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ACCELERATING U.S. ASSISTANCE TO IRAQ

HEARING

BEFORE THE

COMMITTEE ON FOREIGN RELATIONS
UNITED STATES SENATE

ONE HUNDRED EIGHTH CONGRESS

SECOND SESSION

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ACCELERATING U.S. ASSISTANCE TO IRAQ

WEDNESDAY, SEPTEMBER 15, 2004

U.S. SENATE,
COMMITTEE ON FOREIGN RELATIONS,
Washington, DC.

The committee met, pursuant to notice, at 9:35 a.m. in room SD–419, Dirksen Senate Office Building, Hon. Richard G. Lugar (chairman of the committee), presiding.

Present: Senators Lugar, Hagel, Biden, Feingold, and Bill Nelson.

OPENING STATEMENT OF SENATOR RICHARD G. LUGAR, CHAIRMAN

The CHAIRMAN. This hearing of the Senate Foreign Relations Committee is called to order. The committee meets today to discuss the progress in the reconstruction of Iraq.

We welcome our witnesses, Mr. Ron Schlicher, Deputy Assistant Secretary of State in the Bureau of Near Eastern Affairs, and Mr. Joseph Bowab, Deputy Assistant Secretary for Foreign Assistance Programs and Budget.

Nearly two months ago, Mr. Schlicher testified before this committee on progress in Iraq after the transfer of sovereignty to the new Interim Iraqi Government. He told the committee that Ambassador Negroponte had initiated a comprehensive reevaluation of U.S. assistance. Today, the committee looks forward to discussing the results of this review and the plans for assisting Iraq in the coming months.

Of the $18.4 billion that Congress appropriated for Iraq more than 10 months ago, only $1.14 billion has been disbursed as of September 8. Although we recognize these funds must not be spent unwisely, this slow pace of reconstruction spending means that we are failing to fully take advantage of one of our most potent tools to influence the direction of Iraq. As Iraqis prepare for elections, they are looking for signs of stability. Few signs of stability are more convincing than successful reconstruction projects that boost the economy, repair infrastructure, and restore municipal services.

This week, the administration announced it would be shifting more than $3 billion from funds intended for Iraqi reconstruction projects to other purposes; mainly, enhancing security by accelerating the training of Iraqi security personnel. Expanding Iraqi security forces and improving their capabilities are vital and urgent objectives, but we must be clear that the purpose of establishing security is to pave the way to achieve other goals, including physical reconstruction and economic regeneration. If the shift of

these funds slows down reconstruction, security may suffer in the long run.

In short, security and reconstruction must be achieved simultaneously. If a lack of funding threatens to impede reconstruction, the administration must replace the reprogrammed funds with allied contributions or new requests for appropriations. The United States must continue to use every tool at our disposal to accelerate stabilization and reconstruction in Iraq and to strengthen the nascent Iraqi Government.

I would like to quote from a remarkable letter my office received in August from a U.S. Marine second lieutenant serving as a platoon leader in Iraq. He writes,

> My guys never fail to step up to any challenge we are given as a platoon. It is pretty awe inspiring to roll up on what you suspect to be an IED—that's an improvised explosive device—on the side of the road—common here—and to hear one of your PFCs say, "No problem, sir," when you say to him you need him to take a closer look before the platoon can pass through the area. Then to watch him sling his rifle across his back, and crouch dangerously close to the suspected device with a set of binoculars in his hands to confirm whether it is or is not an explosive makes you feel very proud.
>
> This war is one that cannot be won by marines and soldiers. The only thing we can do is to keep a lid on it and buy time. We chase the Mujahadin around and in so doing catch and kill a few, or at least deter their actions. However, in a society with no jobs, a faltering economy, and little or no infrastructure, there is plenty of incentive to fight. That incentive needs to be removed. Marines and soldiers don't remove it. Civil Affairs teams and NGOs do. There are not enough of these people in Iraq, and they are not organized in such a way so that they can respond to specific needs. You are less likely to shoot the guy who is trying to build a school for your kids and turn on your water. These individuals need to take greater risks and be out there with us. That same PFC who will run up dangerously close to what could be a command-detonated explosive will less willingly and adeptly build a school or turn on the power for a village. It is not in his job description. However, he will do a superior job providing security for the civilians who do perform these tasks.

I simply add—that's the end of the quote—that this is the theme of our hearing today.

What this young lieutenant recognizes is that economic rehabilitation is not secondary to the military mission—it is a vital and necessary component of our security strategy. Economic progress is dependent on security, but security can be improved only so much without corresponding economic gains that give the responsible majority of Iraqis a greater stake in their own future. Reconstruction progress gives Iraqis a tangible reason to hope, to take risks, and to struggle for a society that is not dominated by forces of destruction.

The lieutenant's words also underscore the need to improve our overall capacity to stabilize failing or war-torn nations and to assist in their reconstruction, sometimes called "nation building." Earlier this year, the Foreign Relations Committee unanimously passed the Stabilization and Reconstruction Civilian Management Act of 2004. I appreciate the State Department's letter endorsing the purposes of S. 2127 and ask that the letter be submitted in the record.[1] The Defense Science Board is also expected to support the legislation in a forthcoming study.

The State Department has now established an Office for Reconstruction and Stabilization as called for in the legislation. The new office, headed by Carlos Pasqual, is doing a government-wide inventory of the civilian assets that might be available for stabilization and reconstruction tasks. It is also pursuing the idea proposed in S. 2127 of a Readiness Reserve to enable rapid mobilization of post-conflict stabilization personnel.

In addition, I hope that the office will develop the concept of a 250-person active duty Response Readiness Corps. In Army terms, that is less than a small battalion of well-trained people—a modest but vigorous force-multiplier that would greatly improve our nation's stabilization capacity. This Corps would be composed of State Department and USAID employees who have the experience and technical skills to manage stabilization and reconstruction tasks in a hostile environment.

As we move to improve our own civilian operations in Iraq, we must continue to press the international community for help. The recent National Conference held in Iraq resulted in a real choice of delegates. This is a good first step toward holding an election next January for a National Assembly that will draft a permanent constitution and prepare for full national elections by the end of 2005.

The United Nations provided some expertise to help convene the National Conference, but it seems reluctant to provide more extensive and enduring assistance. Ambassador Qazi, the new United Nations Special Representative in Iraq, has expressed his commitment to returning UN workers to Iraq in the near future. But recent conversations with UN staff indicate that a significant UN presence will not be in place until November. I would encourage the Secretary General to move more boldly to reestablish a meaningful UN presence in Iraq.

I am pleased that NATO has sent a team of 57 officers to begin training Iraqi security forces and will help rebuild Iraq's Defense Ministry. A proposal to extend this mission, and perhaps set up a training academy in the region, is circulating among the Alliance. The United States should continue to press our allies to provide as much assistance as possible.

The terrorists and insurgents must know that the world will remain steadfast despite their killing of innocents. Every terrorist act around the globe, in Madrid, Israel, Russia, Indonesia or elsewhere, reminds us that we cannot afford to let Iraq become a failed state or a haven for terrorists.

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[1] The letter referred to follows this statement.

Americans must reassure the Iraqis that the U.S. will remain a steady partner for the long term and that we not only share their hopes for peace and a better life, but will continue to provide assistance to help them get there.

UNITED STATES DEPARTMENT OF STATE,
Washington, DC, 20520, August 11, 2004.

The Honorable RICHARD G. LUGAR, *Chairman,*
Committee on Foreign Relations,
United States Senate.

DEAR MR. CHAIRMAN:

The Department of State has reviewed the Stabilization and Reconstruction Civilian Management Act of 2004 (S. 2127) as reported by your committee.

The Department supports the purposes of S. 2127 and the Administration has been leading a similar effort as recently notified to your committee. The Secretary has established an Office of the Coordinator for Reconstruction and Stabilization (S/CRS) within the Office of the Secretary. S/CRS will oversee and coordinate intra-Departmental and interagency civilian post-conflict and crisis response efforts. This Office's vision is largely in line with the vision in your bill.

The Department is currently working to secure necessary interagency involvement including details from key agencies to provide requisite expertise in specialized areas of reconstruction, stabilization, and humanitarian assistance. The Department is also developing an Operational Readiness Reserve concept to enable and test methods for agile and responsive mobilization of staff to meet these needs. Experience gained in the formation and initial operation of S/CRS will inform Administration decisions that could lead to creation of a more robust Office of Stabilization and Reconstruction Operations. As currently envisaged, this office would have many of the attributes called for in S. 2127.

During this formative stage, sufficient authority exists to establish S/CRS and develop the concept to mobilize agency resources. As we move forward, we will work with you and provide more detailed comments on the entire bill. However, of greatest immediate benefit would be the provisions set forth in Section 5 of S. 2127 that authorize the President's request for a $100 million account to meet immediate needs in a complex crisis and provide other special assistance authorities including waiver of certain transfer and drawdown limitations. The ability to reallocate resources from a broad range of accounts in a time of crisis is essential if there is to be an effective and timely response to the situation in the affected country or region. We would appreciate your support in securing appropriations and authorities in Section 5.

The Department greatly appreciates the willingness of your Committee to address how best to respond to failing, failed, or post-conflict states. The Department looks forward to working with you on creating the resource framework for the new Office in the near term and on future efforts that could lead to building a robust operational capability in sequence.

The Office of Management and Budget advises that there is no objection to the submission of this report from the standpoint of the President's program.

Sincerely,

PETER N. PETRIHOS,
ACTING ASSISTANT SECRETARY,
Legislative Affairs.

The CHAIRMAN. We look forward to the insights of our expert witnesses on these issues.

I would like now to call upon the ranking member, Senator Biden.

OPENING STATEMENT OF SENATOR JOSEPH R. BIDEN, JR., RANKING MEMBER

Senator BIDEN. Thank you very much, Mr. Chairman. Gentlemen, welcome.

As you've indicated, Mr. Chairman, we have two very bright, informed, and dedicated public servants before us today, and dealing with an area that, I think, unless we get a much better handle on, we are going to, quote, "lose Iraq."

There's such a disconnect between what I hear stated about how well things are going and the reality in the situation on the ground. And I think both of you, because you've testified before and we've talked before, know that I've tried to find the positive sides about the things we're doing. I think, to use a phrase that former Deputy Defense Secretary Hamre used a year ago, the window of opportunity is closing. I think it's about ready to slam shut.

So the two witnesses we have today, Mr. Chairman, are the guys who have been given the dubious distinction and responsibility of actually making the policy that the administration, with the support, or lack thereof, of the Congress, has said should be implemented. I think this is our single-highest foreign-policy priority right now, in the next weeks. And I hope we have an opportunity, Mr. Chairman, before we go out, to hear from—and they won't know as much as you guys know, but from senior administration officials at the Secretary level, to get a sense of whether or not—how much of a priority this is, how urgent they see the responsibilities you're exercising are.

The President has frequently described Iraq as, "the central front on the war on terror." Well, by that definition, success in Iraq is a key standard by which to measure the war on terror. And by that measure, I think the war on terror is in trouble.

We're all glad that Saddam sits in jail. We're all glad that Saddam is awaiting justice, the justice he deserves. But 16 months after all this talk and banter and the political to and fro about "mission accomplished" and making fun of the phrase "mission accomplished," Iraq remains a very active and increasingly active war zone. Increasingly active war zone. Not diminishing; increasingly active war zone.

And the insurgency is growing. It is more lethal. I will not mention, because it was in a closed hearing, who the senior official was that told us not many months ago, briefing us all, "This is just a bunch of thugs out there." And I remember our friend John McCain going ballistic and saying, "Don't say that."

We have a much broader problem here than the way it was characterized 8 months ago. And it's clear that it is. We're yielding control. And I'm not second-guessing the military judgment. I don't know enough to know whether or not they have the capacity to do something other than that, but the number of attacks on our forces have increased from 700 in March to nearly 2,700 in August. This turning over of sovereignty, we turned over sovereignty without capacity. Allawi has sovereignty and very little capacity.

The Defense Secretary, God love him, says, last Thursday, "We trained up 90,000 Iraqi forces." Give me a break. Not one single solitary Iraqi policeman has gone through the totality of the training, including the 24 weeks on-the-ground training. Not one, to the best of my knowledge. Maybe something happened in the last 5 days.

My frustration is not directed against you guys. It's time we level here, we level with the American people.

We recently passed the ominous milestone of a thousand dead. The part that goes unnoticed—and it's real—a real horrific impact—is, in the month of August, there were 900 casualties of American troops, beyond the dead.

And, you know, we can go back—and I'm not going to do it—and argue about—because some of the stuff you guys even said should be done didn't get done—argue whether or not the miscalculations that were referenced by the Chief Executive were "miscalculations." The way he said "miscalculations," it reminds me of people talking about domestic violence. You say "domestic violence," it sounds kind of domesticated, like a cat. It's the most vicious, ugly kind of violence there is. These miscalculations were incredibly consequential. And it's time to correct the miscalculations, but I don't think there is much time.

Virtually every problem we've encountered was predicted before the war by this committee, by outside experts, by some of you inside the administration. But the part that I don't see here is a learning curve. I don't see any learning curve from the repeated mistakes in judgment we've been making and from the civilian side.

And I'm not going to go through the litany, because it's almost piling on these days. We all know it: Greeted as liberators, Chalabi was the guy, you know, the expatriates would bring legitimacy, there would be plenty of oil, we go through the whole thing. It's not worth going back over it. That's past. We were wrong. The administration was dead wrong in its assumptions.

But now, what do we do? And I think that we're going to be judged from this point on not by our miscalculations, but the squandered opportunities, which gets me to the last trip with Senators Lindsey Graham and Tom Daschle that I—now I guess it's 8 weeks—we were sitting there on a Sunday talking to our flag officers, seven in a room, private. And they're the first to tell you they don't have the right mix of forces. They're the first to tell you that they need, desperately, this money spent.

General Chiarelli of the 1st Cavalry, you know, a guy who can shoot straight and kill people, tough guy, serious player, brings us into the 1st Cavalry headquarters. He has Sadr City, and he does something, Mr. Chairman, I've not seen before. You know, they laid out a classic military PowerPoint presentation and they said, "Let me show you the piles of garbage in Sadr City." And they actually showed you pictures. And then they put up a hot-point in Sadr City with 12-feet piles of garbage, raw garbage. Then they showed Humvees. They had a picture of a Humvee going through sewage in Sadr City, past homes, that was up to above the hubcaps. Then we saw kids sitting there. They went through this, and I wonder, where is all this going? Then they overlaid a map of the violent incidents in Sadr City with another map which plotted those areas of Sadr City lacking in essential services. And guess what? The two maps matched up exactly. Exactly. And then Chiarelli says to us, now, while I have been able to spend however many millions of dollars, here's where I spent it. And he showed where he spent it and what he did.

How long will it take to build a sewage system? Well, you ask the engineers that, and they say, well, 2½ years, we can have a

system for Baghdad. And this guy's saying, hey, I don't need a system for Baghdad. I need PCV coming out of this home going into the Tigris River temporarily so the kids in this family don't have to swim in feces as they walk out their front door.

So he does this overlay, and he shows us, concretely, the number of attacks, the discontent coming from the area where he spent the $30- or $40 million, whatever it was, and it drops off a cliff.

And then I find out we've spent out of $18.4 billion that Kerry and Bush are beating each other up about, only about a billion.

And so, folks, you know, the supplemental was presented to us almost exactly a year ago. They said, "This is"—I'm quoting Bremer—"This is urgent. The urgency of military operations is self-evident. The funds for nonmilitary action in Iraq are equally urgent. Unless this supplemental passes quickly, Iraqis face an indefinite period with blackouts 8 hours daily. The link to the safety of our troops is indirect, but real." He also said, "No part of the supplemental is dispensable, and no part is more important than any other. This is a carefully considered request."

How many months ago was that? And one of my first questions was, hey, guys, how much money have we spent? This urgent supplemental. It's incompetence, from my perspective, looking at this.

I know you're going to present us with the details of the plan to restructure the aid program, and I hope there's a specific plan to use the money more effectively and more quickly. And there are other critical questions. What is the administration's plan? What is the administration's plan on how to deal with the no-go zones in the Sunni triangle, which seem to get bigger and bigger and bigger? Are we just going to cede the triangle? That may be the right thing to do, but what's the plan? Don't tell me we're doing better, when you're ceding more and more and more cities within the triangle to the control of the old Ba'athists and insurgents. What's the administration going to do to secure the commitment from NATO for a meaningful contribution to the training program of the Iraqi military? Where is the administration going to get additional police trainers from countries that have expertise? What's the plan?

I sat with the President of the Bundestag yesterday. I think you may have met with him, as well. I was very blunt with him. I said, "Mr. President, you Germans don't like—especially the SPD—you don't like the fact that we're in Iraq. Well, you've got to get over it. You've got to get over it."

This administration, in my view—just me speaking—has, from a civilian side of this, made one blunder after another since Saddam Hussein's statue has fallen. But don't wait for a Kerry administration; (a) it may not come, and, (b) if it comes, it may be too late.

And he looked at me, and I said—and I quoted President Chirac's comments to me from Christmas. He said, "The worst mistake you all made was sending in 150,000 American forces. The only mistake that would be worse than that would be pulling them out." And I looked at him, and I said, "Get ready." This becomes Lebanon, somebody—this President, the next President, whoever the President is, is going to be turning and saying, OK, guys, you don't want to help? No problem. It's your problem.

So my question is, What's the administration doing? What are you doing to get these people trained? You could, tomorrow, take

a thousand Iraqis, 500, 250—we're trying to do this—potential leadership corps, put them on a plane and send them to Germany. They know how to train the gendarmerie. They know how to train cops who are paramilitary. Where is the sense of urgency?

What's the administration's plan to recruit a dedicated force, called for by Resolution 1546? This is above your paygrade, and mine, to answer this question. But, seriously, all kidding aside, What's our exit strategy? I'll finish this up, Mr. Chairman.

My frustration—I apologize for letting it show—I have been trying to be good the last 2 years here and not let this frustration show, but I think we're at the end of our rope. I think we're at the end of our rope here, unless we get smart real quick.

The President says, in the Post today, "We're going to have elections." Tell me how we're going to have elections. Tell me how you're going to set up thousands of polling places by January when we haven't even gotten the commitment from the Security Council that they made to get roughly 3,500 forces to protect the U.N. Security—a U.N. force to go in there and set up these polling places. The expectation, honestly, by everyone when that passed was that Kofi would be able to put somewhere between 2,000 to 3,500 people in there. He's now talking 35—three-five. And there's going to be elections?

As an old joke used to go, "What's the plan, Stan?" What's the plan? There is a deafening silence from the administration. Incredible rhetoric. Deafening silence. How are you gonna get the force that the Security Council said would be provided for the U.N. to set up these elections? Or someone tell me we don't need the force.

And, by the way, I'm not suggesting that you're going to get the French to send in troops, or the Germans. But a little imagination. Maybe we say to the French and the Germans, OK, let's make a side deal. Put even more troops in Afghanistan, allowing us to take troops out of Afghanistan to put into Iraq to protect the security—this force. So what's the plan? What's the plan to convince our allies to make good on their pledges, including financial assistance, debt relief?

I mean, my colleagues here, the three gentlemen I'm with, they've forgotten more about this than most people know. But just read the U.N. resolution. It's very specific. It is not a generic commitment the Security Council made. It's a specific commitment. To the best of my knowledge, not one single solitary commitment made in that resolution has been met by a single solitary member of the Security Council.

Well, I apologize for my frustration. But I'll tell you what, Mr. Chairman—it's going to sound melodramatic, but it's reality—you know, as I said once before, I'm from Delaware. The Dover Air Force Base is the place that every single coffin out of Afghanistan and Iraq sets on U.S. soil first. We owe it to those young women and men to get this right. We owe it to them to get it right. We owe it to them to have a plan.

And so hope today, on one piece of than plan, how we are going to—or why we can't distribute, after—what is it? How many months?—12 months, 13 months, 9 months, whatever the number is, when we urgently responded to the urgent request of the administration to urgently pass this supplemental, to urgently get $18-

plus-billion to Iraq because, as the former Administrator of the CPA said, there is an indirect, but real, connection between whether or not the lights go on, the sewage gets cleaned up, the school gets built and whether or not an Iraqi is there shooting or aiding and abetting, or hiding, or allowing someone else to shoot and kill an American soldier. I believe Bremer was right when he said there's a direct connection.

So what are we going to do about it? That's the purpose, from my perspective, and the reason why I'm here, to try to find out some answers to those questions.

I'm sorry, Mr. Chairman, I have trespassed on the time. You have been a gentleman, allowing me to speak. And I apologize to my colleagues for my frustration. In different ways, I'm sure you all share it. You are just better at being able to articulate it than I am. But I am really frustrated, because I think we're at the last piece of that rope. We're hanging on. We can still climb that rope, but, man, there's not many more handholds on that rope, and we had better get it right.

I thank you, Mr. Chairman.

The CHAIRMAN. Well, thank you, Senator Biden.

We look forward now to the testimony from our witnesses. Let me just say that your statements will be made a part of the record in full, and you may proceed as you wish.

Mr. Schlicher.

STATEMENT OF RONALD L. SCHLICHER, DEPUTY ASSISTANT SECRETARY FOR IRAQ, BUREAU OF NEAR EASTERN AFFAIRS, U.S. DEPARTMENT OF STATE

Mr. SCHLICHER. Thank you, Mr. Chairman.

Mr. Chairman and members of the committee, thank you today for the opportunity to appear before you to discuss the efforts of our government to assist the Iraqi people and the Interim Iraqi Government as they rebuild their country and they prepare for national elections in January, in face of the grave challenges that you have mentioned in your opening statement.

Eleven weeks ago, the U.S. Embassy in Baghdad opened for business. Mr. Chairman, it's been a very busy 11 weeks in Baghdad, as, indeed, it has been here in Washington for those of us working to support our colleagues on the ground in Iraq. They have fanned out across the country, traveling and working with coalition forces from Basra to Mosul, to offer assistance on reconstruction and development. They stood alongside Iraqi officials, who welcomed more than a thousand of their fellow citizens to Baghdad for a National Conference, a key step toward democracy. They took a hard look at existing plans and priorities for the Iraq Relief and Reconstruction Fund, called the IRRF, and at finding ways to hire more Iraqis faster in order to put more men and women to work rebuilding their own country.

When I appeared before you in July, I promised to return to provide an update on our efforts in Iraq, including on plans to speed up assistance, improve the security posture of the Iraqi Interim Government and to help the Iraqi people as they plan for national elections in January. I am pleased now to offer you that update.

My colleague, Joseph Bowab, Deputy Assistant Secretary for Resource Management, will be describing the current plan in more detail. But, first of all, please allow me to tell you what we've accomplished in the area of reconstruction during the past 11 weeks since the transition to sovereignty.

When the embassy opened for business, the Coalition Provisional Authority had disbursed $400 million of the $18.4 billion of the IRRF authorized in the fiscal year 2004 supplemental. At that time, the national power grid provided an average of just under 11 hours of daily power throughout Iraq, while, on average, oil production remained just short of prewar levels. We can take some justifiable pride in our progress in those 11 weeks. Now, more than 111,000 Iraqis have been employed in U.S. Government-managed projects, not to mention Iraqis previously employed by projects funded under the Development Fund for Iraq, DFI. The disbursement of IRRF moneys has surpassed $1 billion, up from that $400 million figure 11 weeks ago. That's more than double the amount on July 1, but, as you point out, very rightly, this is still too low. We need to keep pressing ahead on disbursement, and we will.

More Iraqis have access now to sewer service and clean drinking water, and more people outside of Baghdad are getting electricity. Since the handover on June 28, electricity generation has grown by 10 percent, and consistently exceeds 110,000 megawatts of power each day, despite the frequent attacks on the electricity grid that lead to outages such as that of yesterday, September 14.

In addition, despite the repeated attempts of terrorists to disrupt oil production and exports, oil production is at the highest level since the beginning of the war. And, last Friday, exports reached a postwar peak of two million barrels a day. With the additional investment in oil infrastructure, we anticipate, in the coming months, Iraq should have an even greater capacity to increase oil production.

Much of that progress is due to the groundwork laid by CPA. But as the Iraqi Interim Government assumed control of the country and our new team in Baghdad geared up under the leadership of Ambassador Negroponte and General Casey, we felt it important to take a look at the existing priorities and circumstances on the ground to ensure that we're putting the money to use as quickly as possible in the ways most needed according to our team's on-the-ground analysis of the evolving needs.

A primary consideration in that review was security. Violence and the threat of violence has slowed down the rate of progress on reconstruction. Projects throughout Iraq have suffered from attacks by insurgents. The largest single increase in spending we are proposing, $1.8 billion, will go for security and law enforcement, such as hiring more police, border guards, and soldiers. But there also must be political and economic components to defeating the insurgents. Thus, we seek a comprehensive approach to all those needs, an integrated approach, though we know that the provision of adequate security up front is requisite to rapid progress on all other fronts.

In short, one of our main weapons against the insurgents is the hope and the creation of more hope. When Iraqis have hope for the future, and real opportunities, they will reject those who advocate

violence. And nothing makes for faith in the future like a good job. We plan to put hundreds of thousands of Iraqis to work, creating perhaps more than 800,000 short- and long-term jobs over the next 2 years. Additionally, U.S. Government programs should spur employment in the Iraqi private sector. The bulk of the new employment would be short-term jobs, many of 1-month duration in community-development projects. Others will be longer-term jobs, many in the security services, which our assistance makes possible through the provision of training and equipment.

Understanding that the only way to generate good long-term employment is by broad-based growth of a vibrant economy, we have allocated some funding to help the Iraqis develop a policy environment to stimulate economic growth. But, in the near term, we believe that the projects and priorities identified by our review will provide a quick impact on local communities, will demonstrate to the people the tangible benefits of peace and stability, and will offer hope to people who have suffered for years without it.

We also intend to set aside the funds necessary to enable the United States to participate in early and deep debt relief for Iraq, which is important for several reasons. It will make possible the international borrowing a new Iraq needs to continue the efforts already begun by donors to rebuild its infrastructure, its schools, its hospitals, and its economy. It will remove a gigantic debt overhang that would otherwise hinder investor interest in Iraq and the country's integration into the global economy. Our relatively small budgetary outlay will leverage much larger levels of debt relief from Iraq's other creditors.

The emphasis on these priorities will mean that we will have less to spend on large-scale infrastructure projects, such as sewage-treatment plants and power plants. Projects in those sectors, that were scheduled to begin in 2005, will be delayed, which, unfortunately, means we cannot guarantee that as many Iraqis will have these essential services by 2007, as we had originally intended. But we have not forgotten these worthwhile plans, and we believe that other donors and the Iraqis themselves will find the money for many of them.

But we have heard from those people on the ground in Iraq, as, indeed, we have heard from you here in Washington, that we need to focus on projects that will make an immediate impact. We are focused on one deadline, in particular; and that is the date for the national elections, on January 31, 2005—no later than that date. The Independent Electoral Commission of Iraq is now working closely with the United Nations to ensure that the elections are legitimate and credible, and that all eligible Iraqi voters have the opportunity to cast a ballot. We've monitored the progress of the Electoral Commission to organize these elections in the daunting security environment under what is, without question, an ambitious timeframe.

Despite those challenges, we are confident that they will succeed. With the assistance of a team of U.N. elections experts currently on the ground in Baghdad, the Iraqis have begun to pull together a voter registration system, design a public-information campaign, and complete the necessary election rules and procedures. We have provided support along the way, and, most recently, allocated $40

million from USAID to an NGO to assist in the logistical preparations for the elections. The Iraqi Interim Government and the Multinational Forces Iraq are working toward a security plan to ensure that voting is possible nationwide. We are committed to helping the Electoral Commission hold those elections by January.

We know that some expect the elections to fall behind schedule, or, indeed, doubt that they will be held at all. The Iraqis confronted similar doubts in the weeks before the opening of the National Conference this summer. And, indeed, it was reasonable to wonder, only a few weeks after the transfer of authority, whether a thousand Iraqis, representing the wide spectrum of ethnic and religious groups, could come together from all parts of the country to debate their nation's future in a peaceful conference in Baghdad.

Mr. Chairman, you may remember early press reports about the conference, proclaiming that it was dissolving in acrimony. In fact, the delegates to the National Conference rose to the occasion. They ignored mortar rounds that fell nearby on the first day. They engaged in heated, but peaceful, debate on a wide range of issues to ordinary Iraqis. And they insisted that the conference be extended an extra day to accommodate democratic debate. They also came up with resolutions on security, governance, human rights, and reconstruction.

The conference's security committee called for the disbanding of militias, while the reconstruction committee urged that projects rely more on Iraqi industries and create more Iraqi jobs. The conference completed its most prominent task by approving a slate of delegates to sit on an Interim National Council, which has already started to meet in Baghdad, and to expand the range of participation in Iraqi politics.

Perhaps the finest hour of the National Conference was on its second day, when the members took the initiative to dispatch a delegation to Najaf to support the Interim Government's efforts to peacefully resolve the standoff with the militia of Muqtada al-Sadr. The delegates did not call for compromise with al-Sadr. They did not urge the government to back down. Rather, they explicitly sought what the residents of Najaf wanted: an end to the fighting, a disarming of the militia, and a return of the shrines to the control of the legitimate religious authorities. It was a wholly Iraqi endeavor, backed up by the security assistance of the coalition forces. And it ultimately contributed to the resolution of the standoff.

We commend the delegates for their initiative, and the IIG for its patience, restraint, and resolve in reaching a peaceful solution. And we're determined to assist the government in rushing reconstruction aid to that city.

Likewise, we support Prime Minister Allawi's efforts to reach out to cities and disaffected constituencies in the Sunni community in order to bring all Iraqis into the political process. We believe the Interim Government's evenhanded approach in Najaf could serve as a model to resolving conflicts with armed opposition elsewhere in the country, just as the strong performance of the Iraqi security forces will give them confidence in confronting other armed aggression.

In Najaf, Iraqi army special operations forces, along with Iraqi intervention forces, national guard and police, fought well along-

side coalition forces. The Iraqi forces were instrumental in setting the conditions for the withdrawal of al-Sadr's militia and the preservation of the Imam Ali Shrine. And while Multinational Force Iraq provided extensive military and logistical support, the Interim Government was in charge throughout the standoff.

The Iraqi people have been anxious for such a demonstration of resolve by their government. As we discussed in July, they have made clear that security is their top priority. They want what we all want: safe streets, peaceful neighborhoods, freedom from fear. The Interim Government has responded to their concerns. And now, every day, there are more and more police on the street.

As a result of ongoing assessments of the needs of security officials, we have increased the number of police we will train by one third, to a total of 135,000. Likewise, in consultation with the Interim Government, we have doubled the number of border forces we intend to train to 32,000. The border is better patrolled every day, limiting the number of foreign fighters slipping into Iraq, although, of course, that does remain a major concern.

Mr. Chairman, I heard, from members of the committee in July, that you were troubled by the situation in Iraq. Of course, we also are. We grieve for our losses and for the death of all Iraqi innocents. We are troubled that Iraqis, who suffered for decades under an oppressive government that decimated their society, have yet to fully enjoy the fruits of democracy and stability. But with our help, Mr. Chairman, they will. They will build a new Iraq on the basis of respect for human rights, the rule of law, a free economy. They will build an Iraq that is a model of democracy for the region and a responsible member of the international community.

It is a monumental undertaking, as you all have alluded to in your statements this morning, as well. But the Iraqis do not despair. And as you said in your statement, sir, we must not let them down. We will not let them down. We know that a stable, democratic Iraq will make for a safer United States.

As President Bush said recently, "Free societies are peaceful societies. Someday, an American President will be talking to a duly elected leader of Iraq, talking about the peace, and America will be the better for it."

Mr. Chairman, members of the committee, thank you, again, for the opportunity to testify about the situation in Iraq, and I look forward, later, to answering any questions you may have.

Thank you.

[The prepared statement of Mr. Schlicher follows:]

PREPARED STATEMENT OF RONALD L. SCHLICHER

Mr. Chairman and Members of the Committee, thank you for the opportunity to appear before you today to discuss the efforts of the United States to assist the Iraqi people and the Iraqi Interim Government (IIG) as they rebuild their country and prepare for national elections in January.

Eleven weeks ago, the U.S. Embassy in Baghdad opened for business. Mr. Chairman, it has been a busy 11 weeks in Baghdad, as it has been here in Washington for those of us working to support our colleagues on the ground in Iraq. They have fanned out across the country, traveling and working with Coalition forces from Basra to Mosul to offer assistance on reconstruction and development. They stood alongside Iraqi officials who welcomed more than a thousand of their fellow citizens to Baghdad for a National Conference, a key step toward democracy. They took a hard look at existing plans and priorities for the Iraq Relief and Reconstruction

Fund (IRRF), and they are finding ways to hire more Iraqis, faster, in order to put more men and women to work rebuilding their country.

When I appeared before this committee in July, I promised to return to provide an update on our efforts in Iraq, including our plans to speed up assistance, improve the security posture of the IIG, and help the Iraqi people as they plan for national elections in January. I am now pleased to do so.

My colleague Joseph Bowab, Deputy Assistant Secretary for Resource Management, will be describing the current plan in more detail. But first of all, allow me to tell you what we've accomplished in the area of reconstruction during the last 11 weeks. When the Embassy opened for business, the Coalition Provisional Authority (CPA) had disbursed $400 million of the $18.4 billion of the IRRF authorized by the FY04 Supplemental. At that time, the national power grid provided an average of just under 11 hours of daily power throughout Iraq, while on average oil production remained just short of prewar levels.

We can take justifiable pride in our progress since then. Now more than 111,000 Iraqis have been employed in USG-managed projects—not to mention Iraqis previously employed by projects funded by the Development Fund for Iraq—and disbursement of IRRF monies has surpassed $1 billion, more than double the amount on July 1. This is still too low, however; we need to keep pressing ahead on disbursement. More Iraqis have access to sewer service and clean drinking water, and more people outside of Baghdad are getting electricity. Since the handover on June 28, electricity generation has grown by 10 percent and consistently exceeds 110,000 MW hours of power each day, despite the frequent attacks on the electricity grid that lead to outages such as that of September 14. In addition, despite the repeated attempts of terrorists to disrupt oil production and exports, oil production is at the highest level since the beginning of the war, and last Friday, exports reached a postwar peak of 2 million barrels a day. With the additional investment in oil infrastructure we anticipate in the coming months, Iraq should have even greater capacity to increase oil production.

Much of that progress is due to the groundwork laid by CPA. But as the Iraqi Interim Government assumed control of the country, and our new team in Baghdad geared up under the leadership of Ambassador Negroponte and General Casey, we felt it important to take a look at the existing priorities and circumstances on the ground to ensure that we are putting the money to use as quickly as possible in the ways most needed, according to our team's analysis of the evolving needs on the ground.

Over six weeks the entire Country Team worked to come to a consensus on the most urgent programs and the required funding levels. Ambassador Negroponte also consulted extensively with the Iraqi Interim Government to ensure that the Iraqis fully understand these priorities.

Our proposed revisions to IRRF spending address the need to improve security, a key to all reconstruction efforts, while devoting additional resources to improving the economic and political environment in advance of the elections, including job creation. The shifts will require commensurate cuts in the important sectors of water, sanitation and electricity, and, as a result, we will not meet our previous targets in these areas in the same time frame.

A primary consideration in the review was security. Violence, and the threat of violence, has slowed down the rate of progress on reconstruction. Projects throughout Iraq have suffered from attacks by insurgents who are terrorizing cities and villages. The largest single increase in spending we propose—$1.8 billion—will go for security and law enforcement, such as hiring more police, border guards, and soldiers. But there must also be political and economic components to defeating the insurgents. We seek a comprehensive approach to all these needs, though we know that the provision of adequate security is requisite to rapid progress on all other fronts.

In short, one of our main weapons against the insurgents is hope. When Iraqis have hope for the future and real opportunities, they reject those who advocate violence. And nothing makes for faith in the future like a good job.

We plan to put hundreds of thousands of Iraqis to work, creating perhaps more than 800,000 short- and long-term jobs over the next two years. Additionally, USG programs should spur employment in the Iraqi private sector. The bulk of new employment would be short-term jobs, many of one-month duration in community development projects. Others will be longer-term jobs in the security services, which our assistance makes possible through the provision of training and equipment. Understanding that the only way to generate good long-term employment is by the broad-based growth of a vibrant, free-market economy, in the near-term, we believe that the projects and priorities identified by our review will provide a quick impact

on local communities, will demonstrate the tangible benefits of peace and stability, and will offer hope to people who have suffered for years without it.

We also intend to help finance debt relief, which is important for Iraq for several reasons: it will free the resources that a democratic Iraq needs to rebuild its infrastructure, its schools, its hospitals and its economy to the benefit of the Iraqi people; it will remove a gigantic debt overhang that otherwise would hinder Iraq's attempts to foster investor interest in Iraq and the country's integration into the world economy; and our relatively small budgetary outlay will leverage much larger levels of debt relief from Iraq's other creditors.

The emphasis on these priorities will mean we have less to spend on large-scale infrastructure projects such as sewage treatment plants and power plants. Projects in these sectors that were scheduled to begin in 2005 will be delayed, which unfortunately means fewer Iraqis will have these essential services by 2007 than we had originally intended. We have not forgotten these worthwhile plans, and we believe that other donors, and the Iraqis themselves, will find money for them. But we have heard from those on the ground in Iraq, as we have heard from you here in Washington, that we need to focus on projects that will make an immediate impact.

We are focused on one deadline in particular, and that is the date for the national elections, January 31, 2005. The Independent Electoral Commission of Iraq (IECI) is now working closely with the United Nations to ensure that the elections are legitimate and credible, and that all eligible Iraqi voters have the opportunity to cast a ballot. We have monitored the progress of the IECI to organize these unprecedented elections in a daunting security environment under what is, without question, an ambitious timeframe. Despite those challenges, we are confident that they will succeed. With the assistance of a team of UN elections experts on the ground in Baghdad, they have begun to pull together a voter registration system, design a public information campaign, and complete election rules and procedures. We have provided support along the way and allocated $40 million from USAID to an NGO to assist in the logistical preparations for the elections. The IIG and MNF-I are working towards a security plan to ensure that voting is possible nationwide. We are committed to helping the IECI hold elections by January.

We know that some expect the elections to fall behind schedule, or doubt they will be held at all. The Iraqis confronted similar doubts in the weeks before the opening of the National Conference this summer. Indeed it was reasonable to wonder, only a few weeks after the transfer of authority, whether a thousand Iraqis representing the wide spectrum of ethnic and religious groups could come together from all parts of the country to debate their nation's future in a peaceful conference in Baghdad. Mr. Chairman, you may remember early press reports about the conference proclaiming that it was dissolving in acrimony.

In fact, delegates to the National Conference ignored mortar rounds that fell nearby on the first day, engaged in heated—but peaceful—debate on a wide range of issues of concern to ordinary Iraqis, and insisted that the Conference be extended an extra day to accommodate debates over the election of the Interim National Council and resolutions on security, governance, human rights and reconstruction. The Conference's Security Committee called for disbanding militias, for instance, while the Reconstruction Committee urged that projects rely more on Iraqi industries and create more Iraqi jobs. The Conference completed its most prominent task by approving a slate of delegates to sit on the Interim National Council, which has already started to meet in Baghdad and expand the range of participation in Iraqi politics.

Perhaps the finest hour of the National Conference was on its second day, when members took the initiative to dispatch a delegation to Najaf to support the IIG's efforts to peacefully resolve the standoff with the militia of Muqtada al-Sadr. The delegates did not call for compromise with al-Sadr, they did not urge the government to back down; rather, they explicitly sought what the residents of Najaf desperately wanted: an end to the fighting; a disarming of the militia; and a return of the shrines to the control of the legitimate religious authority. It was a wholly Iraqi endeavor, backed up by the security assistance of Coalition forces, and it ultimately contributed to the resolution of the standoff. We commend the delegates for their courageous initiative and the IIG for its patience, restraint, and resolve in reaching a peaceful solution, and we are determined to assist it to rush reconstruction aid to the battered city. Likewise we support Prime Minister Allawi's efforts to reach out to cities and disaffected constituencies in the Sunni community in order to bring all Iraqis into the political process.

We believe the IIG's even-handed approach to Najaf may serve as a model to resolving conflicts with armed opposition elsewhere in the country, just as the strong performance of Iraqi security forces will give them confidence in confronting other armed aggression. In Najaf, Iraqi Army Special Operations Forces—along with Iraqi

Intervention Forces, National Guard, and Police—fought well alongside Coalition forces. The Iraqi forces were instrumental in setting conditions for the withdrawal of al-Sadr's militia and the preservation of the Imam Au Shrine. And while Multi-National Force-Iraq provided extensive military and logistical support, the IIG was in charge throughout the standoff.

The Iraqi people have been anxious for such a demonstration of resolve by their government. As we discussed in July, they have made clear that security is their top priority. They want what we all want—safe streets, peaceful neighborhoods, freedom from fear. The IIG has responded to their concerns, and now every day, more and more police are on the street, helping to stabilize and secure Iraq.

As a result of ongoing assessments of the needs for security officials, we have increased the number of police we will train by one third, to a total of 135,000. Likewise, in consultation with the IIG, we have doubled the number of border forces we intend to train to 32,000. The border is now better patrolled every day, limiting the number of foreign fighters slipping into Iraq.

We expect that NATO will soon be contributing to the readiness of Iraqi security forces. The NATO Training Implementation Team assessment is complete, and in fact its report is scheduled to be delivered to the North Atlantic Council today. Proposed training missions for NATO include helping to establish staff colleges and an Iraqi training command, coordinating professional military education to be conducted in NATO countries, and advising Ministry of Defense and Joint Headquarters officials.

The international community continues to make other significant contributions to rebuilding and securing Iraq. In addition to the United States, the Coalition includes more than 30 countries contributing 23,000 personnel. We are working with the UN and the IIG on calling upon members of the international community to provide financing for troop contributions to protect the UN in Iraq, as called for in UNSCR 1546, to enable the UN to carry out its leading role in advising and assisting Iraqis with elections and in carrying out humanitarian, economic reconstruction and other activities. A joint State-DoD team is heading to Romania, Ukraine, Georgia, and Azerbaijan to discuss potential contributions to a force to protect the Untied Nations. Meanwhile, the United Nations has hired two inner-ring security teams from Fiji that are scheduled to be on the ground in Iraq on October 7. European Union Foreign Ministers have indicated a willingness to offer support for elections, help build infrastructure, strengthen the rule of law, and train police or military forces. Bringing these efforts to fruition will require much hard work on our part and the part of our allies, but we will see it through.

We will consult extensively with members of the international community next week during the upcoming session of the UN General Assembly. We look forward to meeting with other donor nations in Tokyo in October to coordinate our assistance to the Iraqi people.

Mr. Chairman, I heard from Members of this committee in July that you are troubled by the situation in Iraq. We are also. We grieve for our losses and for the death of all Iraqi innocents. We are troubled that Iraqis, who suffered for decades under an oppressive government that decimated their society, have yet to fully enjoy the fruits of democracy and stability. But with our help, Mr. Chairman, they will. They will build a new Iraq on the basis of respect for human rights, the rule of law, and a vibrant and free economy, an Iraq that is a model of democracy in the region and a responsible member of the international community. It is a monumental undertaking, but they do not despair. And we will not let them down. We must not. We know that a stable, democratic Iraq will make for a safer United States.

As President Bush said recently, "Free societies are peaceful societies. Someday, an American President will be talking to a duly-elected leader of Iraq, talking about the peace, and America will be better for it."

Mr. Chairman and Members of the Committee, thank-you again for the opportunity to testify about our progress in Iraq. I look forward to answering any questions you may have.

The CHAIRMAN. Well, thank you very much, Mr. Schlicher.

We'll proceed to the testimony of Mr. Bowab, and then we'll have questions from our members.

Mr. Bowab.

STATEMENT OF JOSEPH W. BOWAB, DEPUTY ASSISTANT SECRETARY FOR FOREIGN ASSISTANCE PROGRAMS AND BUDGET, BUREAU OF RESOURCE MANAGEMENT, U.S. DEPARTMENT OF STATE

Mr. BOWAB. Thank you, Mr. Chairman.

My written statement goes into detail, as far as the reallocation of the $3.46 billion. So in my opening remarks, I will just summarize from the written statement.

The CHAIRMAN. Very well.

Mr. BOWAB. The strategic review of the current spending plan began in Baghdad on July 1. After 7 weeks, and with the full participation of the embassy, implementing agencies, and the Iraqi Interim Government, Ambassador Negroponte and his team presented a detailed plan to realign resources to better respond to the changing realities on the ground.

For the past 3 weeks, the administration has closely scrutinized that plan. And it is our consensus that this plan offers the best way forward. This week, we briefed senior authorization appropriation staff members on the proposed reallocation plan.

The plan recommends shifting $3.46 billion from sector allocations contained in the July 2207 report that we provided to Congress into six key areas. Those areas are: security and law enforcement, oil infrastructure enhancements and improved export capacity, economic development, debt relief, accelerating employment for Iraqis, and support for democracy and governance.

To meet these needs, an equivalent amount of funding needs to be shifted out of other sectors. Those sectors are: water and sewage, electricity, and refined oil purchases.

Establishing security by helping the Iraqis defeat terrorist and criminal elements that oppose a free Iraq is the key building block in promoting successful reconstruction efforts in Iraq. An uncertain security situation affects all potential economic and political development, including private investment, both foreign and domestic. Based on that review, DOD concluded that a number of infrastructure and Iraq force structure capability enhancements, totaling $1.8 billion, were critically needed to meet the current threat environment. The funding is primarily needed to train, equip, construct, and refurbish existing facilities for an additional 80,000 police, border guards, and military personnel.

During the review, the embassy worked closely with the Iraqi Ministry of Oil to identify projects that quickly could increase output capacity and additional export revenues for the Interim Government. Based on that analysis, we are recommending moving $450 million for targeted projects that can increase export output quickly.

Although the oil sector dominates the economy, for the most part its capital-investment nature yields limited employment-creation potential. To encourage diversification and develop a competitive sector surrounding Iraq's natural endowment of oil, we recommend shifting $380 million to increase employment and increase productivity in the private sector, including the agriculture sector.

At Sea Island, the President and the G–8 leaders committed to providing debt relief for Iraq. In order to build a consensus among creditors for significant reduction of Iraqi debt, we believe that we

need to move quickly to forgive the approximate $4 billion in bilateral debt that Iraq owes the United States. The cost associated with eliminating this debt is $360 million.

To generate employment and provide immediate assistance in areas threatened by insurgency, we recommend shifting $286 million to programs that have more labor-intensive high-impact effects. Our program implementation partners estimate that this funding will generate significant Iraqi short- and long-term employment.

To support the upcoming January elections and provide assistance for election monitoring, local and provincial government strengthening and Interim Government support, we are recommending shifting $180 million into democracy and governance programs.

The $3.46 billion that is recommended to the current IRRF spending plan are urgent, and they must be funded in the next few months, given the reality on the ground. From improving the security situation, to the upcoming elections, to the need to generate employment, to debt relief, all these are critical near-term requirements that must be addressed now.

The choices were not easy, but difficult decisions had to be made to realign resources from within the IRRF to support these crucial activities. The only way to fund the proposed increases to the six sectors was out of the electricity and water sectors.

We did not take lightly moving three billion out of these sectors without due consideration. We are working closely with the Iraqi Interim Government to identify alternative sources of funding to offset the shifting of these funds, including from the Iraqi budget, through the use of earnings from enhanced oil exports, to urging international donors to provide funding in support of infrastructure projects in Iraq.

Finally, Mr. Chairman, we need the support of Congress in order to shift these resources, due to the sector limitations that are currently in the IRRF statute. We will also need affirmative authority for debt relief that currently is not available for Iraq in existing law. To ensure that we can act quickly on these crucial changes, the administration will continue to work with Congress to address these important issues.

Mr. Chairman, I will stop there and take your questions.

[The prepared statement of Mr. Bowab follows:]

PREPARED STATEMENT OF JOSEPH W. BOWAB

Mr. Chairman and members of the Committee, thank you for the opportunity to appear today to discuss the efforts the United States is taking in support of the Iraqi Interim Government to accelerate reconstruction efforts in Iraq.

Ten months ago, the Congress demonstrated the generosity of the American people by appropriating over $18 billion in reconstruction assistance to assist the people of Iraq in rebuilding their country. While the plan for those resources that Ambassador L. Paul Bremer described identified discreet and valid requirements, much has changed on the ground in Iraq since that time.

With the downturn in the security situation and the agreed plan to hold elections in January 2005, Ambassador John Negroponte committed to undertake a strategic review of the spending plan for the $18.4 billion in the Iraq Relief and Reconstruction Fund—or "IRRF"—immediately upon his arrival in Baghdad.

Ambassador Negroponte has now done so, with the expert assistance of many U.S. Government Agencies and in close consultation with the Iraqi Interim Government (IIG).

The result is a plan that addresses the most pressing requirements we face in Iraq today: improving security, providing jobs to improve the standard of living of the Iraqi people, and supporting the democratic transition in Iraq.

The plan is one that empowers the Iraqi people by giving them the capacity to provide for their own security.

It empowers the Iraqi people by improving the economic viability of their country through support for oil revenue generation and through increased efforts to tap into an already skilled Iraqi labor force.

It empowers the Iraqi people by giving them the tools to shape and mould their political landscape and by helping them fulfill the responsibilities of democracy and good governance.

The strategic review recommends shifting $3.46 billion from sector allocations outlined in the July 5, 2004 Section 2207 report to Congress into six key areas:

- $1.8 billion more for Security and Law enforcement;
- $450 million for oil infrastructure enhancements and improved export capacity;
- $380 million for comprehensive economic development;
- $360 million to forgive approximately $4 billion in bilateral debt owed to the United States Government;
- $286 million to accelerate Iraqi employment; and
- $180 million to support democracy and governance.

To meet these needs, an equivalent amount of funding would be shifted out of three sectors:

- $1.94 billion from water and sewerage;
- $1.07 billion from electricity; and
- $450 million from oil (refined oil purchases).

SECURITY AND LAW ENFORCEMENT

Establishing security by helping the Iraqis defeat terrorists and criminal elements that oppose a free Iraq is the key building block in promoting successful reconstruction efforts in Iraq. An uncertain security situation affects all potential economic and political development, including private investment, foreign and domestic.

As part of the strategic review, the Department of Defense (DoD) under the leadership of General George Casey and Lieutenant General Dave Petraeus conducted an extensive review of Iraqi security and law enforcement programs funded out of the current IRRF spending plan.

Based on that review, DoD concluded that a number of infrastructure and Iraqi force structure capabilities enhancements were critically needed to meet the current threat environment. The increase of $1.8 billion includes:

- $788.4 million for the Iraqi Police Service to train and equip an additional 45,000 police officers, including increasing training capacity at regional training sites;
- $190 million for the Department of Border Enhancement to train and equip an additional 16,000 border officers;
- $442 million for the Iraqi National Guard to train and equip an additional 20 battalions, including establishing regional training bases and infrastructure support for 99 border posts;
- $221.4 million for the Civil Intervention Force, Bureau of Dignitary Protection, and Emergency Response Unit for training, equipping and refurbishment and construction of critical infrastructure;
- $62.5 million for the Iraqi Army Special Operations Forces for training, equipping, and expansion of the Iraqi special operations base;
- $48.7 million for the Iraqi Intervention Force to support a logistics support base and logistics support unit to improve deployment capabilities; and
- $22.5 million for the Iraqi Army to upgrade facilities and provide equipment and life support for a transportation battalion.

OIL INFRASTRUCTURE AND CAPACITY

Oil is the most prominent feature of the Iraqi economy. Iraq has proven oil reserves estimated at 112 billion barrels, ranking it second in reserves behind Saudi Arabia.

During the strategic review, the Embassy worked closely with the Iraq Ministry of Oil to identify projects that could quickly increase output capacity and additional export revenues for the IIG. Based on that analysis, we recommend shifting $450 million for oil capacity enhancements:

- $195 million specifically targeted for oil infrastructure projects in cooperation with the Ministry of Oil;
- $150 million to expand Kirkuk production and exports, including the Al Fatah pipeline crossing, building a new pipeline from Kirkuk to Al Fatah and refurbishing gas oil separation plants (GOSPs) wet crude facilities;
- $100 million for Rumaylah crude oil production and exports, including water flood facilities and GOSPs; and
- $5 million for a National Energy Strategy Study, including oil, gas, electricity and water.

Pending security conditions, these projects can be completed in six to nine months.

ECONOMIC DEVELOPMENT

Although the oil sector dominates the economy, for the most part its capital-intensive nature yields limited employment creation potential.

To encourage diversification and to develop a competitive sector surrounding Iraq's natural endowment of oil, we recommend shifting $380 million to help increase employment and increase productivity in the private sector.

The funding also provides support for higher education and humanitarian and resettlement assistance to vulnerable internally displaced persons (IDPs).

Major economic development activities include:

- $100 million for economic reform to spur employment, growth and attract domestic and foreign investment. Key components include financial and managerial capacity for the Central Bank of Iraq, electricity and telecommunications regulatory capacity, and tax, fiscal, customs, monetary policy, banking, commercial law, and institutional reforms to promote investment;
- $100 million to promote and strengthen the private sector, including restructuring and privatization of State Owned Enterprises, trade policy, market access and trade and promotion, capital market development and micro-lending and small and medium enterprise development;
- $100 million to assist the IIG with restructuring its agriculture sector. Programs include developing policy and institutional reform options, improve crop technology and live stock, develop private sector agribusiness, and produce and process high-value products for domestic and export markets;
- $70 million to provide emergency relief assistance to over 100,000 Arabs and 50,000 Kurds, resettlement assistance to 300,000 Kurds, and establish contingency capability to respond quickly to sudden population displacement due to violence or natural disasters; and
- $10 million to support higher education programs to purchase computers and equipment for labs at 20 universities and 46 colleges throughout Iraq.

DEBT RELIEF

The President and other G–8 leaders committed at the Sea Island summit to provide debt relief for Iraq. Paris Club creditors have aligned themselves with that commitment.

As a prerequisite to a Paris Club agreement with the United States and other Paris Club creditors, normalization of Iraq's relations with International Financial Institutions, and access to international lending markets, we believe that we need to move quickly to forgive the approximately $4 billion in bilateral debt that Iraq owes the United States. The cost associated with eliminating this debt is $360 million.

The United States has led the effort to build a consensus among creditors for significant reduction of Iraqi debt, and we will use our action to address U.S.-Iraq bilateral debt to press other nations, including non-Paris Club regional creditors, to do the same to support Iraq and its transition.

ACCELERATING IRAQI EMPLOYMENT

To generate employment, stimulate economic activity, and provide immediate assistance in areas threatened by insurgency, we recommend shifting $286 million to programs that have more labor-intensive, high impact effects.

Our program implementation partners estimate that this funding, combined with other programs (e.g., elections assistance), will generate approximately 800,000 Iraqi short and long-term jobs. Employment programs and activities include:

- $200 million to USAID's Office of Transition Initiatives. With this funding USAID estimates that it can provide an additional 2,500 to 3,000 grants and

employ an average of 40,000 Iraqis a month over the next year in labor-intensive projects to meet essential service needs in areas of conflict such as Baghdad, the Sunni Triangle, and South Central Iraq; and

- $86 million to the Commander's Humanitarian Relief Reconstruction Program for small-scale economic development projects in priority areas such as Baghdad, Samara, Ramadi, North Babil, and other areas.

DEMOCRACY AND GOVERNANCE

To support the upcoming January elections and provide assistance for elections monitoring, local and provincial government strengthening, and interim government support, we are recommending shifting $180 million into democracy and governance activities. Democracy and governance programs include:

- $40 million to ensure the Iraqi Electoral Commission has the technical capacity to run and certify free and fair national elections, including establishing 8,000 polling stations and 300 regional elections offices, training 150,000 election staff members to register 15 million voters, 100 political parties, and certify 25,000 elections monitors;
- $20 million to rollout a nation-wide elections monitoring program. Civil society will help identify, train, and mobilize over 25,000 domestic monitors and execute a voter education campaign to reach eligible voters. Funding will also be used to field at least three domestic poll monitors per polling station and facilitate the limited participation of international monitors to ratify Iraq's elections as free and fair;
- $100 million to continue strengthening local and provincial government on budgetary training, administration, and public service standards to effectively and transparently deliver services, foster local economic development, and involve citizens in decision-making. Iraqi leaders will be better informed on decentralization policy issues that balance power between the central and local governments and guard regions breaking away from a national, democratic and multi-ethnic state; and
- $20 million to support the interim government's Presidency Council, Council of Ministers, National Council, and Interim National Assembly—each of which is standing up much more rapidly than envisioned.

The $3.46 billion in recommended changes to the current IRRF spending plan are urgent and they must be funded in the next few months given the reality on the ground. From improving the security situation to the upcoming elections to the need to generate employment to debt relief, all of these are critical near-term requirements that must be addressed now. The choices were not easy, but difficult decisions had to be made to realign resources from within the IRRF to support these crucial activities.

The security and law enforcement, water and sewerage, and electricity sectors comprise almost 70% of the current IRRF spending plan. Water and electricity alone account for 50% of the overall $18.4 billion.

The only way to fund the proposed increases to the six sectors discussed above was out of the electricity and water and sewerage sectors. We did not take lightly moving almost $3 billion out of these sectors without due consideration.

In developing our recommendations, we looked at programs that were not scheduled to begin until the 4th quarter of FY 2005. We worked closely with the IIG, including the Ministries of Oil and Electricity to identify FY 2005 and out-year activities that could be reduced.

We are working closely with the IIG to identify alternative sources of funding to offset the shifting of these funds, including from the Iraqi budget through the use of earnings from enhanced oil exports to urging international donors to provide funding in support of infrastructure projects such as electricity and water.

LEGISLATIVE REQUIREMENTS

The IRRF appropriation allocates the $18.4 billion in reconstruction assistance by sectors. The statute limits movement of the funding into and out of these sectors. The legislation allows movement between sectors of 10%, except that the total for the receiving sector may not be increased by more than 20%.

In order to shift the funding as described above, we would need legislative relief from the sector limitations as currently provided for in the IRRF statute.

For debt relief, we also need affirmative authority that currently is not available for Iraq in existing law. Although the House Foreign Operations and Export Financing Bill for 2005 does contain a debt relief provision for Iraq, we do not anticipate passage of this Bill soon.

To ensure that we can act quickly on these crucial changes, the Administration will include these two legislative proposals as part of an overall package of legislative recommendations for inclusion in the FY 2005 Continuing Resolution (CR).

Mr. Chairman and members of the Committee, I urge you to support inclusion of these important legislative changes in the forthcoming CR.

I will stop there and take your questions.

The CHAIRMAN. Thank you very much, Mr. Bowab.

We'll have a round of 10 minutes for each of the Senators, followed by another round, if that is required.

Let me begin by saying that this committee has had, according to our best count, 23 hearings during the 108th Congress, on Iraq. At one of the recent hearings that Mr. Schlicher mentioned, in July, the committee made the point—and many Senators were present—that clearly more money was required in the communities of Iraq for jobs, for effects that could be seen, for building the infrastructure, and for what some of us call "walking-around money." I used that term at the White House, directly to the President. He agreed, exactly, that's what we ought to do prior to the recess.

What confounds me is that you have tediously taken 7 weeks to come to this conclusion to reallocate $3.4 billion. Now, while we appreciate the fact that everybody in the State Department, the Defense Department, and the White House has to be involved, the fact is, it was very clear in July that money needed to be moved, and could be moved, and that there were very adept people in the field in Iraq who could move the money and could do the job. And I just have to say, because we have an oversight responsibility, this is an extraordinarily ineffective administrative procedure. It is exasperating for anybody looking at this from any vantage point.

Now, having finally got to this monumental decision to reallocate $3.4 billion of the $18.4 billion appropriated last Fall, begs the question, What happens to the other $15 billion? I suppose, just doing the math, if one has been spent and three is going to happen at this point, in the fullness of time, I suspect, two, three, four, five, six years down the trail, something would occur. But as my colleague has pointed out, we have an emergency problem now. And we had one in July. And we had one before that. The inability to seize the emergency situation and to respond to it may be beyond our ability as a nation. But I don't think so.

It seems to me that we presently have a modest program. And I'm not going to argue with it. I would say, clearly, the question would be raised on the security money. Of course that money is needed. But each one of us who have visited with Iraq, who visited with people on the ground, during the Bremer time or subsequently, have known, from our people in the field there, that thousands of Iraqis needed to be trained, and trained right away and that this was imperative if security was to occur.

Now, in fairness, some training is occurring. A lot of brave Iraqis have lost their lives, 50 even in the last week, attempting to provide some security. If we had extensive opportunities today, we would question, I suppose, how the arming of these security personnel is going, how the flow of equipment—that we have promised to buttress what they are doing is happening. These items are absolutely critical. There is nothing else in the program you've presented that is more critical than expediting the training and equipping of Iraqis to establish security. Because elections won't work

very well, nor will the economy, nor will utilities, nor will the oil wells, if things are being blown up as fast as we are building them.

So, of course money has to be spent for security. If $1.8 billion is not enough, you ought to ask for more. You ought to get on with it, in essence. Even having said that, we know that the technical training of police and military people takes time, and our forces, therefore, are the safety net that really holds the thing together while that training occurs.

I applaud you for the steps that are being taken here, but I would just express, I suppose, the same frustration each one of the members of this committee will, at some point. That's the purpose of the hearing today: to say. This really has to move ahead.

Finally, let me just say that 110,000 jobs, 111,000 jobs have been created, and that is to the good. You've suggested maybe as many as 800,000 will be created, although some of them only for 1 month. That's tremendously important, given whatever the rate of employment is. And that is hard to gauge, as all of you know, out in that particular economy.

But I have some optimism about the outcome of this. I saw a good piece by Fareed Zakariah in the Washington Post, an op-ed that I thought was well-taken. He pointed out that there are not insurgents in every town and village of Iraq. As a matter of fact, there are a great and large number of places in which life proceeds and in which people are trying to go about their work, albeit with very limited resources, which we could enhance. In other words, there are many, many areas of, not only stability, but progress going on there, which offer, really, the future.

Now, there are areas—Fallujah and some others—where, in fact, there are insurgents, and there's absolute war. Those have to be isolated and dealt with. The Iraqis need to be consulted. They are doing the job, at least advising us of what we need to do in that process, because they can't have a country with these pockets of insurgents.

But the whole country is not wrought up in insurgency. The whole country is not in revolt. The fact is that there is a broad base of progress going on. You have reflected that accurately, through the oil figures, through the power figures, through various other indices that might be presented. I would just encourage you to present to us as much of that information as you can. We are always scraping for some even anecdotal information as to what kind of economic indicators are proceeding in Iraq, currently.

Having said all of that, I'm hopeful that you will convey back to whoever the planners are that, clearly, we're in favor of the security aspect, but we are also still in favor of money getting out to these towns and villages where a lot of people are doing a lot of good things and need encouragement.

Now, that does not denote a long-term contract. Without going over the past assumptions, let me just touch upon something Senator Biden said. Our committee heard blithely optimistic people from the administration prior to the war, and people outside the administration, what I call the "dancing in the street crowd," who postulated that we simply would be greeted with open arms. We asked one witness, "How long do we stay?" "Not very long. You get out of there. America fights the war. We get out. People are free.

Saddam is gone. And then they're rejoicing. They've established democracy."

Now, the nonsense of all of that is apparent. The lack of planning is apparent. But the fact is, we still are at a point where we need the help of the State Department with the work that this committee and the Department of Defense have done in trying to think through a nation-building capacity—some group, either in State, Defense, NSC, the White House, that, in fact, is there, so we don't reinvent the wheel for the ninth time again. And that must go on at the same time that we are doing Iraq, because, in due course, there will be other problems.

Now, the State Department is working on this. The Defense Science Board has done an extensive study, which will be soon shared with the public. I applaud every effort.

This is factored into legislation that we presented, which may or may not pass. It may also be formulated by the administration without legislation. But the whole mindset is to finally get a group of people in our administration—any administration; this one, the next one, the one after that, that understands the complexities of stabilization and reconstruction. A group of experts that will plan, that will be ready, that understands electricity and oil, and infrastructure at the village level, as well as how to produce jobs and how to call up reserves all over this country, of the types I mentioned earlier who can step in and execute a plan when needed—and clearly we will need to do this again. We've had, from the beginning in Iraq, the wrong people in the wrong numbers.

Now, hopefully, we're getting it right. Hopefully, in addition to the money, they're getting people over in Iraq who know how to spend this money properly, who know civil administration, know job creation, know all the rest of it. This is something other than huge long-term infrastructure projects that need to be bid for 9 months or a year or whatever it takes to get it through. We're talking, really, about very short-term or intermediate-term projects that can make a difference, in terms of morale in the place.

So I appreciate this opportunity simply to address you. I really don't have questions of you. You've outlined what your plan is, and asked for our support, and we are going to give that. But a whole lot more has to happen. That's the purpose of our hearings, not only to have oversight, but to have encouragement and indicate our support, our willingness to work with the administration, but prayerfully much more urgently, much more rapidly. It's been 2 months since July, a lot of water had gone over the dam. As I watch the press accounts of this, I wonder why in the world are they taking 5, 6, 7 weeks? We're in a war, and we need to move as rapidly as those events dictate.

I yield now to my distinguished colleague, Senator Biden.

Senator BIDEN. Thank you very much, Mr. Chairman, for your leadership.

You know, it's one thing for me to express my frustration, but your integrity has dictated that you, as chairman of this committee, in a more difficult circumstance, express your frustration, as well.

You know, it's that old bad joke, you know, "We're from the Federal Government. We're here to help."

And there's a disconnect in the logic of this request that you're making, to me, that goes to the essence of the issue of the sense of urgency. I haven't requested any time recently, but the President has been available in the past. We've gone down, and we've individually talked to him; we've talked to him together. I mean, the idea that probably one of the most honorable nonpolitical guys in all the Senate used the phrase "walking-around money"—seriously. I mean, I know it sounds funny. But it reflects the intensity of our frustration of the failure to do things we know should be done.

As the mayor of Indianapolis, three decades ago, if the city's burning, he doesn't—he didn't wait. He didn't wait—no mayor does—for a commission to finish its report, long-term efforts, how we're going to change the environment in the neighborhoods that are most discontent. You go in, and you hire the people, you hire them right away. You have them do something. You make work. You do something, so they're not shooting the cops that are coming in there.

There seems to be no sense of that, except with our military. I have now, how many times? In three visits to Iraq, the only guys that seem to get it are the military guys. I mean, right from the beginning, right even when the CPA was screwing everything up. And they were, by the way. They were, in my view. Right from the beginning. Why was Petraeus—why did Petraeus become a star? He's a frustrated guy. He became a star because he's in the north, and he was improvising. He wasn't going through "the process." He was improvising on the spot—bing, bing, bing, bing, bing.

Anyway, here's the disconnect, as I see it.

The amount involved we're talking about right now is $3.5 billion. I mean, there's roughly $18 billion out there, $17.5—$3.5 billion. Of this, as I understand it from this testimony, $286 million is specifically targeted for job creation. And this is supposed to create—as I understand it, roughly generate 800,000 jobs.

Now, in a country where the official unemployment rate is 29 percent—and, unofficially, State guys tell me it's 50 to 60 percent—jobs are key to ending the insurgency, or even as we found out in other experiences why we need to relearn this—you want to disband the militia, you're going to take their gun and what they get paid by the warlord and/or the insurgency or what they can loot and take—you've got to give them something. You don't say, give me your AK–47 and go home and have a nice day.

And it begs the question of why more of the remaining $18.4 billion is not being reoriented. Why only $3.5 billion? And why the disconnect between, as I see it, the smallest portion here, $286 million, to create jobs? I know it may be—not with you guys—ideologically inconsistent to have a giant WPA program.

I'll never forget, the three of us were sitting with Mr. Bremer the day we arrived—well over a year ago, in Iraq, and it was a day—and I will welcome being corrected by my colleagues if I'm wrong, because I may be off by a click here—Bremer was about to—or had just announced the day before, or 2 days before, that he was disbanding the army, and he initially was going to shut down all government-subsidized businesses. Remember that, guys? And I forget which of us asked the question, but, OK, are you Jeffrey Sachs?

And is this Poland? I mean, tell me this now, what's the immediate objective here? What are all those people going to do?

And so these 800,000 jobs we're talking—they're going to average a month or so at a time, so they're really not jobs. I mean, they're jobs. Important. Don't get me wrong. Big deal. Big deal.

But I have two questions. I have a lot of questions, but I'll try to stick to two.

Sir, you indicated that debt relief is important. The three of us, at our peril, politically, led the effort here—and I think maybe my friend from Florida, as well—against what was a perfect—a perfect—populist argument that was available to our conservative and liberal friends alike on the floor, that we wanted to forgive debt. This $18-some-billion in reconstruction funds of the $87 billion we were going to forgive it. We weren't going to tie it to oil revenues. We weren't going to tie it to anything. And some of us, all of us, have a few scars in our back to demonstrate how hard that is to explain to your constituency at home why we believe that's so important.

The President was able to—through the leadership of the Secretary of State, I assume—to get in Resolution 1546 language on debt relief, as well, on the part of others.

So my question to you is this. In addition to us coming up with spending a quarter of a billion dollars to forgive $4 billion, roughly—and it's really a bookkeeping—consequential, but it's a bookkeeping measure—what is any other country doing? What are the French doing? What are the European Union countries doing? What are the members of the Security Council who voted for this resolution—what are they doing on debt relief? Doesn't mean we shouldn't do it. I'm not doing this counter-budget stuff: you know, if they don't, we won't.

But you put your finger on it. You're the first guys that have been straight up about it. In order for this government to survive, they've got to be able to borrow. Unless they can deal with the debt overhang—and the IMF says you need to forgive 95 percent of debt in order for the World Bank to come in and say, OK, now we'll get in the deal, so we'll lend money to what we all know is ultimately the solution, and that is private entrepreneurs, private businesses, private enterprise, a private economy, you know, not the government economy—though, that's a poor choice of terms—to get the World Bank in.

What are others doing? What prospects do we have? And, by the way, if I'm not mistaken, this meeting takes place the end of this month. I think the meeting of the World Bank, these decisions are going to be made at the end of the month, in—like, in weeks. What are others doing? And if they do nothing, is our debt forgiveness of an additional $4 billion, roughly, is that enough to get the World Bank and the IMF to step up to the ball and open up the lending spigot here? And does that have any impact on confidence of investors to come in to open up anything from the dress shop to the porcelain factory? That's my first question.

Mr. SCHLICHER. Thank you, Senator, for the question.

In my testimony, I mentioned that the G–8 leaders at Sea Island committed themselves to provide deep debt relief for Iraq. You mentioned the upcoming World Bank meetings where this is going

to be a subject. The Paris Club is also going to be a forum where this is all going to have to be done. There have been a lot of, like, diplomatic discussions building up to——

Senator BIDEN. Let me cut right to it. Has a single nation in the G–8—a single nation—stepped up to the ball and formally said, or requested of their parliaments, to forgive Iraqi debt?

Mr. SCHLICHER. Not yet. No, sir. We have some understandings from some governments that that's exactly what they intend to do.

Senator BIDEN. When? Do we know? I mean, what timeframe are we anticipating——

Mr. SCHLICHER. I think we are aiming to have an agreement on Iraqi debt still by the end of the year. So it's going to be a very active 3 months on the debt-relief front.

Senator BIDEN. With all due respect, by the end of the year is getting close to the time in which the first election is going to take place. All of this goes to confidence. I'd respectfully suggest that's too late, No. 1.

No. 2—and I'll conclude with this, Mr. Chairman—the happy talk about progress—and there is progress in some areas—let me put it this way, there is the potential for real progress to mine those parts of the country where there is a desire to actually have an independent government that is not fueled by an insurgency.

The administration set goals in 2003. And it's important that we just state it so we know what we're talking about. We were told by 6/04, June of this year, there would be 6,000 megawatts of power. We were told there would be three million barrels of oil per day by October. We were told that there would be a minimum of 38,000 trained police officers, 40,000 army trained. And now we're told—and, in fact, electricity, we have 4,500 megawatts, 10 hours of blackouts. We have two million barrels of oil. We say we have 32,000 cops. I would argue we don't have a single trained police officer. I'd like you to dispute that, if you will. And, at maximum, we have 5,000 trained—5,000 trained—military forces.

And if you look at the testimony of a guy who is a real—I mean, it's like ice water runs in his veins; that's why he has so much credibility among Democrats and Republicans—Anthony Cordesman. Anthony Cordesman says that—let me—I beg your pardon, Mr. Chairman, to get the first page here. Cordesman says, "The new U.S. approach essentially defers most key actions to the military risk units after U.S. elections while it raises growing issues about the timing of long-term goals. It essentially defers any decisive U.S. military action unless it is forced on the U.S. Everything will consist of limited operations and strength until a new Iraqi force is ready."

Now, to me—and my time's up, so I'll just leave the question hanging here, and hopefully maybe we can get to it—it seems to me there's a race, fellows, in security. There's a race between the growing impact of the insurgency, which diminishes the optimism and the willingness of the Iraqi people to participate in the prospect of a democratic society and the training of an Iraqi military force, national guard, army, or police. And I respectfully suggest we are losing that race badly.

And, for the record, I'd like to know, what constitutes a trained Iraqi police officer, from the administration's standpoint? What

constitutes a trained Iraqi guardsman? What constitutes a trained Iraqi army personnel? And how many do you expect to have in place?

General Petraeus does not use the figure in the field. Our staffs were just there—how long ago? Two weeks? Three weeks ago—he does not use the figure the Secretary of Defense uses. We have to be honest and figure out what it is and what's being done to increase that training.

I'm well over my time. I apologize. I'll submit some additional questions in writing for you. But if you can be as precise as you can and just answer yes or no, Do we have 32,000 trained Iraqi cops on the street? Trained? Not cops on the street. Trained Iraqi cops?

Mr. BOWAB. No, sir.

Senator BIDEN. Thank you very much.

The CHAIRMAN. Senator Hagel.

Senator HAGEL. Mr. Chairman, thank you.

Gentlemen, thank you for coming before this committee this morning.

I want to make a couple of comments before I ask some questions. One, this Senator—and I suspect all who are here this morning on this panel—recognize that you did not frame or shape or mold the foundation from which we now work from. That foundation was formed about a year and a half ago, certainly a year ago, and you have inherited, gentlemen, a mess. So I say that because it's important to put a frame of reference to what we're talking about here.

The Secretary of Defense wanted to run Iraq. The CPA ran Iraq. We've got a lot of problems. I don't need to tell you how many, and how deep, and how wide. But one of the things that we all appreciate what you're saying today, and the directness and the honesty to come forward and ask for a reprogramming of the funds, is a clear acknowledgment that we are not holding ourselves hostage to some grand illusion that we're winning.

Now, if you step back for a moment and understand what we're doing this morning. You are talking about reprogramming $3.4 billion—taking $3.4 billion, most of it for water and sewer and electricity, out of those accounts—and moving them mainly to accounts to enhance security. Now, that does not add up, in my opinion, to a pretty picture, to a picture that shows that we're winning. But it does add up to this: an acknowledgment that we are in deep trouble. And, for that, we are grateful.

This Senator is not putting the blame on you for where we are today. Now, I say that, because I think it's important to be said, to be stated on the record, for the frame of reference and the context that we're dealing with this issue in Iraq.

Before I move from that, let me use one example of what I'm talking about here, Mr. Schlicher. I understand the business that you're in. And I understand you are here not to explain to this committee how bad things are, but you're here also to try to present the positives and what has been accomplished. And there have been things accomplished. So I understand that. And I understand you have to have clearances, all the way up to the White House as to what you're saying this morning.

But let me draw one example, in your testimony, to what I was talking about, not allowing ourselves to become hostage to some grand illusion that we're winning. You say, in your testimony this morning, and I quote, "The Iraqi forces were instrumental in setting conditions for the withdrawal of al-Sadr's militia and the preservation of the Imam Ali Shrine. And while Multinational Force Iraq provided extensive military and logistical support, the IIG was in charge throughout the standoff."

And what I find interesting about that statement is, no reference to the fact that the leading Shia cleric in Iraq, al-Sistani, was not noted in this. We all know that al-Sistani had more to do with what happened there than anybody, more to do with al-Sadr and his militia standing down than the Interim Iraqi Government or our military forces. This is how we get into trouble, when we delude ourselves into thinking that we have done something we haven't done, in the fullness that we somehow state it.

Now, the followup to the Madrid Donor Conference scheduled for Tokyo in October, where are we? Just as a reminder, this is a followup on pledges, I think, of approximately $13 billion, grants and loans from other countries, IMF, World Bank. This follows on with Senator Biden's questions about debt relief. We found out this morning that, unless I misunderstood what you said in answering Senator Biden's questions, there has been no other country forthcoming in debt relief. And that leads me to another question about Jim Baker's efforts, which were greatly heralded a few months ago, that he has gotten our partners into a position to help us with some of these other issues. I'd like to get a sense—an update on Secretary Baker's efforts, where that stands. But let's stay with the Tokyo conference. What do we expect?

Mr. SCHLICHER. OK, sir. The Tokyo conference is, as you say—I think it's the 13th and 14th of October, and preparations leading up to that conference are ongoing right now, and different consultations. The British people were here yesterday, for example, to consult about the strategy in that.

Secretary Baker's efforts did, in fact, create an environment that's going to be very conducive to that deep-debt relief. We fully expect that the conference and the Paris Club meetings and what we want to do on debt relief, in terms of the IRRF review, are going to, in fact, result in deep debt relief by the end of the year. But all of these milestones, these meetings, are going to have to take place before we get final results.

We think we're going to get there, and we think we're going to get there on time——

Senator HAGEL. When you say "we think we're going to get there," what do you mean?

Mr. SCHLICHER. I think that, by the end of the year, we will succeed in getting the international community to give Iraq deep debt relief.

Senator HAGEL. What about the donor part of this, the pledges that were made, $13 billion?

Mr. SCHLICHER. Joe.

Mr. BOWAB. Yes, there was $13 billion pledged, of which about $5 billion was international financial institution multilateral-type pledges, which left about $8 billion in grants and loan-type pledges.

Where we stand right now with those pledges, as of June, there's been almost $1.2 billion disbursed by the international donors to Iraq for reconstruction.

Senator HAGEL. Of the $13 billion pledged.

Mr. BOWAB. Well, the $5 billion's kind of out of play until we can get to a point where, on the debt-relief side, that the multilaterals will actually provide any lending. Until we can get through the debt relief, that $5 billion is just kind of sitting there.

Senator HAGEL. So it would be fair to say that the pledges that came in from the Madrid conference, versus the reality of the money that actually has been put on the table, there is significant distance between the two.

Mr. BOWAB. I think if you do the math, it's about 13 percent of what was pledged has been disbursed.

Senator HAGEL. Well, that's a significant distance, in my opinion.

When you add up debt relief, pledges, casualties that the Americans have taken, versus our so-called "coalition of the willing," it's rather dramatic. I mean, you're not here this morning to talk about casualties. We've now, I think, as of this morning, we've lost 1,018 dead, over 7,000 wounded. And I saw some DOD numbers yesterday that showed something like 60-some dead from our coalition partners, 130-some wounded. I think that's generally about right.

So, again, going back to any grand illusions, kidding ourselves about who's carrying the burden here, big time—big time—it's the United States.

Now, let me ask about the 800,000 jobs that you've talked about. How are we going to do that?

Mr. SCHLICHER. Yes, sir. As Senator Biden mentioned, the request is for $286 million for employment-generating programs. USAID's Office of Transition Initiatives has asked for $200 million. Now, with this funding, USAID estimates that it can provide 2,500 to 3,000 grants that employ an average of 40,000 Iraqis a month over the next year in labor-intensive projects—the WPA-works sort of idea—that are going to meet needs, especially in conflict areas, like Baghdad, the so-called Sunni triangle, and South Central Iraq. Eighty-six million of that would go to the Commander's Humanitarian Relief Reconstruction Program, which is, kind of, the same idea as the SERP program that the commanders had during the CPA era. And that would be available to commanders to fund small-scale, quick, economic-development projects, especially, like, in Baghdad, Samara, Ramadi, North Babel and those areas.

The revised spending plan also, of course, talks about additional police. The number would move from ***90,000 up to 35,000, which, in turn, would create 45,000*** new jobs there. It would double the number of border-enforcement people from 16,000 to 32,000, for an additional 16,000 jobs.

Senator HAGEL. How quickly can this be implemented? You got into some of the timeframes of the jobs—and I know, Mr. Chairman, my time's up, but if I could just ask him that one followup point—how quickly can you assimilate that into the social fabric of Iraq? How can you get these jobs down? We've been hearing about this for more than a year, as the chairman has noted. The critical nature of this, the priorities of it. Money was appropriated a long, long time ago. It is, I recognize, a very difficult, complicated proc-

ess, especially in the middle of a war. And we don't minimize that. But my question is, it is one thing to state this. Good intentions. The funding is there, even though the funding hasn't been used in many of these cases. So how can you do this in time to make a difference, especially to try to stabilize the country of Iraq by January for these elections, using one piece, that 800,000 job piece, that has to fit into this somewhere? That's the question. How can you get these jobs down into the communities that need them in time?

Mr. SCHLICHER. Yes, sir. On the USAID OTI transition initiative side, that office has existed since the CPA era. It has the grant-making capacity. I will ask my USAID colleagues for a particular answer of whether they think that there's going to be any additional mechanism they need to do.

[The information referred to above was not available at the time this hearing was sent to press.]

Mr. SCHLICHER. But the grant-making capacity certainly already exists within the office.

Senator HAGEL. Let me just—I'll close with this, Mr. Chairman—for the record, I'd like to ask that a Washington Post piece this morning, page A22, "U.S. Plans to Divert Iraqi Money, be included for the record.

The CHAIRMAN. It'll be placed in the record.

[The article referred to follows:]

[From the Washington Post, Wednesday, September 15, 2004]

U.S. PLANS TO DIVERT IRAQ MONEY

ATTACKS PROMPT REQUEST TO MOVE RECONSTRUCTION FUNDS TO SECURITY FORCES

(By Jonathan Weisman)

The Bush administration asked Congress on Tuesday for permission to transfer nearly $3.5 billion from Iraqi water, sewer and electricity projects to pressing security, economic and electoral programs, acknowledging that increasing violence has forced a sharp shift in its rebuilding effort.

Including previous reallocations, the administration hopes to redirect more than 20 percent of $18.4 billion in reconstruction funds to cope with an escalating insurgency and the glacial pace of rebuilding. With two weeks left in the fiscal year, and 11 months after Congress approved the money, only $1.1 billion of it has been spent, because of attacks, contracting problems and other unforeseen issues, according to figures released by the State Department.

Marc Grossman, the U.S. undersecretary of state for political affairs, concluded that "without a significant reallocation of resources for the security and law enforcement sector, the short-term stability of Iraq would be compromised and the longer-term prospects of a free and democratic Iraq undermined."

The redirected money would be used for, among other things, 82,000 more Iraqi security personnel, including an increase of about 65 percent in police forces and a near-doubling of the number of border agents.

The shift of funds "is a de facto recognition that [the occupation authority's] ambitious plans to restructure Iraq's entire economy have failed," said Anthony H. Cordesman, a security analyst at the nonpartisan Center for Strategic and International Studies, "and that . . . efforts to plan the long-term structure of Iraq's economic development have foundered in the face of insurgent attacks, theft and looting, [and] bad planning."

Even administration allies said the State Department has been slow coming to terms with a security environment radically different from what was envisioned when the reconstruction plans were drafted last fall.

In October, President Bush fought to preserve ambitious plans to repair Iraq's electrical and water systems, build hospitals and prisons, and construct roads, bridges, rail lines and ports.

About $7.1 billion has since been directed to contractors, but little of it has hit the streets. Of $4.2 billion designated for water and sanitation, $16 million has been spent, according to State Department documents sent to Congress. Of $786 million earmarked for health, $2 million has been spent. Only $7 million has been used from the $367 million designated for roads and bridges. Just $43 million of $1 billion designated has been spent on justice, public safety and civil society programs.

"I don't think anyone can deny we have not been as successful as we would have liked," said Rep. Jim Kolbe (R-Ariz), chairman of the House Appropriations Committee's foreign operations subcommittee, which has jurisdiction over the funds.

"Fewer people will get potable water. Fewer people will get the electricity they need in their homes or their businesses," Kolbe said. "But that's just a recognition of the reality that unless you have the security you need, you can't have reconstruction."

The State Department hopes to shift $1.8 billion to security and law enforcement, $450 million to Iraqi oil production, $380 million to economic reforms, agriculture and private sector development, $286 million to short-term job creation projects, $180 million to prepare for elections scheduled for January, and $360 million toward forgiving long-standing Iraqi debt to the United States. Even with the shift, Grossman said "substantial money" would remain for improving water and electricity services.

Most of the transferred money would go toward training and equipping 45,000 more Iraqi police, 16,000 border patrol officials and 20 additional battalions of Iraqi national guardsmen.

"If the shift of these funds slows down reconstruction, security may suffer in the long run," Senate Foreign Relations Committee Chairman Richard G. Lugar (R-Ind.) says in a statement scheduled to be delivered today on Capitol Hill.

Rand Beers, a security adviser to the presidential campaign of Sen. John F. Kerry, was also critical. "Belatedly moving money from reconstruction to security is necessary but won't make up for the George Bush's massive failure to plan for the peace in Iraq," he said.

Deputy Secretary of State Richard L. Armitage will defend the request Sept. 24 at a House hearing.

Questions have emerged about what little reconstruction money has been spent. In an essay yesterday e-mailed to reporters and policy analysts, Cordesman charged that much of it "has been wasted due to sabotage, attacks, and bad planning; has been spent outside the country; or has been spent on foreign security forces."

The State Department wants additional funding for several security forces, including police, border patrols, the Iraqi National Guard, a Civil Intervention Force and an Iraqi Intervention Force. Congressional aides from both parties questioned how all those additional forces could be brought on quickly when training is already at capacity.

The administration also wants $450 million to expand oil production from Iraq's northern and southern oil fields, but congressional aides say production is more limited by insurgent attacks than by antiquated infrastructure.

"It's clear to me that the postwar planning thus far has been a failure. What I want to know is that this reshuffling the numbers can improve the situation, that they've finally come up with a plan that works," said Rep. Nita M. Lowey (N.Y.), the ranking Democrat on the foreign operations subcommittee. "Flexibility is necessary, but 'trial and error' is no way to prosecute a war and no way to win a peace," she said.

Senator HAGEL. Thank you.

And, Mr. Schlicher, if you've not seen this—and my time's up, and maybe I can come around on the second go-round—but there are about two paragraphs in this story. They talk about how much has not been spent. I mean, it's beyond pitiful, it's beyond embarrassing; it is now in the zone of dangerous. And so—it's not having anything to do with your credibility when you come up here to talk about this, but the facts are not very good here as to what we're dealing with, what we have been dealing with. And these are State Department numbers, by the way, that are quoted in the Washington Post.

Thank you.

The CHAIRMAN. Thank you very much, Senator Hagel.

Senator Nelson.

Senator NELSON. Mr. Chairman, please let Senator Hagel continue with his line of questioning there. I'm in no hurry.

The CHAIRMAN. Very well. Senator Hagel, do you have another——

Senator HAGEL. Well, thank you. Let me, then, just take a moment to pursue this story, because it does cut, Mr. Schlicher, to what we're talking about here. Then, if Senator Nelson is still willing and very gracious, then I'll add one additional point. Thank you.

Quote from the Washington Post, State Department numbers, "About $7.1 billion has since been directed to contractors." Now, this starts with referencing President Bush's statements in October of last year about plans to repair Iraq's electrical and water systems, build hospitals and prisons, and construct roads, bridges, rail lines, and ports. "About $7.1 billion has since been directed to contractors. But little of it has hit the streets. Of $4.2 billion designated for water and sanitation, $16 million has been spent." I'll repeat that. Of $4.2 billion designated for water and sanitation, $16 million has been spent. I pick it up from there. Again, quoting the State Department numbers, according to State Department figures sent to Congress, "Of $786 million earmarked for health, $2 million has been spent. Only $7 million has been used, from the $367 million designated for roads and bridges. Just $43 million of over $1 billion designated has been spent on justice, public safety, and civil-society programs."

I think the point's clear here, Mr. Schlicher, and that's why some of us—and I speak only for myself—are very skeptical when I hear these numbers and when I talk to other colleagues and listen to people who are close to Iraq, and see that we have not made the kind of progress that we had all hoped to make, understanding the realities of war, the uncertainties, the uncontrollables, the unknowables, and the uncertainties about it.

Now, let me followup with this one question. There was a September—I think, September 3 report from the Secretary General of the United Nations, Kofi Annan. And I will quote one of the things that was stated in this report. "At this juncture, circumstances do not permit the United Nations to implement to the fullest extent the essential tasks under its mandate pursuant to Resolution 1546"—which already has been discussed here this morning—end of quote.

Would you talk now a little more, in some detail, about the security problem that we're all talking about this morning. You have recognized, obviously, for the reprogramming request that you're coming forward with—and how that's impacting—how you see that impacting on what the Secretary General is talking about? The U.N. is a rather significant part of this, if, for no other reason, than elections. And I know we're all playing for that. But that September 3 report is a very—and I've read the report—I don't know if you've seen it—is a very unsettling report as to the next few months to try to align the stars and the forces in Iraq to prepare for a free, open, fair election, which we must have.

Thank you.

Mr. SCHLICHER. Yes, sir. Thank you for the question.

We do see the U.N. as a vital partner in Iraq, especially in the next months, as we gear up for elections. The United Nations, of course, is still suffering from the memory of the terrible terrorist blast that occurred at their headquarters last year that killed the Secretary General's special representative, Sergio de Mello. And I can't speak for the United Nations, but I think those folks always have that tragedy in the back of their minds.

We do want more people on the ground in—U.N. people on the ground there. Lakhdar Brahimi, as you recall, played an absolutely vital role earlier this year in the setting up of the Iraqi Interim Government. The new special representative of the U.N. in Iraq, Ambassador Qazi, who was Ambassador here in Washington, also played a very important role during the National Conference and the setup of the Interim Council.

The U.N. elections team has been on the ground for several months now. They're there now. They're working very intensely with the Iraqi Independent Electoral Commission on all of the logistics and the rules for the elections. They're deeply engaged in that. We're deeply engaged with both of them. We have recently allocated $40 million to go to IFES to support their planning efforts, as well.

Now, the United Nations, of course, needs its own security, as per 1546. There are different aspects of that security. There's the close, inner-ring security to protect the U.N. principals on the ground there. There has been some progress made in identifying PSDs, personal security details, to take care of those needs. We're also looking for middle-ring security, as well, for, like, you know, the next ring out, after which the multinational forces kick in, in doing their duties. There is a DOD/State team that's leaving this week to go and talk to several countries about the possibility that they would be willing, as a collective, to provide the troops for that protection force, as well. And those different countries, of course, have different needs that—to which—and if those needs were met, they might be able to respond in a positive way. So we're working through that with them right now.

We do understand that the U.N. needs to ramp up the number of people that it has right now. They're still operating under a self-imposed ceiling of personnel. We would hope that they would take a look at that ceiling in—by looking at the needs for what they have to get on the ground, because the logistics of setting up the elections are going to be very daunting in any case. And their role is essential there. We're willing to help them. We're working with them and the Iraqis. We do want them to have a full presence there. And I think we will get there, although it's a tough slog.

Senator HAGEL. Thank you, gentlemen.

Mr. Chairman, thank you.

Senator Nelson, thank you.

The CHAIRMAN. Thank you, Senator Hagel.

Senator Nelson.

Senator NELSON. Thank you, Mr. Chairman. And thank you for calling this hearing.

When I think of meeting an emergency and being prepared for it, I can't be reminded, because of my tired physical condition right now, of going through three hurricanes, the third of which is about to hit my state in just a few hours. There is a plan on the shelf. When the disaster strikes, that plan is executed, the resources are provided, and improvisation is there as things change.

And as we look back on this, there was a plan on the shelf; albeit, it was a little loosey-goosey, as we well knew, as we tried to get that plan out of the administration prior to the war. And then they had a general in charge. And his name was General Garner—by the way, a Floridian. And a major part of his security plan was: keep the Iraqi army in place and deal with the Ba'athist officers, but keep 500,000 people employed. And when he was given the boot and replaced by Mr. Bremer, that was reversed.

So then we had a plan, we're going to train all of these people. And we've had the testimony here already.

I went to one of those cop training facilities. And the particular one that I went to was outside of Amman, Jordan. And in 8 weeks, we were supposed to have a trained police officer. And the question was asked of you all, are there 30-some-thousand trained cops? And the answer that you gave us was no.

Senator Hagel testified we had a plan, we appropriated the money. This money was going to be spent. It was U.S. money. And very little of it has been spent. We also had a plan that we were going to have the international community pledge. And they only pledged $13 billion. And very little of those pledges have been forthcoming.

And then I read an article like today's Philadelphia Inquirer, which I would like to enter into the record, Mr. Chairman.

[The article referred to follows:]

[From the Philadelphia Inquirer, Wednesday, September 15, 2004]

OUTLOOK: THE GROWING INSURGENCY COULD DOOM U.S. PLANS FOR IRAQ, ANALYSTS SAY

(By Jonathan S. Landay and Warren P. Strobel; Inquirer Washington Bureau)

WASHINGTON.—The U.S. strategy to create a stable, democratic Iraq is in danger of failing, some current and former American analysts say, and the anti-American insurgency is growing larger, more sophisticated and more violent.

A wave of attacks across Iraq included the deadliest single bombing in Baghdad in six months yesterday and at least seven bombings in the capital Sunday.

The violence increasingly appears to threaten nationwide elections planned for January, which are key to President Bush's hopes for reducing the number of U.S. troops, now 140,000, and making a graceful exit from Iraq.

Some experts on Iraq say the best that can be hoped for now is continued chaos that falls short of a civil war.

"The overall prospects . . . are for a violent political future," said Jeffrey White, a former senior analyst with the Defense Intelligence Agency.

Top officials in the Bush administration acknowledge that the insurgency is getting worse. But they point out that they had predicted an increase in violence as Iraq's January elections approached.

The officials insist that the elections will go ahead. And, they say, the United States has no choice but to persevere as it builds up Iraq's own security forces to maintain order.

"Over time, you will see it being brought under control," Secretary of State Colin L. Powell said of the insurgency in a Sunday television interview.

"We said at the time of turnover that this is the time of maximum danger as the insurgents come after us," he said, referring to the handover of power to an interim Iraqi government in June.

The insurgency appears to have gained strength since the handover.

White, the former intelligence analyst who is now at the Washington Institute for Near East Policy, said his conservative estimate was that there were 100,000 Iraqis involved in the Sunni insurgency, including fighters, messengers, and people who provide logistical, housing and other assistance. He discounted estimates by senior U.S. military commanders that the Sunni resistance numbered about 5,000 fighters.

Bush and interim Prime Minister Ayad Allawi could face a series of unpleasant choices in the weeks ahead.

They can continue escalating attacks against rebel-held cities in the Sunni Triangle and against followers of Shiite cleric Muqtada al-Sadr. But that is likely to bring more civilian casualties and more anger at the United States and Allawi's unelected government.

Or they can press forward with elections in Iraq's relatively stable areas, which are predominantly Shiite and Kurdish. But that risks bringing to power an overtly religious Shiite government likely to be rejected by Iraq's Kurdish and Sunni Muslim minorities.

In tacit recognition of the ugly realities, the Bush administration yesterday announced that it was asking Congress to shift almost $3.5 billion from Iraqi reconstruction projects to improve security.

The funds would be used to train more Iraqi police and security forces, boost oil production, reduce Iraq's debt, and prepare for the elections. The money would come from funds earmarked for the reconstruction of water, sewage and electricity services, although officials said there would be sufficient amounts left to continue those efforts.

"The security situation presents the most serious obstacle to reconstruction and economic and political development in Iraq," said Undersecretary of State Marc Grossman. A reassessment team led by U.S. Ambassador John Negroponte "faced hard choices, but they decided that without a significant reallocation of resources to the security and law-enforcement sector, the short-term stability of Iraq would be compromised and the longer-term prospects for a free and democratic Iraq undermined."

Rep. David R. Obey of Wisconsin, the top Democrat on the House Appropriations Committee, said he was skeptical that shifting funds would help. "I think Congress is being asked to put a Band-Aid on a bleeding wound," he said.

In Baghdad, Allawi, who faces growing popular discontent because of the security situation, said Monday that his government had a security plan and said the situation would improve as quickly as October. He insisted Iraq would hold elections for an interim assembly in January.

Counterinsurgency specialists say the Bush administration appears to be caught in a trap that has afflicted many foreign occupiers in centuries past: Too little military force allows rebels to flourish, but too much causes a popular backlash and increases grass-roots support for the insurgents.

"This is the classic contradiction of counterinsurgency," said Steven Metz of the U.S. Army War College in Carlisle, Pa. "In the long term, winning the people matters more. But it may be that in the short term, you have to forgo that in order to crush the insurgents. Right now, we are trying to decide whether we have reached that point. In Vietnam, we waited too long. When we did make that decision in 1970, it was too late."

The White House, which faces a challenge from Democratic presidential nominee John Kerry on Iraq, has insisted it will follow the current course in the country and hold elections in January.

For now, the U.S. strategy is to try to retake Sunni-dominated cities such as Fallujah that are under insurgents' control and that act as bases for attacks on U.S. forces and the Iraqis who support them.

To retake the cities, U.S. military commanders have resorted to increasing use of air power, ordering strikes that have occasionally hit civilian targets—including an ambulance that was struck in Fallujah on Monday, according to Iraqi hospital officials.

The linchpin to the U.S. strategy is the training and equipping of Iraqi security forces to take increasing responsibility.

Secretary of Defense Donald H. Rumsfeld said yesterday the effort was making "good progress," with 105,000 Iraqi security officers now trained and equipped, and an additional 50,000 due to complete the process by the end of the year.

White said the spreading insurrections had forced the interim Iraqi regime and U.S.-led coalition onto the offensive before the fledgling Iraqi security forces were ready.

"They can arrest people," he said. "Can they conduct offensive operations against the insurgents? That's at least months away, if not years away."

Senator NELSON I'll just read three paragraphs. "The U.S. strategy to create a stable, democratic Iraq is in danger of failing, some current and former American analysts say, and the anti-American insurgency is growing larger, more sophisticated, and more violent.

"A wave of attacks across Iraq included the deadliest single bombing in Baghdad in 6 months yesterday, and at least seven bombings in the capital Sunday."

And I'll just conclude with this remaining paragraph, "Top officials in the Bush administration acknowledge that the insurgency is getting worse."

I served in the military, and wore the uniform of this country during Vietnam. And that's getting awfully close to creating the conditions for failure as we had in Vietnam. And I don't want it to be that way. Because what's clearly in the interest of the United States is a stable Iraq that can govern itself.

So I would first ask about the international effort. What is the administration's position to bring in the international community to be more involved, both with security, as well as with the financial burden? What is the administration's position?

We have to do that. It seems to me that it is clearly self-evident that we can make the case, particularly to Europe, that it's in their interest to have a stabilized Iraq. First of all, Iraq is a lot closer to them than it is to us. But look at the size of their Muslim population. There's about 10 percent of France's population that is Muslim. It would seem that a sincere prayer session with the leadership of European countries could convince them that they have to participate with us in this effort to stabilize Iraq.

What are the plans of the administration to do that?

Mr. SCHLICHER. Yes, sir. I think on the financial side, we—going through the different milestones on debt relief, I hope we've answered that part of your question, on the economic side.

On the security side, I think there are two main pillars right now that are being worked. One is——

Senator NELSON. Well, just—let me just——

Mr. SCHLICHER. Yes, sir.

Senator NELSON [continuing]. Stop you right there, because I don't think you've answered the question with regard to the spending of money on the economic side, by virtue of what Senator Hagel just quoted from the Washington Post today. So could you give us an answer of how you're going to remedy all of those things that he enumerated?

Mr. SCHLICHER. Sir, I thought your question was about the international economic participation in Iraq.

Senator NELSON. No. 1. No. 2, the economic expenditures, as enumerated by the Senator. And, No. 3, the security.

Mr. SCHLICHER. OK. On the international economic participation between the debt-relief strategy that we're implementing, and using Tokyo to try to speed up the disbursements of other international commitments, we will do much better.

On speeding up the disbursements that Senator Hagel commented on, this is what we, at State, have been intensely interested in and speeding up since we acquired responsibility for it on June 28. And although we're certainly, by no means, satisfied, we have more than doubled the disbursements since June 28. That just has to—we have to do much better, and we will.

Senator NELSON. On both of these.

Mr. SCHLICHER. Yes, sir.

Senator NELSON. All right. Now, that's the debt question and economic spending. You said we will do better.

Mr. SCHLICHER. We are doing better, and must do much better.

Senator NELSON. Who is in charge?

Mr. SCHLICHER. The Department of State is lead agency on these things.

Senator NELSON. Is Secretary Powell in charge?

Mr. SCHLICHER. He is—yes, sir, we are. We're in charge of——

Senator NELSON. If we want to hold somebody accountable, who's in charge?

Mr. SCHLICHER. The Secretary of State.

Senator NELSON. OK. Now, you said, on the debt relief, that we will do better. That's what your words were there. How are you going to do better?

Mr. SCHLICHER. We are going to do better through making our own commitment, I hope, with your approval, on our part of the debt relief, and levering what we have done on debt relief with the other creditor nations. We're going to do better by making sure that the upcoming World Bank-IMF meetings focus intensely on this issue and come up with the right result. We're going to do better by making sure that the Tokyo donors conference is a success. And those things are going to culminate in deep debt relief for Iraq by the end of the year.

Senator NELSON. And how are you going to make that a success, since the last time, in the Madrid conference, they have blown you off?

Mr. BOWAB. Senator Nelson, the purpose of the October meeting is to get back together and look at the Madrid—what they promised in Madrid. Now, remember, the Madrid promise was a 4-year promise; it wasn't a 1-year. OK? It was a 4-year promise to do it. And what we're going to do is, we're going to get back with those donors in October, we're going to look at the balance sheet, and we're going to talk to them about where they stand on meeting their commitment.

Senator NELSON. Well, what do you have in your hip pocket to convince them?

Mr. BOWAB. What we have is what they promised at the Madrid conference, as far as providing reconstruction funding to Iraq. That's what we have.

Senator NELSON. And what's the basis for your optimism that they're going to come through, when all we've been done is been dissed thus far?

Mr. BOWAB. Well, I don't think, sir, we've been dissed, because at about 13 percent of what the Madrid conference came out with, which I think—we're probably just a little bit behind what they

committed to do over a 4-year period. And we will push that effort in October with them.

Senator NELSON. I don't think there is anybody up here that thinks that 13 percent is optimistic. But let me go back——

Mr. BOWAB. Sir, could I raise one more——

Senator NELSON. Please.

Mr. BOWAB [continuing]. Point, because Senator Hagel——

Senator NELSON. And we still have hanging the question of security. Please.

Mr. BOWAB. Senator Hagel raised it, and you have raised it. And you're right, we have to do better on disbursing funds out of the IRRF. And we will do better. We have a weekly meeting with Baghdad, and we're asking the tough questions on obligation and disbursements.

The second thing is, I think we need to understand we're dealing with about five different types of funding sources in Iraq right now. And this is just one of them. So when we look and we say things aren't happening on the ground, a lot of things are happening on the ground. What we have—you remember IRRF–1, we had a $2.4 billion appropriation from the Congress for Iraq. We have the DOD Train and Equip Program operating in Iraq, a separate appropriation. We have the Commanders' Emergency Response Program operating in Iraq, a separate appropriation. And, of course, we have the Development Fund for Iraq that CPA had the ability to use those funds to do things in Iraq. So a lot of money—a lot of money—has been disbursed in Iraq. Not specifically out the $18.4, but we are fixated on the $18.4.

Senator Biden brought up the point, and they do it quickly. Well, DOD is getting it right and doing it quickly, but they're not doing it out of the IRRF; they're doing it out of these other accounts I talked about that doesn't have the restrictions around how we can spend the IRRF money. As you remember, Congress put a lot of strings attached to procurement and to awards of these contracts that we have to live up to. And we are living up to them. It takes a little bit longer. But when DOD is on the ground putting the PVC pipes in the homes that you talked about, they are using a source of funds that's immediately available to them to do that. So they do have the flexibility to do it, they're doing great programs.

On the employment side, the 286 that we're talking about, a lot of those programs that DOD will do, and a lot of those programs that USAID will do, will be putting PVC pipes in homes. Much of that money is dedicated to doing electricity, water, and sewage quickly and efficiently for the things that the—Senator Biden talked about.

Senator NELSON. May we get the answer with regard to security?

Mr. SCHLICHER. Yes, sir. On the security front, on international participation in security issues, I would say there are three distinct pillars that are being worked right now. I mentioned one earlier, in the dispatch of a joint DOD/State team to several countries to assay their interest in serving as part of the U.N. protection force. Another big-ticket item that's underway right now is defining the role of NATO in training of security forces for Iraq.

For the last 5 weeks, I think it is, there's been a NATO training mission that has been in Baghdad and over Iraq. They've com-

pleted their initial training. And today there's a meeting in the North Atlantic Council in which they're going to chart out a future path. We're waiting to see what the results of that today are, but it should be important.

The third pillar, I would call "coalition maintenance," and that is making sure that the current coalition's members stay involved and productive on the ground in Iraq. And I would note that, for example, the South Koreans are going to be coming online soon, and be stationed in the northern part of Iraq. That's 3,000 people.

So these are the three basic big areas of activity on international cooperation on the security front right now.

Senator NELSON. Who made the decision to disband the Iraqi army?

Mr. SCHLICHER. Sir, I think Ambassador Bremer, as CPA Administrator, did.

Senator NELSON. Who counseled him to do that? Did Secretary Powell counsel him to do that?

Mr. SCHLICHER. Sir, I don't know. I wasn't involved in Iraqi affairs at that point.

Senator NELSON. Do you know, Mr. Bowab?

Mr. BOWAB. No, sir, I don't.

Senator NELSON. Thank you, Mr. Chairman.

The CHAIRMAN. Well, thank you very much, Senator Nelson.

Gentlemen, I have five very quick questions, which I'll ask quickly, and perhaps you can give concise responses.

In Mr. Bowab's testimony, at the end, under legislative requirements, he said, "To ensure that we can act quickly on these crucial changes, the administration will include these two legislative proposals as part of its overall package of legislative recommendations for inclusion in the fiscal year 2005 continuing resolution."

I just want, as a matter of information, to know what steps have you taken to get these items. Are you working with the Appropriations Committee presently? Do they understand the requirements and the specifics that you have outlined here, in terms of the percentage of changes? And give me at least some assurance that this is likely to happen.

Mr. BOWAB. Let me start from the beginning and say that we have submitted the requested changes in legislation to the Office of Management and Budget. The Office of Management and Budget is putting together a list of legislative proposals that will come to the Congress soon.

Do the appropriators understand it? Yes. We have briefed the appropriators on where we stand as to what we can and can't do, absent the legislation.

The CHAIRMAN. But presumably the continuing resolution you're talking about must pass the Congress by September 30, which is 2 weeks away.

Mr. BOWAB. Yes, sir. We are aware of that, and so is the Office of Management and Budget.

The CHAIRMAN. And hopefully the appropriators.

Mr. BOWAB. Yes, sir, we've briefed the appropriators.

The CHAIRMAN. In both houses, and what have you.

Mr. BOWAB. Both houses, both the foreign ops and the defense appropriators.

The CHAIRMAN. Now, let me just ask, under the contingency—and this remains a longshot, but we hear these discussions in our caucuses—if the House of Representatives should pass a so-called omnibus appropriation bill in which they wrap together the remainder of the bills, and send it over here, Senator Stevens has indicated he would be receptive, obviously, to having debate. Now, whether the Senate would pass the bill or not remains conjecture, I suspect. But under that contingency, are you covered also? If you got into an omnibus thing, are your provisions presumably in the House activity that's underway?

Mr. BOWAB. The only provision that is in the House activity—and it is in the House-passed bill—is debt relief for Iraq.

The CHAIRMAN. Yes, I see.

Mr. BOWAB. The relief from the sector limitations is not in the House bill.

The CHAIRMAN. Well, I would just suggest, take a look at that. That is a conceivable outcome, although a less likely one than a continuing resolution covering those appropriation bills that have not passed. But it would be a shame to lose on a technicality. This is the purpose of our trying to think through, to make sure you're making all the preparations that you need to make to get done the things that you have suggested today.

The second thing I want to ask is, after the $1.8 billion for security, training, and equipment for the police and the national guard, border and security forces is allocated, do you forecast, or do the experts that are advising you forecast, that this is what is needed? In other words, is this another incremental step, or is there some analysis of how large the Iraqi forces need to be, how much equipment they need, so that this covers it? After the deliberations, has this been a question, an issue, that you and your colleagues have discussed?

Mr. BOWAB. We've certainly worked long and hard with General Casey and General Petraeus on this issue, and the plan that they have presented us is the plan that they feel, in their mind, will get us to where we need to get.

Now, it's not a plan that's going to happen overnight. It involves a number of things, including training, equipping, and increasing the infrastructure, the capability to produce these people. That infrastructure doesn't exist right now, so it's, kind of, a total-package approach that we need in order to make this happen.

The CHAIRMAN. But by "total-package," that means that once you get that done, your judgment is that this is the kind of security that the Iraqi Government can utilize to make a move on its own.

Mr. BOWAB. Well, we did extensive consultations with the Iraqi Government on this plan, and we were both in agreement that this is where we needed to go.

The CHAIRMAN. And this is the number of people they believe they need to provide security in their country, albeit after the training occurs, after the equipment arrives, and after the infrastructure that undergirds this is built?

Mr. BOWAB. These are the numbers, yes, that they have agreed to.

The CHAIRMAN. Now, let me ask, with regard to the United Nations, yesterday Ashraf-Jehangir Qazi, the special representative of

the Secretary General, stated to the U.N. that the U.N. will not run or administer the elections, but will assist the Iraqis in organizing their own elections.

Clearly, the U.N. has security problems which may or may not have been addressed by the United States, the Iraqis, or others; and, clearly, they have not been eager to send personnel. The number of people that Senator Biden suggested that they are thinking about is a very small token in comparison to what might have been contemplated. What do you foresee will be the work of the U.N. if people do not arrive before November, which I understand is one of the planning admonitions they've given here? And, you know, physically, how do they fit into this preparation for the election? Do you have a thought on that, Mr. Schlicher?

Mr. SCHLICHER. Yes, sir. I know that the U.N. has been working cheek-by-jowl, side-by-side, with the Iraqi Electoral Commission since the commission was stood up. I know that they're providing them training, they're providing them technical advice. They are planning together for elections that the Iraqis want to administer themselves, but for which the Iraqis want the imprimatur of the international community, especially as represented by the United Nations, although maybe not exclusively by the U.N. I would have to talk to the U.N. electoral people to see exactly how they might see their roles shifting in the coming months between now and the elections.

The CHAIRMAN. Well, I hope you will do that, because this imprimatur is important, but——

Mr. SCHLICHER. Yes, sir.

The CHAIRMAN [continuing]. It could be pretty well stretched, given the size of the country, the number of polling places, and so forth. If there are very, very few U.N. personnel visible, the credibility both for the Iraqis and internationally could be suspect.

Mr. SCHLICHER. Yes, sir. We are making sure that our allies in this enterprise at the U.N. know that we think it's exceptionally important that they have adequate levels of people there.

The CHAIRMAN. And would you, just in an interim way, not every day or every week, but, regularly sir, report to the committee how this is going? This is very important, for the reasons you've suggested. The Iraqis feel this is important, in terms of the credibility of their elections.

Mr. SCHLICHER. I'll stay in touch on it, sir.

The CHAIRMAN. We would appreciate that.

Various think tanks here in Washington have published reports offering advice. I cite one of them, CSIS. Experts there recommend that the United States aid focus on providing direct assistance to Iraqis, to the local and provincial governing councils to generate local ownership in the rebuilding process. It also suggests that we give funding priority to the Iraqi judiciary branch. We haven't discussed today how that might be evolving.

In general, have you taken into consideration reports such as the CSIS report? I cite just a couple of items from what is a very comprehensive view. These people may not eventually have governing responsibility, but frequently many people writing these reports have been involved heavily in governmental responsibility in the past, and are very knowledgeable.

Mr. SCHLICHER. Yes, sir. In fact, I try to read all of the think-tank productions on Iraq that I can, and articles in the Foreign Affairs quarterlies, to attend think-tank sessions on the issues. USIP, for example, has had several very useful ones on elections. And I think there will be more. So I think those things are all very useful in helping us to try to calibrate things properly, and particularly useful at asking outsiders questions to make sure we're not only talking to ourselves.

The CHAIRMAN. We've talked a little bit today about the local and provincial governing councils. We haven't discussed the judiciary system. How is our assistance buttressing the strengths of these local councils and their judicial procedures?

Mr. SCHLICHER. Oh, let me think where to start, for a second. First of all, one of the good CPA legacies that was left to Iraq was the principle of devolution of authority from the center to the outside. You know, that's something that Iraqis are still in the process of learning the merits of, frankly, because there's, I think, an inherent tension between the center and the outlying areas, especially in a period that's unsettled. So, on the one hand, you have to try to assert the authority of the central government; on the other hand, you have to try to keep alive the principle of decentralization.

The Iraqis have been working amongst themselves to try to find what the right procedures of communication between the center and the provinces are. And it's been rather rocky.

One thing that I think that our Iraqi friends are going to consider is, what sort of revenue generation will the outlying areas be able to have for themselves? What is the degree to which they will be able to make their own laws and regulations to govern their areas? Those things are still under definition right now. But I think it is very, very important that the Iraqis not lose sight of the value of decentralization as they move ahead.

On judicial training, I know there's a lot going on. I'm sorry, I don't have the details of how much, but I'll be glad to get back to you with it.

[The information referred to above was not available at the time this hearing was sent to press.]

The CHAIRMAN. Well, that would be great; for completion of the record, that certainly would be important. The first part of what you've said, I think, is critically important and difficult in our own government. The whole idea of federalism, as it's evolved over two centuries, has been very, very important and, as you say, rocky from time to time.

Clearly, one reason why there is some optimism on the part of many observers about Iraq is that some useful things are happening in these local level councils. There are people stepping forward, actually doing some governance that seems to have some equilibrium, even under the stresses that are involved there. We've not gotten today into what is happening with the Kurds in the north and so forth, but there appears to be a structure of government there, perhaps engendered by a period of protection by the United States and Operation Northern Watch, that offers some hope.

Mr. SCHLICHER. Yes, sir. And your question's a good reminder that after we collectively meet the challenge of the elections, that then another challenge is immediately going to arise, and that's going to be the Iraqi constitutional process——

The CHAIRMAN. Constitutional framework.

Mr. SCHLICHER [continuing]. In which exactly these issues have to be hammered out.

The CHAIRMAN. Would provisional reconstruction teams, like those that have been set up in Afghanistan, help out in Iraq, to get workers out of the Green Zone more easily, and to offer some protection and security? Has thought been given as to whether there are any parallels between the Afghanistan experience and reconstruction in Iraq?

Mr. SCHLICHER. Yes, sir. I know a lot of thought's been given to it. And I would note, in fact, that our new director of IRMO is, in fact, Ambassador Bill Taylor, who was our coordinator for Iraq. So—excuse me, for Afghanistan—so I can guarantee you that he will have all of the good lessons he learned from the Afghan experience in his mind in his new job.

PCO, which is the implementing arm for IRRF in the new mission, has sites all across Iraq at this point. I could get back to you with the exact number, but their aim is to have reach all over the country in order to have, you know, in the localities, the resources they need to do the projects in those localities.

The CHAIRMAN. Well, please, if you could furnish for the record your best ideas about how many there are and what they are doing, that would be helpful, to supplement our confidence, at this point.

Mr. SCHLICHER. Yes, sir, I'll get it to you.

[The information referred to above was not available at the time this hearing was sent to press.]

The CHAIRMAN. Thank you.

Senator Hagel.

Senator HAGEL. Thank you, Mr. Chairman.

I have just really one question. But I wanted to go back to Mr. Bowab's response to Senator Nelson on how much money is being spent in Iraq.

The issue—the question is really not whether we're spending enough money on Iraq. We're spending a lot of money in Iraq, and you're exactly right. The issue that we're talking about this morning, Mr. Bowab, is the $18.4 billion for economic development and jobs.

Now, the chairman of the committee, in his opening statement this morning, talked about the military is not going to ultimately win Iraq. The military is a very important part of that. But there was a great phrase that many of you will remember, and we used it in Vietnam, "winning the hearts and minds of the people." You don't win the hearts and minds of the people at the end of a barrel of a gun. You do that through the process that we started here in the Congress, appropriating $18.4 billion, the human dynamics, the quality of life, the improvement of their lives—jobs, economic development. That's what we're talking about. Not talking about how much money's been spent, or not enough. I don't know—you're

right, I don't know, maybe you've got a calculation of how much we've spent there. Probably over $200 billion. We're spending more than $5 billion a month. I don't know if anybody really understands how much we're spending. We're talking in our caucuses about more supplementals.

But I don't want this subject to drift here from whether we're putting enough money in it. We're talking about something very specific in this hearing this morning, and that's what you're charged with doing.

Now, I say, again, you didn't create this problem. You inherited this mess. So you're the ones up here. Maybe we ought to have a hearing—the inventors of this, have them come back up, all these smart guys that got us in there and said, "Don't worry, Senator Hagel, you're nitpicking. We've got plans, we know where we're going." Maybe we bring them all up. Isn't a bad idea to start the new Congress, maybe next year, bring all the smart guys up that said how easy this was going to be and who reassured us not to worry.

Now, with that said, let me ask this question. Regional initiatives—diplomatic, economic, security—we've really not touched on that today. We've talked about everything but that. What are we doing regarding the region, the partners, the other nations that are affected by what we're doing in Iraq and the outcome of Iraq?

Mr. SCHLICHER. Yes, sir. Several things are underway right now. One thing, we're working with the Iraqis on setting up a meeting that will feature their neighbors, plus others in the international community, for, we hope, sometime in the fall, to show the support of the international community for the Iraqi Government, for the security efforts there, and for the election process, as well. The Iraqis have also been participating in their own group of just them and all of their neighbors. There have been six meetings, I think it is, to date of that group, and another one is scheduled, I think, for the first week of October.

The Iraqi Foreign Minister has been on a regional tour quite recently, which has taken him, I think, at least to Jordan and to Cairo, where he's going to do some Arab League diplomacy. The Iraqi Interior Minister was in Damascus last week to discuss security issues and to discuss the return of Iraqi assets that are located in Syria. The Iraqi Deputy Prime Minister, I think in the last month it is now, has also made a trip to Damascus, and I think he made a trip to Iran, as well, but I would have to check and make sure that it's he who did that.

So, you see, we're being active, the international community is being active, and, very pleasingly, the Iraqis themselves have been extremely active.

We also expect that, in the upcoming UNGA, that there are going to be lots more opportunities for the Iraqi's bilateral diplomacy with other attendees and for multilateral diplomacy, as well.

I would also add the NATO effort on training, which is largely a security thing, of course, as part of the diplomatic strategy, as well.

Senator HAGEL. Thank you.

Gentlemen, thank you both. And give our thanks to your colleagues.

Thank you, Mr. Chairman.

The CHAIRMAN. Well, thank you, Senator Hagel.

And we do thank our witnesses for your presence, your testimony, your forthcoming responses. We have asked for a lot of items for the record. I am hopeful that the text in the transcript will be helpful. You may have taken notes on that. We do want to have a very complete record of this hearing as another benchmark of our progress in this situation. Undoubtedly the committee will hold additional oversight hearings on these very subjects. These efforts are crucial to the success of the Iraqis and to our success in working with them.

We thank you for your leadership, and the hearing is adjourned.

[Whereupon, at 11:42 a.m., the committee adjourned, to reconvene subject to the call of the Chair.]

RESPONSES TO ADDITIONAL QUESTIONS SUBMITTED FOR THE RECORD

RESPONSES OF RONALD L. SCHLICHER TO ADDITIONAL QUESTIONS FOR THE RECORD SUBMITTED BY SENATOR RICHARD G. LUGAR

REALLOCATION OF THE IRRF FOR DEBT RELIEF

Question 1. When were these loans made and by what USG entity?

Answer. Two USG entities, the Department of Agriculture's Commodity Credit Corporation (CCC) and the Export-Import Bank (EXIM), carry all of Iraq's debt to the U.S. Government. CCC is far and away the largest creditor, with debt of about $3.8 billion. CCC had programs for Iraq in the 1980's to mid-1990. Iraq borrowed money from about 10 U.S. banks to purchase American agricultural products through a USDA program. In July 1990, Iraq ceased making payments to U.S. banks for loans guaranteed under the GSM-102/GSM-103 program. An additional $36 million was lent specifically for dairy exports under the OGSM program. All of these programs were shut down on August 2, 1990, pursuant to Executive Orders: 12722 and 12723. As a result, CCC paid over 5,000 claims totaling just over $2.05 billion.

EXIM's debt, including principal and late interest, is over $116 million. EXIM's claims are for short-term insurance financing for goods shipped between August 1988 and July 1990. Items shipped covered a wide range of manufacturing goods, such as construction machinery, motor vehicle parts, surgical appliances and supplies, machine and metal tools, as well as goods related to pharmaceutical manufacture.

Question 2. How much is the total Iraq debt held by the U.S. Government?

Answer. The table below gives a breakdown of the principal and interest charges owed to the two U.S. agencies that carry Iraqi debt, as of September 30, 2004. Interest will continue to accrue on the claims until a bilateral debt restructuring agreement enters into effect with Iraq. U.S. and Iraqi authorities are in the process of reconciling these claims.

Agency	Principal	Projected past-due interest	Total
USDA	$2,082,500,436.46	$1,700,828,106.72	$3,783,328,543.18
EXIM	$ 49,763,411.58	$ 66,428,879.73	$ 116,192,291.31
Total	$2,132,263,848.04	$1,767,256,986.45	$3,899,520,834.48

Question 3. If this is full debt relief, why is it important to wipe it all clear now? Why not some lesser amount?

Answer. Iraq faces an enormous and immediate reconstruction challenge. It will not be able to meet that challenge unless its massive external debt burden is significantly reduced in the very near term. For example, potential investors in Iraq will not be willing to risk new resources unless the debt is reduced and relations between Iraq and its creditors are regularized.

G–8 leaders agreed at the Sea Island summit in June 2004 that debt reduction for Iraq was critical and should be agreed by the end of this year. Following the summit and subsequent discussions among creditors, considerable diplomatic momentum has been generated to pursue a debt reduction agreement this year. Delay would reduce the chances for a successful outcome.

The exact amount of debt reduction remains under discussion among creditors. Given the enormity of the debt stock ($125 billion, including late interest) and Iraq's development challenge, the United States believes the vast majority should be forgiven. An analysis by the IMF confirms that lesser amounts of debt reduction would still leave Iraq with an unsustainable level of debt.

Question 4. What are we asking/expect of other nations in terms of debt relief?

Answer. Discussions among Paris Club creditors continue, and the details of terms under review remain sensitive. The Iraqi Interim Government (IIG) has requested reduction of the vast majority of its Paris Club debt. The USG supports the IIG request, has urged other creditors to support it, and has urged non-Paris Club creditors to extend comparable terms at the appropriate time.

Question 5. What loss are we asking private creditors to take on the debt they hold?

Answer. To promote burden-sharing, Paris Club debt restructuring agreements typically oblige the debtor to seek comparable treatment from its non-Paris Club creditors, including private creditors. An agreement with Iraq would be no exception.

Question 6. Does it make economic sense to forgive the debt, rather than restructure it as some economists have argued? What would be the budget cost of restructuring? If the Iraqis began repayments on the current debt,: what would it be?

Answer. The IMF's debt sustainability analysis has confirmed that a mere rescheduling of Iraq's debt would leave the country with an unsustainable and growing debt burden, thus hampering reconstruction and development. This would not make economic sense.

Under current budget scoring methodology, there would be no associated budget cost for a debt restructuring (rescheduling).

The debt reduction agreement to be negotiated with creditors will specify the level of near-term repayments, if any. Given the damage to the Iraqi economy caused by years of Saddam's misrule and the large reconstruction needs, Iraq's debt servicing capacity is very low.

Question 7. Haven't arrears to the international financial institutions already been covered?

Answer. Iraq cleared its arrears to the IMF ($81 million) on September 22, 2004. It is also taking steps to clear arrears ($100 million) to the World Bank but has not completed this process.

Question 8. Is this the best use for $360 million at this time? Will this bring us more security and stability in Iraq more so than foregone public works projects?

Answer. U.S. law requires that funds be appropriated to cover the budget cost of reducing USG claims on a foreign government. Absent this appropriation (and authorization), the U.S. would not be able to participate in the U.S.-led multilateral effort to reduce Iraq's unsustainable debt burden. U.S. nonparticipation would likely threaten the entire exercise. In fact, this is a very sound use of $360 million, since this sum will potentially leverage many tens of billions of dollars in total debt reduction for Iraq. As noted above, debt relief is a precondition for reconstruction and development, which over time will promote security and stability in Iraq.

Question 9. Do the Iraqis agree with this use of $360 million?

Answer. Yes. The U.S. Embassy in Baghdad held extensive consultations with IIG officials on their proposals to re-allocate the IRRF, including the debt relief provision. The Iraqis understand our statutory requirement to appropriate funds for debt forgiveness, seek urgent debt relief from creditors, and are grateful for U.S. efforts in this respect.

Question 10. Last Fall, Ambassador Bremer and Secretary Rumsfeld testified a number of times in relation to this supplemental and stated clearly that these IRRF funds would not be used to pay Saddam's debts. What has changed?

Answer. Ambassador Bremer and Secretary Rumsfeld testified that none of the IRRF funds would be used to help Iraq repay debts to *foreign* creditors. This remains true. In fact, because this is a multilateral exercise, authorization to use

IRRF funds to cover the U.S. budget cost of debt forgiveness will facilitate reduction of Iraq's debt payments to foreign creditors.

Question 11. Please provide to the committee a detailed list of projects that are being deferred or canceled based on this shift in funds.

Answer. Please see attached chart.

TAB I-Projects and Task Orders Being Cut for IRRF Reallocation

T/O No	Task Order Description	Gov	PIF#	Executing Agency	Base case			TOTAL
PUBLIC WORKS								1943.26
40000	**Power Generation**				TOTAL			
	Gas Power Station	Qusiaba	GBAKA-40		955.48	$ (955.48)	Electricity Sector Cuts	
	Gas Power Station	Shuaiba	GBAKD-044		166.71			166.71
	Gas Power Station	Samawah	GBAKL-042		140.78			140.78
	Gas Power Station	Dadoosh	GBAKN-017		140.78			140.78
EG-027	Baiji Unit 4 & 5	Salah-Ad Din	GBAKB-086		380.71			380.71
					126.50			126.50
41000	**Power Transmission**							
	Transmission	Generalized			119.00	$ (119.00)	Potable Water Cuts	119.00
					119.00			119.00
60000	**Potable Water**							
PW-014	Kirkuk Water Supply Stage 2	Tameem	UDARS001		1,058.50	$ (1,058.50)	Potable Water Cuts	
PW-016	Ana Water Supply	Anbar	UDARA001		105.00			105.00
PW-017	Baghdadi Water Supply	Anbar	UDARA002		15.00			15.00
PW-018	Habaniah Water Supply	Anbar	UDARA003		12.00			12.00
PW-019	Karma Water Supply	Anbar	UDARA004		0.00			0.00
PW-021	Taje Water Supply	Baghdad	UDARC001		15.00			15.00
PW-022	Zohoor Water Supply	Baghdad	UDARC002		24.00			24.00
PW-024	Al Salam (30 July) Water Supply	Diyala	UDARG001		25.00			25.00
PW-025	Bohrez Water Supply	Diyala	UDARG003		20.00			20.00
PW-027	Hindiah Water Supply	Kerbala	UDARJ001		20.00			20.00
PW-028	Jadwal Gharbe Water Supply	Kerbala	UDARJ002		24.00			24.00
PW-029	Khairat Water Supply	Kerbala	UDARJ003		24.00			24.00
PW-030	Ali Al-Sharke Water Supply	Missan	UDARK001		20.00			20.00
PW-031	Amarrah Water Supply	Missan	UDARK002		25.00			25.00
PW-036	Najaf Water Supply	Najaf	UDARM002		25.00			25.00
PW-037	Hamam Al-Alel Water Supply	Ninewa	UDARN001		50.00			50.00
PW-038	Mosul Water Supply	Ninewa	UDARN002		45.00			45.00
PW-040	Ghamaz Water Supply	Qadissiyah	UDARP003		99.00			99.00
PW-041	Alam Water Supply	Salah Al Din	UDARQ001		20.00			20.00
PW-042	Dejel Water Supply	Salah Al Din	UDARQ002		15.00			15.00
PW-043	Samara Water Supply	Salah Al Din	UDARQ003		19.00			19.00
PW-045	Eslah Jabaiesh Water Supply	Thi-Qar	UDART002		35.00			35.00
PW-046	Fajer Water Supply	Thi-Qar	UDART003		35.00			35.00
PW-047	Naser Water Supply	Thi-Qar	UDART004		20.00			20.00
PW-049	Komet Water Supply	Wassit	UDARU001		15.00			15.00
PW-050	Zobedian Water Supply	Wassit	UDARU002		21.20			21.20
PW-051	Duhok City Water Supply	Dahuk	UDARF001		23.00			23.00
PW-052	Deraluk-Qadish-Bamarni Water Supply	Dahuk	UDARF002		27.00			27.00
PW-053	Duhok City Extension of Water Networks	Dahuk	UDARF003		25.00			25.00
PW-054	Kani Masi Water Supply	Dahuk	UDARF004		30.00			30.00
PW-055	United Aqra Water Supply	Dahuk	UDARF005		25.00			25.00
PW-056	Zakho Water Supply	Dahuk	UDARF006		30.00			30.00
PW-063	Kalar-RizgaryWater Supply	Sulaymaniy	UDARR003		20.00			20.00
PW-064	Qaladize Water Supply	Sulaymaniy	UDARR004		20.00			20.00
PW-064	Semawa (Kannowa) Water Supply	Sulaymaniy	UDARR006		8.00			8.00
PW-065	Rania-Chwar Qurna-Haji Awa Water Supply	Sulaymaniy	UDARR005		6.00			6.00
PW-070	New K-5 WTP (50 MGD)	Baghdad	BDARC005		20.00			20.00
PW-071	New Potable Water Distribution Mains	Baghdad	BDARC006		30.00			30.00
PW-072	New Potable Water Transmission Mains	Baghdad	BDARC007		6.50			6.50
PW-074	New Raw Water Transmission Mains	Baghdad	BDARC010		35.00			35.00
PW-075	New Tamos WTP (15 MGD)	Baghdad	BDARC011		11.00			11.00
PW-078	Water Quality Labs Rehab	Baghdad	BDARC013		12.00			12.00
61000	**Water Conservation**				1.80			1.80
					0.00	$ -	Water Conservation Cuts	
62000	**Sewerage**							
S-001	Hilla City Sewerage Project	Babylon	UDAVB001		503.00	$ (503.00)	Sewerage Cuts	
					65.00			65.00

TAB I-Projects and Task Orders Being Cut for IRRF Reallocation

T/O No	Task Order Description	Gov	PIF#	Executing Agency	Base case			TOTAL
PUBLIC WORKS					TOTAL			1943.26
SS-002	Jisser City (Baghdad) Sewerage Project	Baghdad	UDAVC001		25.00			25.00
SS-004	Karbala City Sewerage Project	Kerbala	UDAVJ001		55.00			55.00
SS-005	Amarrah City Sewerage Project Stage 2	Missan	UDAVK001		25.00			25.00
SS-006	Najaf City (Kufa) Sewerage Project	Najaf	UDAVM001		55.00			55.00
SS-007	Mosul City Sewerage Project	Ninewa	UDAVN001		94.00			94.00
SS-008	Nasiriya City Sewerage Project	Thi-Qar	UDAVT001		122.00			122.00
SS-009	Erbil City Sewerage Project	Erbil	UDAVH001		62.00			62.00
63000	**Other Solid Waste**				0.00	$ -	Solid Waste Cuts	
64000	**Pump Stations and Generators**				32.76	$ (32.76)	P.S. & Generators Cuts	
	Basra Water Scheme, Pumping Stations No. 02	Basrah		USAID	3.76			3.76
	Karbala Irrigation and Drainage Project, PS #2	Kerbala			12.88			12.88
	Badra Jassan Irrigation and Drainage Project PS No 1 (priority #80)	Wassit			4.26			4.26
	Badra Jassan Irrigation and Drainage Project PS No 4 Horizontal (priority #83)	Wassit			1.24			1.24
	Badra Jassan Irrigation and Drainage Project PS No 4 Vertical (priority #84)	Wassit			3.54			3.54
	Badra Jassan Irrigation and Drainage Project PS No 3 (priority #82)	Wassit			3.54			3.54
	Badra Jassan Irrigation and Drainage Project PS No 2 (priority #81)	Wassit			3.54			3.54
65000	**Irrigation and Drainage**				89.53	$ (89.53)	Irrigation and Drainage Cuts	
WR-013	Hilla-Hashmiya Reclamation Project	Babylon			45.83			45.83
WR-014	Left Al-Adheem Reclamation Project	Diyala			43.70			43.70
66000	**Major Irrigation Projects**				122.79	$ (122.79)	Major Irrigation Cuts	
WR-006	Hurrya-Dagharra Reclamation Project	Qadissiyah			63.95			63.95
WR-016	Mahrut	Diyala			15.99			15.99
WR-017	Korkuk	Salah Al Din			14.28			14.28
WR-018	Muthanna Reclamation Project	Muthanna			28.57			28.57
67000	**Dams**				65.62	$ (65.62)	Dams Cuts	
WR-020	Arar Dam	Anbar			8.75			8.75
WR-020	Tubal Dam	Anbar			6.97			6.97
WR-020	Horan 1/2 Dam	Anbar			1.86			1.86
WR-021	Badoosh dam	Ninewa			35.53			35.53
WR-023	Kazania Dam	Diyala			2.67			2.67
WR-024	Mandali Dam	Diyala			4.44			4.44
WR-025	Hussub Dam	Najaf			1.84			1.84
WR-026	Sammara Barrage Complex	Salah Al Din			3.56			3.56
68000	**Basra/Umm Qasr Water Supply Scheme**				0.00	$ -	Basra/Um Qasr water Supply Cuts	
69000	**Basra Channel Flushing**				71.06	$ (71.06)	Basra Channel Flushing Cuts	
WR-011	Basra Canal Regulators--Tidal Channel Flooding	Basrah			71.06			71.06
	Public Works/Water Sector Totals				$ 1,943.26			$ 1,943.26

Question 12. I understand from your briefings to committee staff that in some cases you have obligated funds to some of the projects being canceled (signed contracts, mobilized people, etc.). Please provide an accounting of this. What would it cost to fully finance these contracts/projects or work orders?

Answer. The $450 million identified for reallocation within the oil sector had previously been allocated to purchase refined products from the Defense Energy Support Center. The proposed reallocation would invest this money in infrastructure projects designed to help the IIG reach its production goal of 3 million bpd. Within the electricity sector, $126.55 million of the $1.075 billion identified for reallocation has been obligated. These funds were allocated to complete units 4 and 5 of the Baiji Power Plant.

It is difficult to estimate the exact cost to fully finance these projects, as costs are so heavily influenced by the security situation and changing conditions on the ground.

Question 13. As Mr. Schlicher said in testimony, "We have not forgotten these worthwhile plans, and we believe that other donors, and the Iraqis themselves, will find money for them." If money comes along later, would you choose these same or similar projects?

Answer. Should additional funding be made available at a later date, we would, of course, defer final judgment to the Iraqi Government, but our recommendation would be to fund the same or similar projects that are identified for cuts in the IRRF reallocation.

Question 14. Has the Department deployed its own IG contingent to Iraq to look after the reconstruction spending? How many people area currently in country? How many are planned and what should we expect in the short term in the way of results?

Answer. State/OIG's work relative to Iraq essentially dates from June 28, 2004, with the establishment of the embassy there. Two OIG representatives recently returned from Baghdad following 90-day assignments. One result of this deployment was an audit of the new embassy's cash-management situation and of the training that is being done to equip Iraqi employees to assume responsibilities for this function.

Iraq-related OIG work in progress includes a review of off-site support for our mission in Iraq, a joint DOD/State assessment of the program to train Iraqi police (a program funded through the Department of State's Bureau of International Narcotics and Law Enforcement—INL), and an evaluation of life/safety measures at Embassy Baghdad. These projects will be completed over the next few months, funding permitting.

A senior OIG representative will go to Iraq in October to examine with the embassy the priority and feasibility of other OIG work.

Question 15. A June MOA between all of the relevant Inspectors General indicated Ambassador Negroponte would make a recommendation, by September as to the future of the IG functions for Iraqi Reconstruction. Could you provide a copy of his recommendation to the committee for the record?

Answer. The MOA stipulated that the Inspectors General of State, DOD, USAID and CPA, in consultation with Ambassador Negroponte, make a recommendation to the Secretaries of State and Defense as to whether further administrative or legislative action should be pursued relative to the CPA/IG. OIG solicited the ambassador's views, but has not received a written response.

Question 16. Training and Equipping Iraqi National Guard, Police and Border Enforcement:

- How far out does your planning extend on all of these issues?

Answer. Our planning for the Iraqi Security Forces (ISF—Police, Civil Intervention Force, Emergency Response Unit, and Border Enforcement Police under the Ministry of the Interior and Iraqi National Guard under the; Ministry of Defense) is tied to meeting the objectives laid out by Ambassador Negroponte and Generals Casey and Petraeus in the IRRF reprogramming request. Our planning in this regard extends well into 2006.

Question 17. Will the extra $1.8 billion for security training and equipment produce all the police, national guard, border and facility forces that the experts forecast are needed?

Answer. General Petraeus' charter, when assuming the job in Iraq, was to conduct a "bottom-up-review" of the ISF and Iraqi military in consultation with Iraqi officials. That data was folded into the IRRF review that was recently completed. Based

on the assessment of Embassy Baghdad and Generals Casey and Petraeus, we anticipate that the additional $1.8 billion will meet the objectives of the IRRF reprogramming in terms of the number of ISF personnel needed. However, the requirements of the ISF are constantly being monitored to ensure that we meet our objectives in Iraq. Ultimately, the responsibility for deciding what sufficient Iraqi security and law enforcement forces entails resides with the Iraqi Government. The U.S. will remain engaged to ensure that U.S. taxpayer dollars are well spent on training and equipping Iraqi security forces.

Question 18. Do you take into account attrition and casualties?

Answer. Yes. MNSTC-I has tried to purge the ISF of unfit or unqualified officers even as it attempts to recruit and train new ones. For example, to enhance the effectiveness of the Iraqi Police Service (IPS), we are working with the Ministry of Interior to remove unfit or unqualified individuals from the IPS. MNSTC-I's recruiting efforts also take into account recruiting replacements for ISF casualties, as well as to replace members of the ISF that fail to perform as expected in combat. MNSTC-I's training priority remains on turning out more qualified and effective members of the ISF.

TRAINING AND EQUIPPING IRAQI NATIONAL GUARD, POLICE AND BORDER ENFORCEMENT

Question 19. I have said before, and I think I hear it from you two today, we have to settle ourselves in for the long term, a marathon and not a sprint.

- Does the Department of State which traditionally has carried out police training, civil society and law enforcement assistance have the internal resources, particularly trained personnel, to implement the large increases in these areas?

Answer. Yes. The State Department, Bureau for International Narcotics and Law Enforcement Affairs (INL) has recently acquired additional staff with extensive experience in international criminal justice development and training generally and in Iraq specifically. Additionally, INL has reorganized to give greater emphasis and resources to international civilian police training and operations including those in Iraq and Afghanistan.

Question 20. How is Iraq assistance different from other law enforcement programs? Was the type of assistance required not foreseen until this review?

Answer. The principal differences between the Iraq program and others designed and operated by INL are:

1. The Iraq police program is the largest effort of its kind ever undertaken. While the components are similar to other post-conflict police programs, the sheer numbers of trainers, advisors and Iraqis far exceeds any previous training effort;
2. Lack of an Iraqi police organizational and physical infrastructure after the conclusion of principal military operations against Saddam's regime thus necessitating a wholesale development effort;
3. The lead role of the U.S. Department of Defense in civilian police development and training; and
4. The high level of ambient violence and security problems which have prevented the free movement of trainers and mentors throughout the country and have delayed the start of a formal police field training program.

Question 21. Has there been progress in equipping security personnel who have already been trained? General Petraeus' staff called equipping these forces "the long pole in the tent." Is this process still delayed?

Answer. MNSTC-I has made progress in equipping the ISF. MNSTC-I currently has trained close to 100,000 trained ISF members. The equipment for those forces is flowing into Iraq in large quantities, particularly in recent months. We will shortly begin to put out for bid additional contracts to equip the additional ISF units as requested by the IRRF reprogramming. While the equipment required for the original ISF numbers, has been ordered with deliveries ongoing, the equipment required for the expanded ISF has not yet been ordered. Priority remains in expediting equipping these units with communications, body armor, weapons, and vehicles.

Question 22. We are only 4½ months from planned elections. Are you comfortable with the preparations that have been done for elections to this point? Are we getting the assistance from the UN that we expect and need?

Answer. The UN has been instrumental in Iraq's political transition. The UN led the process to put together the Independent Electoral Commission of Iraq (IECI), as well as the Interim Iraqi Government and August's National Conference. Cur-

rently there are three substantive electoral experts in Iraq. The UN is working to recruit individuals to fill five additional positions by the end of the month.

UN elections experts in Baghdad have advised us that preparations for the elections are on schedule, although the logistical and security challenges are significant.

We believe—and have urged—that the UN should increase the size of its team and speed up deployment in order to assist the IECI conduct elections by January 31, 2005. Meanwhile, we have allocated $40 million from USAID to IFES (formerly called the International Foundation for Election Systems), an NGO specializing in elections assistance, to assist the IECI and the UN in the logistical preparations for the elections.

Question 23. From a September 3rd report from the UNSYG and follow-up conversations with UN officials, I understand that the UN may "not have sufficient security and personnel in place until sometime in November. I do not gain a great sense of urgency on their part . . . will that be time enough?

Answer. Security concerns have impeded the UN deployment to Iraq. The UN has established a policy that limits the number international UN personnel in Iraq to 35 at any one time. Currently there are about 30 international UN personnel in Iraq, including administrative, electoral, security, humanitarian, and support staff for Special Representative of the Secretary General Qazi. There are now three substantive electoral experts in Iraq. The UN is working to recruit individuals to fill five additional positions by the end of the month.

Provisional UN staffing plans envision 40–45 international personnel in Baghdad, 26 in Basrah, and 26 in Irbil by November; however, the UN Iraq Policy Group is reluctant to recommend that that UN Secretary General Kofi Annan lift the 35-person ceiling for security reasons.

We expect that the first UN Personal Security Detail (PSD) team, which is from Fiji, will be deployed to Baghdad by the end of October. U.S forces will continue to provide PSDs for high-ranking UN officials in the interim. We continue to push for an earlier deployment of these PSDs. We hope the first UN guard units deployed to protect residences and offices—also from Fiji—will also be in Iraq by the end of October, but they are not needed until the UN takes possession of independent facilities. Work continues to rehabilitate UN facilities in Baghdad to ensure that they meet UN security requirements.

Despite the logistical and security challenges, the UN has advised us that election preparations are on schedule. We are determined to assist the UN and the Independent Electoral Commission of Iraq in holding elections by January 31, 2005.

Question 24. What further does the United States need to do to help the Iraqis organize elections on time? In short, what is our back-up plan?

Answer. We have allocated $40 million to IFES (formerly the International Foundation for Elections Systems) to assist the Independent Electoral Commission of Iraq (IECI) and the UN with logistical preparations and voter education for the elections. Over the next four months, we will continue to provide this type of assistance, while consulting with the IECI, the UN, and the Iraqi Interim Government (IIG) on other ways the USG can help ensure elections are held on schedule. Furthermore, the Multinational Forces-Iraq (MNF-I) is working with the IIG on security preparations for the elections.

Our goal is to help the Iraqis hold elections by the end of January 2005. Both Prime Minister Allawi and the IECI are committed to that timetable, and we intend to do all we can to ensure it is met.

Question 25. What are we doing to combat rumors that elections may not take place in January?

Answer. The Iraqi Interim Government has made clear its commitment to hold elections in Iraq in January 2005; the UN, the Independent Electoral Commission of Iraq (IECI), and the U.S. Government share this conviction. The U.S. is working to ensure that the IECI and the UN have enough resources and support to proceed with elections preparations. We are providing $40 million through IFES (formerly the International Foundation for Elections Systems) to assist the IECI and UN with logistical preparations, and Multinational Forces-Iraq are working with the Iraqi Interim Government (IIG) on security plans for the elections. The work that the IECI is carrying out—such as a voter registration effort that will begin in a few weeks—will demonstrate to Iraqis that elections will be held according to schedule.

We are also supporting a "democracy advertising campaign" that the IECI is planning to launch to inform Iraqis of the elections process and encourage their participation. Through this campaign, which includes television, radio, and print (news-

papers and posters advertising), public awareness of the elections timetable should spread, helping to combat rumors of a delay.

Question 26. I hear sweeping generalizations about the composition of the insurgency that sound like the composition of the looters from last spring: a criminal element, former regime elements, and terrorists. Can you describe the insurgency more specifically and how it has evolved?

Answer. There is no one insurgency. There are several different groups of insurgents. Some insurgents are former regime and regime military elements that seem to hope that through their violence they can derail progress toward democracy and re-install a regime much like that of the former Ba'ath dictatorship. Others are groups, such as the one loyal to Muqtada al-Sadr, that use violence to gain regional or local power. Some of these groups may appeal to Iraqi nationalists who fear that the U.S. intends to remain in occupation of Iraq, or Iraqis fighting for more personal reasons, including avenging the deaths of friends and family. Religious extremists, many from outside of Iraq, form a third group, and would likely attack U.S. or friendly interests regardless of our activities in Iraq. All of these groups are reinforced by criminal elements resorting to violence for money. While there are indications of occasional or transactional cooperation between several of these elements, they in no sense represent a monolithic insurgency, despite having certain common points on their individual agendas.

The intelligence community and the Department of Defense are well placed to provide more specifics on the insurgency and terrorist groups, as well as their evolution.

Question 27. The security situation has affected the presence and freedom of movement of NGOs on the ground. Kidnapings and murders have shocked the world. What efforts are, there to provide assistance with security? Are those under contract responsible for their own security? Do you see a significant decline in NGO participation in the reconstruction of Iraq?

Answer. Generally, companies working in Iraq under contract with the USG (and their subcontractors) are required to provide for their own protection. MNF-I, however, provides contractors threat information and, when necessary and available, security assistance to contractors which come under attack or we believe are being specifically targeted.

We have seen anecdotal reporting that some international NGOs have, withdrawn from Iraq or limited their presence in country due to security concerns. However, many international NGOs remain active across the country in the humanitarian, educational, human rights, democratization and reconstruction efforts.

The Department of Defense may be able to provide you with more information.

Question 28. Describe Ayatollah al-Sistani's role in the recent Najaf truce. How are our relationships with him and his organization? Have he and PM Allawi formed an alliance?

Answer. Ayatollah al-Sistani supported for the Iraqi Interim Government's demand that the insurgent forces leave the Imam Ali shrine in Najaf. His efforts further underscored the illegitimacy of the insurgents' seizure of the shrine and their violent activities.

The United States continues to have contacts with a wide variety, of Iraqis, including some close to Ayatollah al-Sistani.

Ayatollah al-Sistani and Prime Minister Allawi, like a large number of Iraqi figures, have expressed their firm support for an independent, unified, peaceful, and democratic Iraq. However, I would not speculate on whether Ayatollah al-Sistani and Prime Minister Allawi have formed an "alliance."

Question 29. Has the situation in the Sunni triangle improved in any appreciable fashion? What are going to be the keys to cracking that problem? What has happened of late in Ramadi and Samarra?

Answer. Prime Minister Allawi has urged all Iraqis to join the political process, reaching out in particular to particular areas and cities with disaffected constituencies, notably in Samarra and in al-Albar governorate. He has, at the same time, demonstrated a firm resolve against armed groups that are continuing to terrorize these areas and using violence to try to derail progress toward democracy.

In Najaf, Iraqi and Coalition forces fought side by side against insurgents, creating the conditions that allowed for a peaceful resolution to the standoff. Such cooperation by security forces, combined with a robust political outreach and a follow-up with stepped up reconstruction efforts, will be necessary in other communities beset by violence, including those in Sunni areas. As Secretary Powell has said, our major effort for the next several months must be to recover those cities inside pre-

dominantly Sunni areas in which government control is inadequate, including Samarra and Ramadi.

Question 30. Can you comment on reports that Allawi's support may be waning? Is it simply exasperation over a worsening security situation?

Answer. There is no clear evidence that support for Prime Minister Allawi is waning. The security situation in Iraqi is a challenge, but Prime Minister Allawi has been firm and committed in his efforts to meet this challenge.

Question 31. Is it true that Allawi is relying heavily on former Ba'athists to run the country? It appears as if the Interior Ministry in particular has seen a large influx of former Ba'athists, many of whom are known publicly for their roles in Saddam's government and are generally despised. Can you provide some information on this?

Answer. There has been no large influx of Ba'athists into the Iraqi Interim Government. The provisions of the de-Ba'athification order still apply in Iraq and it would be illegal for any high-ranking Ba'athists to take up senior positions in government. This applies to all Ministries, including the Ministry of Interior.

Some amendments have been made to the implementation of the de-Ba'athification order, but these were aimed solely at enabling useful public servants, like teachers and doctors, who had no criminal background and were not in the most senior ranks of the party, from returning to their jobs and serving the Iraqi people.

Question 32. What became of Saddam's old police chiefs? Did they suffer the same fate as senior military officers?

Answer. Unlike the Iraqi Armed Forces, the Iraqi Police Force was not dissolved during the Coalition Provisional Authority period. Other than in accordance with the policy on de-Ba'athification, there was no systematic policy of dismissing senior police officers.

In practice, many police chiefs have been relieved of their positions since the end of the war. But these dismissals were most often made after consultations with local councils, where the police chief was deemed as being incompetent, unpopular or corrupt.

Question 33. A credible and active judiciary will be key to establishing the rule of law, providing for stability in all civil sectors and cracking the insurgency. We all followed the initial steps in the Saddam trial and I am aware that some of these officials have undergone training with USIP here in the U.S., but could you provide for the record a thorough update as to their training and activities to date?

Answer. The Department of State's Office of International Narcotics and Law Enforcement Affairs (INL) has been working with the Department of Justice's Office of Overseas Prosecutorial Development, Training and Assistance to provide legal advisors to assist with judicial training in the Iraqi Interim Government (IIG). The goal of the program is to help establish the rule of law in Iraq and build the fledgling independent court system in Iraq. Since June 2003 through the present, these activities have included:

- Vetting the judiciary through the Judicial Review Committee (a CPA-constituted body to vet former judges and examine potential new judges for suitability to serve in the new independent judicial system) to remove incompetent, corrupt and former senior Ba'athist Party judges. More than 20 percent of 860 reviewed judges were removed because of corruption;
- Conducting 6-week training seminars for 175 judges (150 from Baghdad and 25 from outlying areas);
- Establishing and maintaining liaison with the Court of Cassation and Supreme Court to encourage independence and adherence to the rule of law;
- Maintaining daily liaison with Central Criminal Court of Iraq through an advisor that sits at the CCCI, and provides technical guidance and input as cases are being tried, including helping answer technical and procedural questions and furnish suggestions regarding case processing and adjudication;
- Providing legal instruction and mentoring to judicial investigator candidates; and
- Mentoring judges in 16 Baghdad area courts to assist in coordination with police.

Additionally, as security permits, OPDAT plans to extend its, activities to regional hubs to further provide above training and mentoring throughout Iraq.

Finally, once the Iraqi Special Tribunal has been fully constituted, it will be provided specialized training to ensure the trial of Saddam Hussein and other high value detainees are tried in an open and transparent process that follows the rule of law.

Question 34. How much of the $13 billion pledged at the Madrid Donors' Conference last years has been received? I understand there's another conference planned for October in Tokyo. What are our expectations/goals for this conference?

Answer. Of the $13.5 billion pledged at Madrid over four years, the World Bank and IMF pledged over $5.5 billion in lending and other donor governments pledged $8 billion. The World Bank and IMF are now in discussions with the IIG on their interest in accessing their lending programs. Of the $8 billion pledged by other donors over 2004–2007, our estimates are that over $1.3 billion has been disbursed so far.

The third meeting of the Donors' Committee of the International Reconstruction Fund Facility for Iraq (IRFFI)—the UN and World Bank trust funds—will be held in Tokyo on October 13–14, 2004 at the invitation of Japan as host and as chair of the Facility's Donors' Committee.

Our key objectives for the meeting are to provide the new sovereign Iraqi Interim Government the opportunity to articulate Iraq's reconstruction priorities, and to review the progress to date on disbursements and project implementation by donors and by the the United Nations and World Bank trust funds that comprise the IRFFI.

Question 35. Over the past two months, PM Allawi has made visits to Iraq's neighbors, including Syria, Jordan, Egypt, Lebanon, Saudi Arabia and Kuwait to request help. What has resulted from those meetings?

Answer. Prime Minister Allawi's trips to neighboring capitals were aimed primarily at securing regional support for Iraq's progression to full democracy and to encourage these countries to fulfill their obligations as laid out in UNSCR 1546.

Prime Minister Allawi appears to have achieved real progress toward these objectives. He hastened the normalization of relations with Kuwait, made progress with Jordan regarding the training of Iraqi security forces, and made clear to Syria how it could live up to its commitments on border security and ending support for insurgents.

Through his regional trips, Prime Minister Allawi also set the stage for the international conference that will take place this fall. His bilateral visits serve as important markers in the normalization of post-war Iraq's relations in the region, and lay the basis for the Iraqi Interim Government working with its neighbors and other participants to set an agenda for the conference.

Question 36. We have addressed the subject of PD at great length in this committee. Let me raise for a moment the now well-quoted survey done in March by the Pew Center. It found, for example, that 70 percent of Jordanians believe suicide bombings against Americans in Iraq are justifiable and only 8 percent of Pakistanis believe Iraqis will be better off with Saddam gone—and Jordan and the Pakistanis are our allies. Further, a recent State Department poll, completed before the flare-up in Najaf, indicated that while the interim government still retained popularity as of mid-July, security remained the number one concern of Iraqis. And, disturbingly, 40% of Iraqis viewed attacks against U.S. and Coalition troops as "more helpful than harmful" to Iraq's development. Please provide a comprehensive overview of the various Coalition and U.S. PD programs in place. Can you measure their effectiveness? What else is planned?

Answer. The Department recognizes that Iraq represents possibly the most challenging public diplomacy environment in which we have operated. Polling information indicates that many Iraqis do not support the continued presence of U.S. and Coalition forces in Iraq. Additionally, many Iraqis have indicated that they would feel more secure in Iraq if U.S. and Coalition forces were to leave the country, even though the U.S. presence in Iraq seeks to achieve stability for the Iraqi people. Insightful and sensational reporting by several pan-Arab media outlets likely serves to reinforce these anti-American views.

Within this challenging operating environment, and in order to support U.S. objectives for the establishment of a stable, secure and prosperous Iraq, the Department, in cooperation with USAID, the BBG, DOD, our Coalition partners, has implemented a comprehensive, integrated public diplomacy program in Iraq. The Department's public diplomacy activities in Iraq stress the serious U.S. commitment to assisting the Iraqi Interim Government (IIG) and the Iraqi people in achieving security within Iraq, rebuilding their civil society, and reconstructing their economy

and infrastructure as a means toward achieving these goals. Specific public diplomacy objectives of the Department include:

- Improving the effectiveness of our communications with the Iraqi public.
- Countering anti-American/Coalition messages from insurgents and hostile media reporting in the region.
- Enhancing and supporting the communications capabilities of the IIG, Iraqi Ministries, the Iraqi Interim National Council and the Independent Electoral Commission of Iraq (IECI) to improve the perceived legitimacy of these bodies by the Iraqi people.
- Supporting the Iraqi political process, including providing media support and training for the upcoming elections.
- Supporting the growth of an independent, responsible and free Iraqi media.
- Promoting educational, professional and cultural linkages and exchanges between Iraqis and Americans.

To support the U.S. Government's public diplomacy efforts in Iraq, Ambassador Negroponte has assembled one of the Department's most senior and talented Country Teams. Within the Embassy, the Public Affairs Section, in cooperation with the NSC, MNF-I, DOD, USAID, our Coalition partners and other foreign affairs agencies, coordinates the Department's day-to-day public diplomacy strategy in Iraq. Furthermore, the Embassy and MNF-I work together on a daily basis to ensure that Iraqis understand that counter-insurgency and security operations are aimed at eliminating terrorists and insurgents, and are not targeting Iraqis working toward stability, and participating in the political process.

Over the past year, the Department, USAID, DOD, MNF-I and the BBG have succeeded in furthering public diplomacy objectives in Iraq through the successful implementation of a range of programs. In fact, the Department alone has spent $6.75M thus far during FY04 on public diplomacy programming in Iraq. Examples of key U.S. Government public diplomacy initiatives in Iraq that have attempted to enhance the visibility, involvement and commitment of the United States to the stability and improvement of life for the Iraqi people include:

- The Embassy has provided extensive media and public affairs support throughout the Iraqi Government to ensure that their messages reach the Iraqi people.
- The first 22 Iraqi Fulbrighters were recruited and arrived in the United States following a 14-year hiatus to start their studies at universities throughout the United States.
- The launch of a range of civil society International Visitor Programs, bringing Iraqis to the U.S. to gain critical insight into NGO management, journalism and the media, and elementary and secondary education.
- The production and distribution of the 23-part "Principles of Democracy" papers throughout Iraq, as well as the distribution of over 40,000 copies of *Hi Magazine.*
- The development and launch of the Embassy Baghdad Web site, which provides up-to-date information on U.S. activities and successes in Iraq in both English and Arabic.
- Providing a range of logistics and training support to Iraq's Summer Olympics and Paralympics athletes to enable them to represent Iraq on the world stage.
- Substantive support has been provided to shore up the infrastructure of the Iraqi National Museum, protect archeological sites and provide conservation training for Iraqi National Library and National Museum curatorial staffs.
- The BBG launched Radio Sawa and Alhurra, two new services that provide Iraqis with round-the-clock news, information and cultural programs to counter the anti-American reporting in the pan-Arab media that frequently distorts U.S. activities and objectives in Iraq.
- To facilitate the educational ambitions of the Iraqi people, USAID has distributed over 2.4 million secondary and primary teachers and student kits, which included basic supply items such as: 159,005 student desks, 26,437 teacher desks, 59,940 teacher chairs, 26,050 metal cabinets, 61,500 chalkboards, and 58,500 teacher kits.

Measurement of the effectiveness of public diplomacy programs in Iraq is a difficult undertaking. The Department's Bureau of Intelligence and Research (INR) does, however, maintain a robust polling capability in Iraq, which seeks to ascertain the opinions of a broad cross section of Iraqi society on a range of issues of importance to the U.S. Government. The INR polling program provides the Department and other foreign affairs agencies and decision makers across the government with actionable information that is used to shape our public diplomacy tactics in Iraq to

address shifting Iraqi attitudes. In addition to State INR polling, the International Republican Institute also conducts U.S. Government funded research on civic life in Iraq, Iraqi views on democracy, and the upcoming elections. All of this research, in the aggregate, permits the U.S. Government to assess the effectiveness of reconstruction and democratization programs in Iraq, with improvements leading to positive impressions of the United States by the Iraqis, and deficiencies resulting in the identification of concerns and lack of support for the United States from the Iraqi people.

In addition to our national polling initiatives, the Department is also going to great lengths to evaluate and measure the effectiveness of our cultural and exchange programs, which represent one of our more visible efforts aimed at building understanding between the people of Iraq and the United States. The Bureau of Educational and Cultural Affairs (ECA), which manages a range of exchange programs, utilizes independent, external professional evaluators to assess the outcomes of exchange programs. These outcomes include the ability to measure changes in attitudes, knowledge, skills, and behavior. ECA's mandate is to increase mutual understanding and build trust through exchange activity. Data is normally collected through a combination of methods, including paper surveys, on-line surveys, and focus groups.

Two examples of evaluation efforts capable of measuring the effectiveness of our exchange programs in Iraq include:

- ECA's Partnerships for Learning Youth Exchange and Study (YES) Program: Recent measurements of the effectiveness of the YES Program with students from predominantly Muslim countries enabled the Department to determine that YES participants a) were extremely satisfied with the program, b) gained a more balanced view of the U.S. and learned to view their own countries with new eyes, c) felt empowered and learned a wide range of life skills, and d) made important relationships with their American hosts and believed that these relationships will continue. Students from Iraq have just arrived in the United States as part of the second wave of PLUS. We will be able to report on their experiences at the end of this academic year.
- Fulbright Program: There are currently 22 Fulbrighters from Iraq studying and conducting research in the United States. Results from the Evaluation of the Visiting Scholar and Visiting Student Programs show that regardless of which country scholars hail, the Fulbright experience is transformative both personally and professionally. Our ability to measure their experience has indicated that Fulbrighters actively share what they learned during their Fulbright experience with their home communities. Most importantly for the prospect of world peace, the international relationships that Fulbrighters forge during their programs with colleagues and friends are enduring.

Building on ECA's success in measurement and evaluation, we are expanding these efforts to other parts of the public diplomacy family. The Under Secretary for Public Diplomacy and Public Affairs has established the Office of Policy, Planning and Resources to coordinate public diplomacy activities, resources and evaluation. The Office recently created the Public Diplomacy Evaluation Council, an inter-bureau organization that will coordinate the measurement of public diplomacy programs and initiatives. This Council will continue to work on the assessment of the effectiveness of continuous improvements in our ability to influence our standing with the Iraqi people and overcome the objections of many Iraqis to our continued presence in their country.

During the coming fiscal year, the Department will continue to build upon the gains we have achieved to date, and address the need to expand our ability to communicate and interact with the Iraqi people. For instance, it is our intention to continue to enhance our ability to support the upcoming elections scheduled for January 2005, bolster the ongoing emergence of a free and responsible Iraqi media, and expand upon the critical exchange programs which link Iraqis with Americans and bridge the gap between our respective societies.

Question 37. Polls suggest the Iraqi people are optimistic. Returning Operation Iraqi Freedom veterans report a positive reception among most Iraqis, saying the news media have failed to get the story right. This conflicts with recent ICG and CSIS reports that say we are failing more than succeeding 18-months into this mission. How can we measure this and what is your view?

Answer. The Department believes that, while significant challenges lie ahead in bringing stability, security and prosperity to the Iraqi people, our initiatives are making a difference in improving the lives of the Iraqi people. One of the challenges in assessing the true situation in Iraq lies with the way in which data are gathered,

extrapolated and interpreted on Iraq by various organizations. As you indicated, the Iraqi people, while acknowledging a range of serious concerns, are nonetheless optimistic that steps taken by the Coalition and Iraqi Interim Government are likely to lead to future improvements in their lives.

The dangerous security environment in Iraq has prevented many of the positive stories in Iraq from reaching the American people and international audiences. Journalists have been the target of kidnaping attempts by insurgents within Iraq, and the ability of journalists to travel freely throughout Iraq is hampered by the need to utilize large personal security details to protect journalists. That said, many positive stories have reached both American and international audiences. Although some stories continue to focus on the perceived shortcomings of the activities of the United States and our Coalition partners, as well as the security issues in Iraq, other journalists have focused on the many positive personal and political freedoms that the liberation of the Iraqi people has brought.

Measuring the perceptions of the Iraqi people regarding the actions of the United States and our Coalition partners in Iraq is a difficult undertaking; however, we've made significant advancement in this area. The Department's Bureau of Intelligence and Research (INR) maintains a robust polling capability in Iraq, which seeks to ascertain the opinions of a broad-cross section of Iraqi society on a range of issues important to the U.S. Government. The INR polling program provides the Department and other foreign affairs agencies and decision makers across the government with actionable information that is used to shape our public diplomacy objectives and strategy in Iraq to address shifting Iraqi attitudes. In addition to State INR polling, the International Republican Institute also conducts U.S. Government funded research on civic life in Iraq, Iraqi views on democracy and the upcoming elections. All of this research, in the aggregate, permits, the U.S. Government to assess the effectiveness of reconstruction and democratization programs in Iraq, with improvements leading to positive impressions of the United States by the Iraqis, and deficiencies resulting in the identification of concerns and lack of support for the United States from the Iraqi people.

Building on INR's success in measurement and evaluation of Iraqi opinions and perceptions of United States involvement in Iraq, we are expanding these efforts to other parts of the public diplomacy family. The Under Secretary for Public Diplomacy and Public Affairs has established the Office of Policy, Planning and Resources to coordinate public diplomacy activities, resources, and evaluation. The Office recently created the Public Diplomacy Evaluation Council, an inter-bureau organization that will coordinate the measurement of public diplomacy programs and initiatives. This Council will continue to work on the assessment of the effectiveness of the U.S. Government's public diplomacy initiatives in Iraq, leading to continuous improvements in our ability to influence our standing with the Iraqi people and overcome the objections of many Iraqis to our continued presence in their country.

Question 38. CPA was routinely under-staffed by 30% or more. Post-conflict planning reports note that despite individual dedication and desire, in many cases, we did not have our "A-team" on the ground. I understand that by month's end, the Embassy will have 90% of the necessary State Department personnel onboard, a notable mark. How are other USG agencies coming along in staffing the mission?

Answer. Of the 141 State employees, 130 (92%) will be in Baghdad by the end of October. State staff is also augmented by temporary duty personnel. Agriculture, Commerce, Labor, and Transportation are all at 100% staffing. Staffing of other agencies varies. Given the security situation, some organizations are not at full strength because they would be unable to carry out their programs.

Question 39. What is your current estimate of Embassy staffing size?

Answer. The current Embassy staffing consists of 1,025 U.S. and 580 locally engaged staff positions approved through the NSDD-38 process. Projecting the Embassy size for purposes of a New Embassy Compound is in process. We are engaged with other agencies and the Embassy and expect to have a projection soon.

Question 40. How are plans progressing on building the embassy?

Answer. A 104 acre site has been selected for the new embassy compound (NEC) in Baghdad, and an agreement to acquire the site is awaiting signature. A boundary, topographic, and utility survey of the site is in preparation and will be completed this month. A preliminary concept development plan for this site has been prepared. The plan will be refined once the proposed staffing for the NEC is determined. Also, at that time an updated cost estimate will be developed for the project. The objective is to complete the NEC within 24 months after receiving funds. Multiple prime contractors and standard building designs will be used to meet this aggressive schedule.

RESPONSES OF RONALD L. SCHLICHER TO ADDITIONAL QUESTIONS FOR THE RECORD SUBMITTED BY SENATOR JOSEPH R. BIDEN, JR.

SECURITY FORCE TRAINING

Question 1. The January 13, 2004 Department of Defense Iraq Status report lists 203,400 Iraqi security personnel "currently operating" with an additional 7,100 "currently in training." Yet on September 10, 2004, Secretary Rumsfeld said that we had 95,000 fully-trained and fully-equipped Iraqi security forces. At today's hearing, Mr. Bowab stated that, contrary to the current State Department Iraq Weekly Status report, we do not yet have 32,000 fully-trained police officers.

- Can you explain the discrepancy between the figures provided by the Administration in January and the figures presented by Secretary Rumsfeld earlier this month?

Answer. The Department of State is not in a position to address statistics provided by the Department of Defense. Mr. Bowab's comment refers to the fact that the Multi National Security Transition Command-Iraq (MNSTC-I) Civilian Police Advisory Training Team indicates the security situation in Iraq permits delivery of classroom training for police, but not implementation of the follow-on field training component. In addition, the 32,000 figure represents graduates from all types and lengths of police training courses, not just the 8-week basic skills course for new police.

Question 2. Can you provide data on the numbers of fully trained, fully equipped Iraqi forces and information on what that training and equipment consists of?3

Answer. Under NSPD-36, the Department of Defense in the person of the Commander, USCENTCOM, has the responsibility to, ". . . direct all United States Government efforts and coordinate international efforts in support of organizing, equipping, and training all Iraqi security forces." That responsibility has been assigned to the Multi-National Security Transition Command-Iraq (MNSTC-I) commanded by Lt. Gen. David Petraeus. MNSTC-I, in turn, has delegated the task of military security force development to the Coalition Military Advisory Training Team (CMATT) and the civilian law enforcement development to the Civilian Police Advisory Training Team (CPATT).

The U.S. Department of State has played no role in military training or development and, therefore, is unable to provide a response to the portion of the question pertaining to military security forces.

Similarly, the State Department has not equipped any of the Iraqi security forces and cannot comment on this subject.

The State Department's Bureau for International Narcotics and Law Enforcement Affairs (INL) has supported and continues to actively support, CPATT in the training of the Iraq Police Service and is able to respond to the question concerning Police training.

Police training, as approved by Ambassador L. Paul Bremer in September 2003, consists of two principal alternatives; a three-week orientation course for existing police personnel known as the Transition Integration Program (TIP), and an eight-week Basic Police Skills training course for new police recruits taught at one of several police academies. Both of these courses were to be followed by a period of field training and evaluation.

The TIP curriculum and lesson plans were developed by personnel supplied by the U.S. Justice Department's International Criminal Investigative Training Assistance Program (ICITAP) and were intended to provide an introduction to policing in a free society and to human rights principles and standards. TIP was delivered initially by U.S. Army instructors. The TIP course was eventually taken over by an Iraq training cadre and is being phased out as the pool of Iraqi personnel with prior police experience is exhausted.

In its most recent weekly report, CPATT reports that a total of 23,142 Iraq police have participated in the TIP training through June 25, 2004, the last date upon which the U.S. Army reported these statistics to CPATT. TIP covers the following subjects:

Course Introduction and Administration
New Iraqi Police Mission, Philosophy and Role
Democratic Policing Principles
Policing in a Democratic Society
What are Human Rights?
Non-discrimination, a Basic Element of Human Rights
Principles of Non-discrimination; Women in Society

International Law Basics
Basic Source of International Law
Right to Life
Prohibition against Torture
Liberty and Security of Persons
Pre-Trial Police Behavior; Potential Violations Of H/R
Domestic Violence
Rights of Children and Juveniles
Freedom of Thought, Conscience and Religion
Freedom of Assembly and Association
Freedom of Movement
Police Ethics and Values I
Standards for Code of Conduct
Evolution of Democratic Policing
Community Policing
International Standards for Police Use of Force
Officer Survival
Interviewing Witnesses and Taking Statements
Report Writing
Note-taking
Communications
Handcuffing
Searching Suspects
Patrol Procedures I
Patrol Procedures II
Iraqi Criminal Law, Procedures, Searches and Laws of Arrest
Firearms—9mm and AK 47

The eight-week Basic Police Skills training course is currently taught at the Jordan International Police Training Center (JIPTC), the Baghdad Public Service Training Academy (BPSA) and the Al-Kut, Sulaymaniyah, Ar Ramadi and Basrah. All institutions use the same curriculum which consists of four weeks of classroom instruction followed by four weeks of practical exercises, vehicle operation and firearms training. Through October 5, 2004, CPATT reports that a total of 8,818 Iraqi police cadets have graduated from the Basic Police Skills training course. The training consists of the courses listed below:

Introduction; Iraqi Police Basic Academy Program
New Iraqi Police Service, Mission, Values and Role
Organization and Structure of the Iraqi Police Service
Police Ethics
Human Rights and the Police Service (Part 1)
  Diversity Awareness
  Policing Hate-Motivated Crimes
  Gender Equality and Women in Law Enforcement
Human Rights and the Police Service (Part 2);
  The Systematic Approach to Policing Incidents
  Use of Force, Standards for the Iraqi Police Service
Human Rights and the Police Service (Part 3); Prohibition Against Torture and Mistreatment of Persons by the Police
Communication Skills
Note-taking
Trafficking of Persons
Stress Management
Terrorist Tactics and the Police Response (Part 1)
Terrorist Tactics and the Police Response (Part 2); The Police Response to Bomb Threats
Terrorist Tactics and the Police Response (Part 3); The Police Response to Suspect Devices
Terrorist Tactics and the Police Response (Part 4); The Police Response at the Scene of a Terrorist Explosion, and Chemical, Biological, Radiological, and Nuclear Incidents
Iraqi Traffic Law

Traffic Accident Scene Management
Drugs Awareness
The National Disciplinary Code for the Iraqi Police Service

In addition, INL has entered into interagency agreements with federal law enforcement agencies to provide specialized and advanced training in the following subjects:

Management Development
Internal Controls
Basic Criminal Investigations
Counter-Terrorism
Post Blast Investigations
Forensic Evidence Collection and Analysis
Intelligence and Drug Investigations
Kidnaping Investigations
Witness Protection

Question 3. How many new police recruits have completed the 24-week field training program? If there are none, when do you expect the first group of graduates from the field training program?

Answer. The Field Training Officer (FTO) Program portion of Iraq police training was intended to be delivered by International Police Liaison Officers (IPLOs). Due to the security hazards currently being experienced in Iraq, and the associated difficulty in performing the on-the-job training, mentoring and evaluation activities resulting from those hazards, no formal field training program has yet been undertaken. Although the Iraq Police Field Training Program has not yet commenced, CPATT has informed INL that when it begins, the Program will consume 18 weeks rather than the originally planned 24-week period of time. CPATT has also informed us that a modified version of post-academy training is being pursued whereby IPLOs assemble academy graduates in a secure setting and provide follow-on instruction in police practical and applied skills. No statistics are presently available regarding the numbers of trainees who have completed this instruction.

Question 4. Can you please provide a schedule for the completion of the field training program?

Answer. The uncertainties presented by the security situation in Iraq have precluded the implementation of a formal police FTO program. CPATT indicates that a formal FTO program will begin as soon as the security situation permits IPLOs to engage in the activities associated with that Program.

Question 5. How many field trainers are deployed?

Answer. Five hundred (500) American IPLOs have been deployed to Iraq and are assisting with various aspects of Iraq Police Service development (recruiting, testing, selection, records generation, communications, etc.) pending the time when the security situation will allow them to begin the formal police FTO program.

Question 6. Are any other countries participating in the field-training of Iraqi police? What efforts are being made to recruit others?

Answer. International response to Department of State requests for contributions to support efforts to re-establish police, justice and prison functions in Iraq following the May 1, 2003 end of major combat operations has been very weak. While Canada, Norway and the UK contributed to the U.S.-led on-the-ground assessment in May-June 2003, strong international participation in training Iraqi police has been limited to the Jordan International Police Training Center (JIPTC). Unofficial/informal inquiries indicate that until the security environment dramatically improves, international police participation in classroom or field training in Iraq will be very limited.

Question 7. Please describe the training program for each of the security services—how long is it, what does it consist of?

Answer. Other than that described above for the Iraq Police Service, the State Department has no detailed knowledge with respect to the training program for the other security services.

Question 8. As of September 1, 2004, just over $1bn of the $18.4bn in Iraqi reconstruction funds provided in P.L. 108–106 had been expended.

By what date do you expect the entire $18.4 billion to be expended?

Answer. As of September 15, $1.189 billion of the Iraq Relief and Reconstruction Fund (IRRF) had been disbursed—more than triple the amount disbursed 12 weeks ago when the United States transferred sovereignty to the Iraqi Interim Government. Disbursement rates should continue to accelerate as many of the large infrastructure projects move from the planning and design phase to the construction phase. Security has a significant impact on the progress of reconstruction efforts, and an improved security situation will allow for us to disburse funds more expeditiously. It is important to note that disbursement of reconstruction funds is contingent upon construction progress, and many of these projects will require several years to complete.

The IRRF reprogramming, by placing some emphasis on quick-impact, high-employment projects, should also accelerate the rate of disbursement of IRRF funds.

Question 9. In reprogramming $3.5 billion in funds, what lessons have been learned from the past year that will allow for faster disbursal in the future?

Answer. A primary consideration in our review remains security, a key to all reconstruction efforts as well as to consolidating political objectives. Violence, and the threat of violence, has slowed down the rate of progress on reconstruction. We have therefore proposed to increase the number of Iraqi security and law enforcement personnel, realizing that an improved security situation will allow for faster disbursal of reconstruction funds. Experiences over the past year have also led us to concentrate our efforts on hiring more Iraqi firms (vice international firms), and to focus on high-impact, labor-intensive local community development projects in order to put more Iraqis to work rebuilding their country.

Question 10. By what process were Iraqi priorities considered in developing the reprogramming?

Answer. Ambassador Negroponte and his entire Country Team consulted extensively with the Iraqi Interim Government during the review of IRRF priorities. The Iraqi Interim Government fully understands these priorities.

Question 11. Were there any changes the Iraqis specifically requested or vetoed?

Answer. Although the Iraqi Interim Government understands our reprioritization of IRRF funds, the IIG is understandably concerned about the potential impact of delaying projects in certain sectors to compensate for costs of increasing security and accelerating employment opportunities. We hope that these projects will eventually be funded, either by the Iraqi Government's own budget or through contributions from other international donors. As part of our ongoing discussions with donors, we have encouraged other countries to consider projects in the water, sanitation and power sectors that have been affected by the IRRF review.

Question 12. How does the administration plan on ensuring that U.S. foreign assistance to Iraq is spent in a fair and equitable manner throughout the country?

Answer. The administration has created the Iraq Reconstruction Management Office (IRMO), which has its principal operations in the U.S. Embassy in Baghdad. IRMO, working with Washington agencies, provides coordinated, daily oversight of assistance goals and the implementation necessary to achieve those goals. One of IRMO's primary tasks is to work together with the IIG to evaluate program recommendations and ensure that U.S. assistance is regionally balanced.

Question 13. Mr. Schlicher states in his testimony that the reprogramming request will mean that fewer Iraqis will have essential services by 2007 than we had originally intended. Please provide a detailed sector-by-sector breakdown with projections showing the effects of the reprogramming.

Answer. Proposed $1.9 billion cut in water sector results in longer-term (2005–2007) shortfalls:

- Currently, about 1.5 million Iraqis have access to sewage treatment. With the proposed cut, this number will increase by 13 million; vice 5 million with full funding.
- Currently, few Iraqis have access to potable water. With the proposed cut, 7.5 million Iraqis will gain access to potable water, vice 15 million with full funding.
- Currently, there are 4.5 million hectares of irrigated agriculture land. With the proposed cut, this will grow by 440,000 hectares vice 900,000 with full funding.
- With the cut, 18,000 Iraqis would be employed at peak employment periods in the water sector, vice 36,000 with full funding.

The IRRF reprogramming, however, is expected to generate overall number of jobs created by U.S.-administered projects could total as many as 800,000 over the next two years.

Proposed $1.1 billion cut in electric sector results in:

- Currently, electricity generation capacity averages 4960MW. With the proposed cut, this will increase by 2,200MW, vice a 3,400MW increase with full funding.
- With the cut, 12,000+ Iraqis will be employed at peak, vice 16,000+ with full funding.

Question 14. In his testimony before the Senate Foreign Relations Committee on September 24, 2003, Ambassador Bremer told us that he hoped oil production would be at 3 million barrels per day by October 2004 and that, by 2005, this would provide for a $5 billion surplus for Iraq to help fund its own reconstruction.

What is Iraqi oil production today?

Answer. On 15 September, the monthly average of crude oil production is 2.47 million barrels per day (MBPD).

Question 15. In his testimony before the Senate Foreign Relations Committee on September 24, 2003, Ambassador Bremer told us that he hoped oil production would be at 3 million barrels per day by October 2004 and that, by 2005, this would provide for a $5 billion surplus for Iraq to help fund its own reconstruction.

When do we expect it to reach 3 million barrels per day?

Answer. The end of year goal is to produce between 2.8 to 3.0 million barrels per day (MBPD). This range was the pre-war production capacity of Iraq's oil infrastructure. The reallocation of $450 million in the Iraq Relief and Reconstruction Funds (IRRF) will be used to complete oil projects, which will help in attaining the year-end goal. Reaching the 3.0 MBPD, the high end of the spectrum, will require a security environment that allows the $450 million in oil infrastructure projects to be implemented.

Question 16. In his testimony before the Senate Foreign Relations Committee on September 24, 2003, Ambassador Bremer told us that he hoped oil production would be at 3 million barrels per day by October 2004 and that, by 2005, this would provide for a $5 billion surplus for Iraq to help fund its own reconstruction.

What do you expect Iraqi oil, revenues to be this year and next year?

Answer. As of September 15, Iraq has earned $11.78 billion as a result of oil sales. If prices, production, and exports remain at current levels, then 2004 revenue will be approximately $16 billion. In 2005, Iraqi oil revenue should be between $16-$19 billion in 2005. This range is based on the IIG's budgetary assumption that the oil price will be $26/barrel and export levels remain between 1.8 to 2.0 MBPD. The $26/barrel assumption is a conservative projection to ensure a working budget.

Question 17. In his testimony before the Senate Foreign Relations Committee on September 24, 2003, Ambassador Bremer told us that he hoped oil production would be at 3 million barrels per day by October 2004 and that, by 2005, this would provide for a $5 billion surplus for Iraq to help fund its own reconstruction.

What will be Iraq's expenditures this year and next year?

Answer. Total expenditures in the revised budget for 2004 are $22.4 billion. The IIG is in the process of preparing its budget for 2005 and should submit the budget for approval by the National Assembly by mid-October. We expect that 2005 recurrent expenditures will be funded exclusively by Iraqi revenue and will decrease from 2004 levels. Capital and reconstruction expenditures should be largely covered by donor assistance, although we expect some capital expenditures to be financed by Iraqi revenue.

Question 18. According to State Department reports, the January 2005 parliamentary elections will require 8,000 polling stations, 300 regional offices, 150,000 staff, and 25,000 election monitors. 15 million Iraqis and approximately 100 political parties will need to be registered. We have heard that the United Nations is only devoting 10 of its 35 employees in Iraq to the elections, though last spring it recommended having 45 staff work on elections. Can you update us on the progress in this area?

Answer. The UN has established a ceiling of 35 international personnel allowed in Iraq countrywide. There are now approximately 30 international UN personnel in Iraq, including administrative, electoral, security, humanitarian, and support staff for Special Representative of the Secretary General Qazi. There are currently three substantive electoral experts in Iraq. The UN is working to recruit individuals to fill five additional positions by the end of the month.

We have urged the UN to increase the size of its team and speed up deployment in order to assist the Independent Electoral Commission of Iraq (IECI) in conducting elections, as well as to fulfill other vital UN missions in Iraq. Meanwhile, we have allocated $40 million from USAID to IFES (formerly called the International Federation for Election Systems), an NGO specializing in electoral assistance, to assist the IECI and the UN in the logistical preparations for the elections. IFES currently has three employees on the ground in Iraq. The IECI is now compiling a preliminary voting roll and drafting plans and procedures for the elections, including the number and location of polling places and requirements for poll workers and election monitors.

Question 19. How many polling stations have been identified?

Answer. The IECI will identify an appropriate number of polling stations upon the completion of the voter registration process in mid-December.

- Voter registration will begin on November 1 and run through mid-December. The registration database is being built on the Public Distribution System (PDS) database, used by the oil-for-food program, which is the most complete register of the Iraqi adults that exists. These data have already been reviewed, and those ineligible to vote (children and foreigners) were removed from the list. The database now contains approximately 13.9 million potential voters, and more will be added during the registration process.
- Iraqis will have six weeks to verify the information on their registration forms, which they will receive when they pick up their rations at their local food ration center in November. If necessary, registered voters may correct any errors and return the forms to those centers when they pick up their rations in December.
- Individuals who do not appear in the food distribution system, e.g. those who returned from overseas, may also register at the food ration centers.
- The IECI will then post the voter lists in January prior to the elections at food ration centers. This will allow Iraqis another opportunity to challenge and remedy any mistakes.

Question 20. The U.N. has said previously that 25,000 to 30,000 polling stations will be necessary with 600 polling centers—can you clarify the discrepancy between State's figures and the UN figures?

Answer. The thinking of the IECI and the UN on the needed number of polling stations continues to evolve. We understand their latest estimate is approximately 40,000 polling stations, 9000 polling centers, and 550 registration centers will be needed. Further work by the IECI may revise this number yet again. We understand that the number of polling stations will be determined based on the number of voters, their geographical location, and the security situation.

Question 21. How many staff have been hired and trained?

Answer.

- The Board of Commissioners of the IECI consists of nine members, including seven voting members, and two non-voting members. The two non-voting members are the Chief Electoral Officer, and an international commissioner appointed by the United Nations. The Board heads the Election Commission. The Commissioners attended a three-week training course in Mexico, arranged by the United Nations.
- The responsibilities, of the Board of the IECI focus on policy-making, regulating, and overseeing the electoral process. Its administration is headed by the Chief Electoral Officer. The Board hired 32 senior staff and administrators in September. Senior staff members received training in Jordan, and returned to Baghdad in mid-September.
- IECI has already selected and appointed the IECI's senior provincial office directors (22 in total to represent each of the 18 provinces, and 4 additional directors for Baghdad). The directors are receiving training in Amman, Jordan.
- The IECI plans to continue to hire their staff for both Baghdad and the provinces. The IECI will employ cascading training approach, with an initial focus on "training-the-trainers" of future IECI employees.

Question 22. What is the plan to register voters?

Answer.

- Voter registration will begin on November 1 and run through mid-December. The registration database is being built on the Public Distribution System (PDS) database, used by the oil-for-food program, which is the most complete register of the Iraqi adults that exists. These data have already been reviewed,

and those ineligible to vote (children and foreigners) were removed from the list. The database now contains approximately 13.9 million potential voters, and more will be added during the registration process.

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- Individuals who do not appear in the food distribution system, e.g. those who returned from overseas, may also register at the food ration centers.
- The IECI will then post the voter lists in January prior to the elections at food ration centers. This will, allow Iraqis another opportunity to challenge and remedy any mistakes.

Question 23. A poll conducted in August by the International Republican Institute shows that while the Iraqi people are cautiously optimistic about the prospects for democracy in their country, they have very little understanding of the political transition. For example, 64% cannot identify in which month elections are scheduled to take place and 75% incorrectly believe that the January election will include a presidential vote.

What is being done to educate voters about the process?

Answer. The Independent Electoral Commission of Iraq (IECI) is working closely with United Nations experts on the ground put the voter registration system in place, design a public information campaign, and complete election rules and procedures. The UN and IECI understand that the effective educating of the voting public in Iraq is essential to ensuring that the elections are legitimate and credible. A major British-funded program of television ads is now underway.

Additionally, the USG is awarding program funds and grants to organizations, such as the National Endowment for Democracy, the International Foundation for Elections Systems (IFES), the National Democratic Institute (NDI) and the International Republican Institute (IRI) to provide a range of activities to support the electoral process. This support includes voter education and assistance to Iraqi organizations working to alert Iraqi citizens to and educate them about the electoral process.

Question 24. How do you expect a typical voter will get information about the political process as the election draws nearer?

Answer. The Independent Electoral Commission for Iraq (IECI) is planning to launch a "democracy advertising campaign" soon. The campaign will introduce the IECI to the Iraqi population, provide basic election information, and encourage public participation in the electoral process. To ensure the broadest-possible reach, the campaign includes TV, radio, and newspaper spots. Educational posters will also be included in a dozen Iraqi newspapers over a four-week period, and there are plans for television ads on seven Iraqi and three pan-Arab networks. Follow-on plans include three additional advertising waves to carry through the January 2005 election date. USAID has awarded a contract for voter education to an international NGO, which work with Iraqi groups and networks and multiple media outlets to educate voters about the electoral process. The USG has also provided $12.5 million in funding to many local Iraqi civic groups, principally through the National Endowment for Democracy, to promote civil society development that includes grass-roots election awareness and education among Iraqi voters. USAID also has provided approximately $8 million for voter education programs.

DEBT FORGIVENESS

Question 25. What are other members of the Paris Club doing with respect to forgiving debt owed to them by Iraq?

Answer. As noted above, discussions among Paris Club creditors on a multilateral agreement to reduce Iraq's debt are ongoing. They aim to reach agreement by end-2004. Several creditors have committed to reduce the vast majority of Iraq's debt, while others have committed to substantial debt reduction. The exact terms of the debt reduction are subject to ongoing discussions among creditors and negotiations with the Iraqis.

Question 26. What have been the results of the bilateral meetings between the United States and Iraq and other creditor countries and Iraq?

Answer. U.S. officials have kept in regular contact with Iraqi officials responsible for the debt negotiations. The Iraqis have explained Iraq's current economic situation, and we have advised the Iraqis on Paris Club procedures and provided detailed

information on USG claims. Iraq's contacts with other creditors have focused on the need for deep debt reduction and bilateral reconciliation of claims. The final results of these meetings will not be known until a multilateral debt agreement is finalized. We are confident that all these contacts are facilitating a generous outcome for Iraq.

Question 27. With another donors' conference in Japan in October, might this move, not encourage other countries to similarly use reconstruction pledges to write off Iraqi debt?

Answer. Different creditor countries have different statutory requirements for the budgeting of debt forgiveness. Since a debt agreement has not yet been finalized, it is not possible to know how other donors will appropriate funds and/or meet any specific requirements. We are not aware of plans by any creditor to reduce planned aid commitments to meet budgetary requirements with respect to debt forgiveness.

Question 28. To what degree has Special Envoy Baker undertaken official activity to press for debt relief in the last three months?

Answer. Since the G–8 commitment to debt reduction in 2004 "sufficient to ensure sustainability for Iraq" and the beginning of discussions on Iraqi debt in the Paris Club, the focus of our efforts has shifted from high-level meetings to technical negotiations. We periodically discuss progress on this front with Secretary Baker.

Questions 29, 30, and *31.* The Transitional Administration Law was not specifically endorsed in Security Council Resolution 1546. Is it the legal opinion of the State Department that the TAL expired when sovereignty was formally transferred to the Iraqi Interim Government? Please explain the Department's legal reasoning.

- What is the legal status of orders issued by the Coalition Provisional Authority?
- What sources of law are there in Iraq today?
- What authority do the Interim Government and Interim National Council have to issue new laws?

Answers. There is broad recognition within Iraq and throughout the international community that Iraqis must continue a process of political transformation to permanently remove the vestiges of Saddam Hussein's decades of repression and tyranny. In this regard, United Nations Security Council Resolution 1511, adopted October 16, 2003, invited the Iraqi Governing Council to provide the Security Council with a timetable and program for the drafting of a new constitution for Iraq and for the holding of democratic elections under that constitution. The Iraqi Governing Council developed a timetable and program that were incorporated in the November 15th Agreement, signed by the President of the Governing Council on its behalf and the Coalition Provisional Authority. The Agreement laid out a timetable for the restoration of full governing authority to the Iraqi people no later than June 30, 2004. In addition, the Agreement called for the adoption of a transitional law to govern Iraqi affairs until such time as a permanent constitution could be drafted by elected representatives of the Iraqi people and ratified.

The Law for the Administration for the State of Iraq for the Transitional Period (TAL), which was issued by the Iraqi Governing Council on March 8th, and the TAL Annex, which was adopted on June 1st following extensive discussions with the Iraqi people facilitated by the U.N. Secretary General's Special Adviser, Ambassador Lakhdar alBrahimi, are designed to create the institutional and procedural framework for this political transition.

The extensive consultations with the Iraqi people, led by Ambassador Brahimi, pursued in connection with the establishment of the Interim Government were designed to develop an approach to Iraq's political transition that is acceptable to, and will be implemented by, all segments of Iraqi society. United Nations Security Council Resolution (UNSCR) 1546, adopted on June 8th endorsed the formation of a sovereign Iraqi Interim Government, as presented on June 1st, and further endorsed the timetable for Iraq's political transition to democratic government contained in the TAL and its Annex.

We have every expectation that the framework for Iraq's political transition reflected in the TAL and its Annex will continue to be fully implemented by the Iraqi people. The interim and transitional institutions that are created and will assume authority after June 30 find their basis in the TAL and its Annex and have been specifically endorsed in UNSCR 1546. The political transition process reflected in the TAL is the product of extensive coordination within Iraq and was facilitated by the international community. Both the Iraqis and the international community are actively working towards achieving the TAL's goal of democratic elections by no later than January 31, 2005.

The TAL clearly addresses both the status of CPA orders and the body of law that will be generally applicable following the June 28 transition. Article 26 of the TAL provides that "[e]xcept as otherwise provided in this Law, the laws in force in Iraq

on 30 June 2004 shall remain in effect unless and until rescinded or amended by the Iraqi Transitional Government in accordance with this law. Article 26 further provides that "[t]he laws, regulations, orders, and directives issued by the Coalition Provisional Authority pursuant to its authority under international law shall remain in force until rescinded or amended by legislation duly enacted and having the force of law." Finally, with respect to the authority of the Iraqi Interim Government to issue new laws, the TAL Annex provides that "[t]he Council of Ministers, with the unanimous approval of the Presidency, may issue orders with the force of law that will remain in effect until rescinded or amended by future Iraqi governments." The Interim National Council may veto executive orders by a two-thirds majority vote of its members within 10 days of being informed of such orders that have been approved by the Presidency Council.

Question 32. On September 15, UNSYG Kofi Annan told the BBC "You cannot have credible elections if the security conditions continue as they are now." In fact, it appears that the security situation is getting worse with many parts of the Sunni triangle now described as "no-go" areas.

Do you agree with Annan's assessment?

Answer. The current security situation in Iraq is undoubtedly difficult, but it is premature to judge now that elections cannot be held on schedule. Prime Minister Allawi and other Iraqi Interim Government (IIG) officials have been clear that they are committed to holding them by January 31, 2005 deadline laid out in the Transitional Administrative Law (TAL) The USG and the Multi-National Forces-Iraq are working with the IECI, the UN, and the IIG to ensure this goal is achieved. We are engaged in diplomatic, military, and reconstruction efforts to help the IIG reassert its control over all areas of the country; these efforts will intensify as we approach elections.

Question 33. Does the administration have a plan to establish control in the no-go areas before elections? Please describe.

Answer. The United States Government remains committed to assisting the Iraqi people and Government to improve security throughout Iraq. Establishing a stable Iraq, consolidating the legitimate authorities' control in all locales, and working to provide safe and secure elections are high priorities of the Multi-National Force-Iraq and the Iraqi security forces. These goals also underscore the reasoning behind the recent U.S. proposal for an increase in spending on security. In order to meet the timeline of the political process described in the Transitional Administrative Law and UN Security Council Resolution 1546, the Iraqi Interim Government (IIG) and Iraqi security forces are working continually to secure Iraq before elections take place, and making plans to deal with security during the election period both through enforcement measures and political outreach. The Multi-National Forces-Iraq and the U.S. Mission in Iraq will fully support the IIG's efforts.

However, as you well know, the security situation in Iraq is in a state of constant flux. In addition to the activities of the Department of State, the Department of Defense is also heavily involved with Iraqi security forces and officials in the pre-election security-planning phase. For a more comprehensive view, I would respectfully recommend that you also confer with the Department of Defense for their views on election-related security planning.

Question 34. Southern Federal Region: Recent press reports speak of preliminary efforts to establish a Federal entity in southern Iraq. Please provide further information on the status of such efforts. What is the position of the administration on the creation of a new Federal entity in the South?

Answer. The issues of how Iraqis will choose to govern themselves over the long term will be decided through the constitutional process. The Transitional Administrative Law (TAL) is designed to govern until a permanent constitution is drafted by the elected representatives of the Iraqi people and ratified by means of a referendum. The TAL supports the general principle that devolving power from the Iraqi central government through a federal system will serve as a check against abuse of power and best accommodate the diversity of the Iraqi people. The TAL provides for the separation of powers among the federal and regional governments, governorates, municipalities, and local administrators and that the federal system should be based upon geographic and historic realities and not origin, race, or ethnicity. Article 53 C of the TAL allows (with the exception of Baghdad and Kirkuk) that any group of no more than three governorates outside the Kurdistan region has the right to form regional governments. The formation of such federal entities may be proposed by the Iraqi Interim Government (IIG) and will be considered by the elected National Assembly. In addition to the approval of the elected National As-

sembly, any legislation proposing the formation of federal entities must be approved in a referendum of the people of the relevant governorates.

The United States Government supports the IIG and the political process outlined in UNSCR 1546, culminating in the election of a democratic Iraqi government under a new constitution.

Question 35. What are the goals of the Tokyo donors' conference?

Are we seeking additional commitments to Iraq? If so, why or why not?

Answer. The third meeting of the Donors' Committee of the International Reconstruction Fund Facility for Iraq (IRFFI)—the UN and World Bank trust funds—will be held in Tokyo on October 13–14, 2004 at the invitation of Japan as host and as chair of the Facility's Donors' Committee. These IRFFI Donors' Committee meetings have not been pledging conferences; rather they have focused on disbursement, implementation, and coordination issues. Of course, any announcements of new assistance would be welcome; but that is not the focus of this meeting.

Our key objectives for the meeting are to provide the new sovereign Iraqi Interim Government the opportunity to articulate Iraq's reconstruction priorities, and to review the progress to date on disbursements and project implementation by donors and by the the United Nations and World Bank trust funds that comprise the IRFFI.

Question 36. How much of the pledged amounts from the Madrid conference have been delivered?

How much of the pledged amounts have been spent?

Answer. Of the $13.5 billion pledged at Madrid over four years, the World Bank and IMF pledged over $5.5 billion in lending and other donor governments pledged $8 billion. The World Bank and IMF are now in discussions with the IIG on their interest in accessing their lending programs. Of the $8 billion pledged by other donors over 2004–2007, our estimates are that over $1.3 billion has been disbursed so far.

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