinational force to military division and brigade commanders; about $214 million was disbursed. According to multinational force officials, commanders have completed more than 21,000 small high-impact projects at an average cost of about $11,000. For example, as of May 8, 2004, multinational force officials reported that about $45 million had been disbursed for more than 4,100 education projects.

• The activities of the Rapid Regional Response Program incorporate and expand upon previous authorities of the Construction Initiative and the Directors’ Emergency Response Program. Under the program, about $265 million in DFI funds was allocated to regions and governorates; about $120 million was disbursed. According to CPA, more than 2,100 regional projects designed to create jobs, support local industry, and respond to community needs have been initiated across the northern, Baghdad central, southern central, and southern regions.

In addition to DFI allocations, the Commanders’ Emergency Response Program has received nearly $179 million in seized assets and $140 million in U.S. appropriated funds from Army Operations and Maintenance, for which transfer authority was provided in the fiscal year 2004 supplemental.


14 For more details, see Christian Aid, “Fueling Suspicion: The Coalition and Iraq’s Oil Billions,” June 28, 2004.
18 EIA, Annual Energy Outlook, 2003, pp. 80-84.
20 EIA, Annual Energy Outlook, 2003, pp. 80-84.
21 EIA, Annual Energy Outlook, 2003, pp. 80-84.