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THE IRAQ TRANSITION: OBSTACLES AND OPPORTUNITIES [PART III]

HEARING

BEFORE THE

COMMITTEE ON FOREIGN RELATIONS UNITED STATES SENATE

ONE HUNDRED EIGHTH CONGRESS

SECOND SESSION

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THE IRAQ TRANSITION: OBSTACLES AND OPPORTUNITIES [PART III]

THURSDAY, APRIL 22, 2004

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

The committee met, pursuant to notice, at 9:40 a.m. in SD–106, Dirksen Senate Office Building, Hon. Richard G. Lugar (chairman of the committee), presiding.

Present: Senators Lugar, Hagel, Chafee, Brownback, Coleman, Biden, Sarbanes, Dodd, Feingold, Boxer, Bill Nelson, and Corzine.

OPENING STATEMENT OF SENATOR RICHARD G. LUGAR, CHAIRMAN

The CHAIRMAN. This hearing of the Senate Foreign Relations Committee is called to order. Today the committee will hold its third in our series of three hearings this week on Iraq. This hearing is the most important of the three, because we will have an opportunity to learn from representatives of the administration about their plans for the transition to Iraq sovereignty.

American credibility in the world, progress in the war on terrorism, our relationships with our allies, the future of the Middle East, and the fate of Iraqis themselves depend on the resolve and the wisdom of the U.S. Government and the American people in achieving a positive outcome in Iraq. What happens in Iraq during the next 18 months almost certainly will determine whether we can begin to redirect the Middle East toward a more productive and peaceful future beyond the grip of terrorist influences.

Consequently, moving the Iraqi people toward a secure, independent state is a vital United States national security problem that requires the highest level of national commitment. The President and other leaders, including Members of Congress, must continue to communicate with the American people on this point, because the work that must be done in Iraq will test our national fortitude. American lives will continue to be at risk in Iraq, and substantial American resources will continue to be spent there for the foreseeable future.

During the last 2 days, we have heard testimony from 10 expert witnesses representing many perspectives. We have asked them whether American and Iraqi authorities are ready for the transition to Iraqi sovereignty on June 30, and what steps are required to fill out a comprehensive transition plan. Their contributions greatly advanced our understanding of the situation in Iraq and helped this committee to answer many questions.

However, expert witnesses cannot speak for the U.S. Government. That is the duty that falls to our witnesses today. Our experiences with inadequate planning and communication related to Iraq contribute to the determination of this committee to impose a very high standard on the information provided about Iraq. Yesterday I noted the lack of information about the transition plan in Deputy Secretary Wolfowitz's testimony on Tuesday before the Senate Armed Services Committee. We're clearly hoping for more details today.

I would stress that what we are attempting to do here is not an academic exercise. Within the substantial bounds of Congress' oversight capacity, we're attempting to illuminate the United States' plans, actions, and options with respect to Iraq, both for the benefit of the American people and to inform our own policymaking role. I am convinced that the confidence and commitment demonstrated by the pronouncement of a flexible but detailed plan for Iraq is necessary for our success in Iraq. With lives being lost and billions of dollars being spent in Iraq, the American people must be assured that we have carefully thought through an Iraq policy that will optimize our prospects for success.

Moreover, a detailed plan is necessary to prove to our allies and to Iraqis that we have a strategy and that we are committed to making it work. If we cannot provide this clarity, we risk the loss of support of the American people, the loss of potential contributions from our allies, and the disillusionment of Iraqis.

We may determine after this hearing that more hearings on Iraq are required to generate answers and to provide the confidence that we seek. At yesterday's hearing, I urged the administration to prepare quickly for a hearing on the nomination of Ambassador John Negroponte to be our Ambassador to Iraq. We would like to hold that hearing next Tuesday. It is critical that Ambassador Negroponte and his team be put in place at the earliest possible moment.

During the first 2 days of hearings, I posed a set of six questions as a way of fleshing out our plan for Iraq. I believe that clear answers to all of these questions would constitute a coherent transition strategy for Iraq.

First, what are the details of Ambassador Lakhdar Brahimi's plan for an Interim Iraqi Government to which a transfer of sovereignty is planned on June 30, 2004? Specifically, what executive and legislative positions will be established in the interim government, and how will these positions be filled? Are we confident that Iraqis will support the United Nations' formula for a new government, and what will the United States do if Iraqis reject the Brahimi plan? What is our fallback strategy at that point?

Our expert witnesses expressed confidence in Ambassador Brahimi and his ability to find credible Iraqis to serve in the interim government. But some concern was voiced that the United States must better synchronize its military and diplomatic actions to Ambassador Brahimi's efforts to build an interim government. We must think creatively about how the Coalition and the international community can facilitate the emergence of national leaders in Iraq who are viewed as legitimate and prepared to govern.

Second, what should be contained in a status of forces agreement so that the United States and Coalition Armed Forces will have clear and effective roles in providing internal and external security for the new Iraqi Government, and will that agreement make clear the chain or chains of command, and the relationship of Iraqi police, reserves and Army personnel with United States and Coalition forces? We heard yesterday from a witness that as many as three chains of command might be required.

All of our expert witnesses agreed that achieving security was the key to success in Iraq. They underscored that we have to determine who our partner is in the status of forces agreement. They also generally believed that the current level of U.S. forces could not achieve the degree of security that is necessary or a successful political outcome. In the short run, this may require more U.S. forces and more patrols that secure streets and neighborhoods.

It will also require us to find other sources of competent troops from willing nations.

Our ability to find these troops will depend on our flexibility in including the United Nations in decisionmaking and the ability of our own troops to diminish violence in the short run. We heard many views on how to establish and improve Iraqi security forces, but generally our experts believed that an effective Iraqi army and police force would require much more time, equipment, and resources than we have thus far dedicated to bringing these units to fruition.

Third, will United Nations Security Council resolutions undergird the international legitimacy of the new Iraqi Government and all of the security arrangements that it will require? How will the United States pursue such resolutions and what will they contain? Our experts stress that United Nations involvement is necessary if we are to generate greater international participation, improve the political legitimacy of the Interim Iraqi Government, and take the American face off of the occupation of Iraq.

They also underscored that we know how to operate under the auspices of U.N. Security Council resolutions, and we can do so without sacrificing command of our troops or the intent of our mission.

Fourth, will elections for the transitional and permanent Iraqi Government, scheduled for tentatively January 2005 and December 2005, respectively, be held under the auspices of the United Nations or under some other authority? How will that authority provide security for the elections and assemble a registration list or otherwise determine who is eligible to vote? How will we deal with elections that are postponed or deemed to be fraudulent? Will the Transitional National Assembly that is to be elected in January 2005 have full authority to write a constitution and construct the framework of a permanent government?

Our experts spoke to the importance of going forward with elections in Iraq, even if security and registration procedures are imperfect. They noted that elections would force Iraqi factions to enunciate policy choices and would stimulate dialog between political leaders and the Iraqi populace. In the absence of elections, factions will continue to bid for influence through violence, cronyism, or anti-American demonstrations.

Fifth, beyond Ambassador Negroponte, what will be the composition of the U.S. Embassy in Baghdad, and what is the schedule for the arrival of all embassy personnel? Given security concerns, our witnesses noted that some system must be worked out to allow embassy personnel to travel throughout Iraq. They emphasized that we should attempt to get as many personnel as possible in place before June 30.

Sixth, will the costs associated with the new diplomatic presence be covered by a transfer of funds under the umbrella of the $87 billion appropriation enacted by Congress last year? If not, what is the plan for providing necessary funding?

There was general consensus that some transfer of sovereignty will occur on June 30, but that U.S. forces would be required to provide security in Iraq for at least several more years. We should develop cost estimates that assume an extensive United States involvement.

Another important point generated by yesterday's hearing was that the Interim Iraqi Government will require funding as well. What part of oil reserves or the $18 billion appropriated for reconstruction will be controlled by the interim government? What other sources of revenue will be available to them?

The Foreign Relations Committee will be persistent in asking these questions and many others because Americans should have the opportunity to understand the administration's plan and to carefully monitor its progress. We welcome today Mr. Marc Grossman, Under Secretary of State for Political Affairs; Mr. Peter Rodman, Assistant Secretary of Defense for International Security Affairs; Mr. Andrew Natsios, Administrator of the United States Agency for International Development; Mr. Frank Ricciardone, our Ambassador to the Republic of the Philippines and State Department Coordinator for the Iraq Transition Team; and Lieutenant General Claude Kicklighter, the Transition Chief for the Coalition Provision Authority.

We welcome these witnesses. We thank you for coming to the hearing this morning. Before I recognize you, I want to recognize first of all my colleague and distinguished ranking member, Senator Biden.

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

Senator BIDEN. Thank you very much, Mr. Chairman, and thanks to our witnesses for being here today. We have serious and prominent witnesses, and I hope before this hearing process ends, we will have their bosses before us as well, the Secretary of Defense and the Secretary of State.

Let me begin by explaining, I noticed a number of people looked when I walked in with my new staff person. My new foreign policy adviser is my granddaughter. For those of you who may not know, today is Bring Your Daughter to Work Day, and I brought my granddaughter in the hope that someone may mistake her for my daughter, so I just wanted to explain that. I realize it's a bit unusual but I can see from the looks on some of your faces, it's a serious hearing and what's he bringing a fourth-grader in for. This is Bring Your Daughter to Work Day.

Let me, rather than do my whole statement, Mr. Chairman, because I'm anxious to hear the witnesses and because you have laid out such a thorough road map here, start by saying, I, as we say in our business, associate myself with your remarks. I think the questions you asked are the ones that have to be answered.

I would just like to say that it seems to me we really have no option but to invest in the success of this undertaking in Iraq, but the thing that I hope we keep our eye on is that, to oversimplify it in one sense and understate it in another, cannot want a representative government for the Iraqis more than they want it. We cannot want a representative government for the Iraqis more than the Iraqis want it.

And the premise upon which I continue to support this, which hopefully history will judge as a noble undertaking, is that I believe that the vast majority of the Iraqi people want a representative government. I might note for the record, and from the beginning I think my friend from Nebraska shared this view as well, and possibly my chairman and my friend from Rhode Island—I'm not certain, I don't want to associate them with me if I am mistaken—but I have never believed from the outset, do not believe now we are going to have a liberal democracy established in Iraq in the near term, a liberal democracy in the sense that we mean understand the term in this country. But I do think it's fully within our capacity to have a representative government within the existing borders that the vast majority of the people of Iraq feel that they have a voice in.

Now, whatever form that takes, I'm not certain. But if we think we're going to have a replication of what we have here in the United States or European capitals, I think that is somewhat naive. And so I want to make it clear again that because we're going to come back and be judged based upon whether or not we succeed or fail in this undertaking based on what we state our objective is. Mine personally is a representative government that is probably a loosely federated republic of some nature that has the ability to grow over generations into what we call a liberal democracy, but again, we can't want that government more than they want it.

I know all the witnesses well, respect them all, I think I probably know Marc better than most with him having to deal with me for so long. And I'd say, Secretary Grossman, that one of the reasons why we continue to focus so much on the security piece of this is we, or I, have come to the conclusion that there is no reasonable prospect that the silent majority of Iraqis who want a representative government there's no way after 30 years of being battered and beaten by a dictator that they're going to raise their heads in any environment other than a secure environment.

And I say to Secretary Rodman, we have an inordinately high regard for the bravery, the decency, and the idealism, and I say idealism, of our troops who are fighting over there. But the primary focus, and it should be first and foremost, is providing security for our troops, not security for the Iraqi people in the way in which we would think about it here. We have over 100 missions that go through the neighborhoods every day, but they usually go through in a Humvee about 30 to 40 miles an hour, and I don't

blame them. I've thought from the beginning we have too few forces on the ground, whether they be American or others, to be able to do something more than force protection. And the irony is I think we created resentment, we've created resentment as the neighbor's daughter is raped or kidnaped or the house is looted or they are robbed and there's a Humvee going by and no one's seeing it.

In a sense, we have suffered from expectations that were not particularly reasonable, but understandable. After 30 years of thinking Saddam was not only a dictator and a brutal thug, they also thought he was somewhat omnipotent and incapable of being taken down, and along comes the United States and in very short order, in an awesome display of power, takes him down. I think it raised expectations that we are suffering from as well, but somehow we've got to deal with it.

And so my generic point is this. I think we went with too little power and too little legitimacy, and I think the only way to rectify this is to figure out how to generate more power and more legitimacy, and I think they go hand in hand, and I'll ask unanimous consent that my statement be placed in the record, Mr. Chairman.

The CHAIRMAN. It will be placed in the record in full.

Senator BIDEN. But to summarize, I think it leads me to the conclusion that, and please, guys, I love you all, but don't tell me how you all agree, OK? None of us will believe it if you tell us that State and Defense are in agreement on this. Please don't ruin your credibility. We love you. Make your statements but don't try to convince us what we know, I know for a fact is not true, OK? So please don't do that, because I came through the door here and I turned to Tony, I said, Tony, I'm going to try to be really, really polite today, I'm going to try to be really calm and cool and collected today, so please don't do that.

But one alternative is that we end up with some international group involving major powers, not necessarily the United Nations, not necessarily the Security Council, but major powers that is not unlike the contact group. I call it an international board of directors. Call it whatever you want, but we need, it seems to me, we need to get the major powers, even some of the neighbors of Iraq, maybe even, as heretical as it sounds, Iran, Syria, to basically be put in place by some umbrella sanctioning of an international organization like the U.N. who will come along and bless what the President says he's about to bless, Brahimi's proposal, whatever that turns out to be exactly, and we think we know, and then maybe go back and get some legitimacy for that through the U.N. with no U.N. control. As George Will said, paraphrasing, the U.N. maybe should come in as a convenient way to mask the fact that we are still in power.

But everybody, even the George Wills of the world acknowledge, we need some umbrella of legitimacy here to get a number of nations to do what I think they still are willing to do, although time is running out, which is to provide some more legitimacy and power, a combination of the two. And I think that's the only way, based on the testimony we heard yesterday and from a lot of people we individually interview, is that we get NATO into the deal.

And by the way, Marc, I have no illusions, or Mr. Secretary Rodman, I have no illusions that NATO can send 50,000 troops. I don't suggest that at all. But they can send 3,000, 5,000, 7,000 now, they can take over border patrol now, they can do significant things now, they can free up 15,000 to 20,000 American forces now, they can do a lot. But most of all what they can do is convince the American people we're not in this alone, because for NATO to be involved means major powers said their prestige is at risk as well in the success or failure of Iraq.

There are important questions I hope this hearing will address, some of them overlapping. Who's going to decide in the future when we set up this embassy how to handle Fallujahs and the al-Sadrs? Is it going to be an Iraqi caretaker government? Is it going to be the American military? Is it going to be some senior international figure?

When we claim that our commanders on the ground say that they have enough forces to carry out their mission, what's their mission? Does that include more than force protection? Does it include civil protection? Does it include policing? Does it include reconstruction? What's the mission? And what are the private security contractors, the second largest armed group in Iraq after American Armed Forces, estimated 20,000, what is our policy toward them? How are they handling morale problems there likely to be created for our regular soldiers who are paid considerable less, in some cases 10, 12, 15 times less? Are they under an effective command and control? Are they coordinating with our uniform military? How do we plan to reestablish the security? What's the plan for training the Iraqi police?

I know, Secretary Grossman, you know. You're going to tell me you don't, but I know you know, that no one that you've worked with in the last 10 years thought we could train up an Iraqi police force in less than 3 to 5 years, and no one thought we could train up an Iraqi military of more than 40,000 forces in less than about 3 years, and yet we put 200,000 people in uniform. Why has only $3 billion of the $18.6 billion that Congress appropriated last year been obligated on urgent requests, the urgent request the President made? Is it something you need help from us in breaking through a bureaucratic Gordian knot here, because we want to help. And I can't speak for anybody else, but if there's a rational way to do this, we want to do it, or what's the explanation?

After June 30, who's going to be in charge in deciding how the money is spent? When the Pentagon decides or the State Department decides they're going to put a road here or there or a project here or take care of this electrical grid, does this Iraqi sovereign government have a right to say, hey, no, no, no, we don't want the money spent there, we want you to go over here and build *x*, *y*, or *z*? Who makes those decisions, and what's the current burn rate? I think we were told, I think that came out yesterday about $4.6 billion per month for our military, and what are the range of the estimates of cost for Iraqi stabilization and reconstruction for next year? How are we going to pay for it?

Now, I'll conclude by saying I know that some of these figures are, to use the Secretary of Defense's favorite word last year, unknowable with any precision. I know some things are unknowable.

One thing we know, if we're going to have more than 100,000 troops or it's going to cost more than $4 billion a month if they're just hanging around. So don't we know that it's going to cost for fiscal year 2005 somewhere in the neighborhood of $50 billion at a minimum? Don't we know that? And if we know that, why don't you tell us that, and then come back for a supplemental beyond that if you need it?

So they're the questions I have, along with others, Mr. Chairman. I ask unanimous consent that my prepared statement, which lays out more clearly some of the points I made, be made part of the record at this point.

The CHAIRMAN. It will be made a part of the record in full.

Senator BIDEN. And I thank you for your indulgence. I thank you gentlemen for being here.

[The opening statement of Senator Biden follows:]

OPENING STATEMENT OF SENATOR JOSEPH R. BIDEN, JR.

Mr. Chairman, thank you for calling this hearing. I am pleased that the Defense Department finally acceded to your request and has sent Assistant Secretary Rodman here today. I am also pleased that Deputy Secretary Wolfowitz has agreed to testify before the committee.

As I said yesterday, I also hope that we will soon hear from Secretary Powell and Secretary Rumsfeld.

The decisions they will make, with the President, in the days and weeks ahead will have a profound impact on our national security for years to come. With all due respect to the witnesses before us today, we need to hear from the ultimate decision makers.

Mr. Chairman, as complicated and as vexing as the situation in Iraq is, the choice before us is actually quite simple.

We can continue to treat Iraq as if it is some kind of prize that we won—and that is not to be shared.

Or we can recognize Iraq as the immense problem it is, and do everything in our power to invest the Iraqi people and the rest of the world in the search for solutions.

Based upon what we've heard in two days of testimony, I am more convinced than ever that sticking with option one will lead to disaster.

If we do that, we will continue to provide the majority of the resources, nearly 90% of the troops and take nearly 90% of the non-Iraqi casualties. We will continue to be blamed for everything that goes wrong and remain a target for every malcontent in the country.

And we will make less likely the prospects for success: giving back to the Iraqi people a stable country with a representative government that can endure after we're gone.

The other option is to bring more Iraqis into the process and invest the world in a successful outcome.

We cannot want a representative government and a peaceful Iraq more than the Iraqi people. And without the major powers, we will continue to run a deficit in the troops, money, manpower and legitimacy necessary to see this mission to completion.

I know that many believe it's too late to pursue that option. I don't share their cynicism and defeatism. And I have laid out repeatedly—including in a speech last week at CSIS—how I think we should proceed. I would ask the chairman to place that speech in today's record.

But today is the administration's opportunity to tell us which option it has chosen—if, in fact, a choice has been made.

We have with us representatives of two government agencies with strongly divergent opinions on how to proceed.

Please don't waste our time today by telling us that you are on the same page. You are not. And it is a disservice to this committee and the American people to try to paper over your differences.

You are entitled to offer your best advice to the President. The problem, as I see it, is not that the President has received conflicting advice on how to go forward, but that he has yet to choose from among the options before him. Instead, what we have seen is vacillation, without a firm commitment to a strategy.

In last week's press conference, the President said he would support Mr. Brahimi's recommendations for a political plan for the June 30 political handover. I think that's the right move, because a plan coming from Brahimi, not the U.S., will have more legitimacy within and beyond Iraq.

And, yet, the President seems unwilling to take the next crucial step: to make someone other than us Iraq's main partner after June 30 to help organize elections, draft a constitution and referee political disputes.

Instead, he still seems intent on replacing Mr. Bremer and the CPA with an American ambassador hunkered down in a new super embassy. That will perpetuate the perception of an American occupation. And it will make it less likely that the Iraqi people and the world will take up the challenge of remaking Iraq.

So, Mr. Chairman, I am looking forward to hearing from our witnesses today. Maybe they will convince us that the President has chosen—and that he has made the right choice.

At a minimum, I hope we get answers to a number of basic but critical questions:

- Who will be the referee after June 30 to negotiate political disputes so that the country does not slide into civil war—will it be a "super-Ambassador" or a senior international figure representing the major powers?
- What is the strategy with respect to al-Sadr? What is the fallout of killing or capturing him and are we ready for the possible consequences?
- Who will decide how to handle future Fallujahs and al-Sadrs. The Iraqi caretaker government? The American military? A senior international figure?
- When we claim that our commanders on the ground say they have enough forces to carry out their mission, just what is that mission. Does it include more than force protection? Civil policing? Reconstruction?
- What about the private security contractors—the second largest armed group in Iraq after American forces. What is our policy toward them? How are we handling the morale problems they are likely to create for our regular soldiers, who are paid far less. Are they under effective command and control?
- How do we plan to re-establish security? What is the plan on training Iraqi police? What role will other nations play in that?
- Why has only $3 billion of the $18.6 billion that Congress appropriated last year at the urgent request of the President been spent?
- After June 30, who will be in charge of deciding how that money will be spent: the Pentagon or the State Department? In other words who will we hold accountable?
- What is current burn rate for military expenditures in Iraq? It was estimated at about $4 billion a month last year. What is it now?
- What is the range of estimates for the cost of Iraq stabilization and reconstruction next fiscal year? How will we pay for it?

I hope our witnesses will address these questions in their testimony. If not, I'll come back to them.

Thank you.

The CHAIRMAN. Well, thank you very much, Senator Biden. I'm going to ask Secretary Grossman to testify first. Mr. Natsios will be in attendance to support him. I understand that he will not have an opening statement. Is that true or do you have one?

Mr. NATSIOS. I actually have a short one.

The CHAIRMAN. Very well. Then I will ask you to testify and then Secretary Rodman. Let me just indicate in advance that I know that Secretary Grossman, because he has already filed a very important statement, has considerable detail. I would simply invite him to embellish that further. This is not a hearing in which the bell is going to ring after 5 minutes or 10 minutes or what have you. It is a hearing to explore as fully as possible the plans of our administration. I know from a previous conversation with Secretary Rodman that he has a much briefer comment. He has in fact indicated to me, so as to not have anybody in the dark about this, that many of the decisions on security are in fact the subject of ad-

ministration talks and visits even as we speak, today and in the days ahead. He might not be able to give us extensive details today, We invite you, Mr. Secretary, as you hear Secretary Grossman, and you've heard the questions of Senator Biden and myself to give us as much detail as you can, and to be responsive to our questions. I would like now to call upon Secretary Grossman for his testimony.

STATEMENT OF HON. MARC GROSSMAN, UNDER SECRETARY OF STATE FOR POLITICAL AFFAIRS; ACCOMPANIED BY: HON. FRANCIS J. RICCIARDONE, JR., COORDINATOR, IRAQ TRANSITION TEAM, U.S. DEPARTMENT OF STATE

Mr. GROSSMAN. Mr. Chairman, thank you very much, Senator Biden, thank you very much. I appreciate the opportunity to be here to report to you on progress we are making regarding the 30th June transition in Iraq. Senator Biden, I also wanted to just welcome your granddaughter. It's a good thing to bring your daughter to work. My daughter was going to come with me but she kept hearing I was such a low-ranking State Department official, she said, the hell with it, I'm not coming.

Senator BIDEN. If you'd brought her here, we would have elevated you, and maybe in one way you could have gotten more respect.

Mr. GROSSMAN. Perhaps. I'll certainly take your invitation to the Secretary back, but just for the record, the letter of invitation was to me, and I'm very glad to be here.

Like you, and I think all of us here on this side in the committee, let me also start by paying tribute to the men and women who are serving the United States of America today, military and civilian in Iraq, in Afghanistan, around the world. They demonstrate the highest degree of dedication, determination, and courage as they try to bring security, democracy, and prosperity to Iraq, and I also think it's worthwhile to thank our coalition partners, who have also sacrificed, both military and civilian. And if I could, as I have done on many times before this committee, thank you for your support of the State Department, and particularly today as I go through some of the details of the new embassy for the support of the Diplomatic Readiness Initiative, so we have the people and the wherewithal we need to carry out this country's diplomacy. And I also appreciate the statements that you have made in support of John Negroponte's nomination by the President to be our Ambassador to Iraq and we appreciate the rapidity that you want to go ahead and get this confirmation hearing done and we will work with you to get this done as quickly as possible, because I agree with you completely, we need that finished so that he also can join us and make sure we are going forward as quickly as we possibly can.

As I said, I read the letter of invitation that you sent to me very carefully, I've listened to the questions that you and Senator Biden have proposed, not just today, but I looked at the ones for the past couple of days, and it seems to me that your focus on the preparations that we're doing to get ready for 30 June, 1st of July, are the right ones, and that you ought to keep asking us these questions, we ought to keep doing these hearings, because as you both said, they are absolutely crucial to the success of the United States.

I report to you today on the tremendous amount of work that has been done. As you say, we don't have all the issues settled, but we look forward to close consultations and further hearings or any other way that this committee would like to have interaction on these issues. We have, I believe, the guidance that we need, the direction that we need, and also I hope to convince you that we have a plan for going forward between now and the 30th of June.

Our guidance comes from President Bush and he repeated it last week. He said the central commitment is to transfer sovereignty back to the Iraqi people on a deadline of June 30, and went on to describe that day, and I think it's important to put it out, which is to say on June 30 when the flag of a free Iraq is raised, Iraqi officials will assume full responsibility to the ministries of government. On that day the Transitional Administrative Law [TAL], including a bill of rights that is unprecedented in the Arab world, will take full effect. The United States and all nations of the Coalition will establish normal diplomatic relations with an Iraqi Government, an American Embassy will open, an American Ambassador, obviously subject to the confirmation of the committee and the Senate, will be posted.

The specific direction that we take with this guidance comes from Secretary Powell, who says that it is our goal to support the President's direction. As I reported to you one other time, Senator, after CPA and the Iraqi Governing Council signed the November 15 agreement and established the June 30 transition date, Secretary Powell asked Ambassador Frank Ricciardone to come back from Manila to head our transition team, and in his first day on the job he went to the Pentagon to meet his counterpart, Lieutenant General Kicklighter, and they are today one interagency team, and I just would ask them both to stand up so that the committee knows who they are and what they are accomplishing, and I think they've done a tremendous amount in the weeks that they have worked together. We thank them.

We've also established an interagency team in Baghdad under the leadership of Ambassador John Holzman. He works on transition planning and implementation in immediate consultation with Ambassador Bremer and General Sanchez. I can tell you that the Secretaries involved in our transition planning continues daily. We send to the Secretary each night a table of what got accomplished today and what needs to be done in the next day, and these notes I think demonstrate the broad range of interagency, bilateral, multilateral things that we have to get done.

We're also following the President's guidance and the Secretary's direction. We have developed a plan which I have put there, and I know it's far away from people, but we will leave one for everybody about how to get to and through the 30th of June. We set ourselves some broad deadlines and some specific ones as well, and to execute that plan we have and continue to work closely with our interagency colleagues and consult regularly with Congress, Coalition partners, Baghdad, and Washington.

Mr. Chairman, among the questions that you asked, and the one I'd like to deal with first with your permission, is how to transition from the Coalition Provisional Authority to an Embassy of the United States of America. The first job that we undertook here, a

very good idea of General Kicklighter's, was to send teams to Iraq, assessment teams, to consider what the basic requirements were to make this transition successful, and we identified 15 key sectors that we thought were crucial to success. We've identified those 15 broad areas and we're working now to make sure that each of them, that the requirements there are accomplished.

Each of these sectors is broken down into individual tasks and milestones, and again, I'll just show what we've got, which is about 500 or 550 of these tasks broken down. Somebody's responsible, there's a date for each one of them, and as you can see, some are green, some are red, some are yellow. The objective is obviously to turn them all to green. And I would invite the committee and committee staff to come to the State Department at any time where we have this on the Web and it's a living document and all of you are certainly welcome to take a look at it at any time so that you can get updated as you wish.

The CHAIRMAN. Is the document classified?

Mr. GROSSMAN. It is not, sir, but it's on our Intranet and we want to keep it that way, but you're welcome to come to the Department and you or staff and look at it any time, because it changes all the time.

The CHAIRMAN. I thank you for that invitation.

Mr. GROSSMAN. And I think it would be useful as we go forward. As I say, each of these are broken down into milestones, individual tasks, and our objective obviously is to get them all done. As I said, there were 15 of these large tasks to accomplish. I won't, even with your invitation to be detailed, go into all of them, but I'd like to talk about four today if I could. I'd like to talk about people, security, buildings, and money, and I think all of those were encompassed in questions that you asked.

The State Department, of course, as you know, and as we have talked about from time to time, has been in Iraq from the very beginning, from Jay Garner's operation, ORHA, to Jerry Bremer's operation, CPA, and we currently have 170 people in Iraq of whom we are immensely proud and they come from many parts of our Washington operation and around the world, senior officers, junior officers, and I say we're proud of them and of their service.

How big will this embassy be? It's not going to be a 3,000 American person embassy as I have seen places in the press. Our planning is for about 1,000 Americans and about 700 Iraqi employees. So exactly how do I get to that figure? I get to that figure in this way. First, the State Department has announced positions of 142 American employees and 155 locally engaged staff, Iraqis. In addition, in January of this year, Secretary Powell asked his Cabinet colleagues to identify contributions that other agencies might make to the mission in Iraq, as we have contributions from missions, in missions all around the world from other agencies.

To date, 10 Cabinet agencies have come back to us and requested a presence in Embassy Baghdad for a total of 254 Americans and about 300 locally hired personnel. Long term, because we haven't heard back from everybody, we estimate that there will be about 350 to 400 Americans other than the State Department from some 12 to 15 agencies and then a reasonable number also of Foreign Service national staff. A number of CPA staff who have specific and

very important skills to bring will also continue, we believe, to work after July 1 under the Chief of Mission and we have put in a reasonable number for them as well, and so that's how I come to a number of approximately 1,000 Americans and about 700 Iraqi employees.

I will say, and I hope that you will be proud of this as well, we have had so many State Department people volunteer for these jobs that we have no trouble assigning them to the 142 positions that we have currently announced. In fact, about 200 people have requested to be assigned to the new embassy, and of those 142 positions that we have announced, we have formally assigned 97 people, 32 more assignments are pending, and we do believe, Mr. Chairman, as you asked, that they will be in Iraq well before the 1st of July. In fact, I guess using a retail term, our objective is to have a soft opening of our embassy some 3 weeks in advance so that people can get used to what they're doing and then on the day there will really be an American Embassy there.

I should also say that we've already begun hiring for local staff, and the first people that we have hired are currently in Washington undergoing training, and their job is to then go back to Iraq and get more locally hired staff. So for those of you who have just joined us, it's about 1,000 Americans, about 700 Iraqi employees.

The American Ambassador, as we discussed the last time I was with the committee, once confirmed by the Senate, will carry with him a letter from the President, as all of our Ambassadors do, that spells out clearly his authority in Iraq. It will say that he as the Chief of Mission and personal representative of the President reporting to the Secretary of State will have responsibility for the direction, coordination, and supervision of all U.S. Government executive branch employees in Iraq except for those under the command of the U.S. area military commander or on the staff of an international organization, and that is exactly how we do it everywhere in the world, and we believe that this will work successfully in Iraq.

Of course, the American military commander and the Ambassador are going to have to have the closest possible relationship, and of course we do this other places in the world like in Afghanistan to ensure that their respective operations are fully coordinated and best serve the interests of the United States.

There have also been questions about the command and control of U.S. forces in Iraq after June 30, and I can tell you that U.S. forces in Iraq will report to the U.S. commander of the multinational force Iraq, who will report to the President through the military chain of command. He'll obviously consult closely with the Iraqi Interim Government, and as General Myers said earlier this week, we'll be looking for a partnership with this Iraqi Government. And I don't know, Senator, where the chains of command come from. As I see it, those are the chains of command that we look forward to in Iraq.

The President has said, we will turn sovereignty over to Iraqis on June 30, July 1. In the security area, obviously there's going to have to be an arrangement with that Iraqi Government that is based on the Transitional Administrative Law, that is based on U.N. Security Council 1511, that's based on CPA order 17, but I

believe that Iraqis who have this vision for their own society recognize that they can't meet that vision without security, and they can't create that security without the support of the United States of America. And so with General Myers' vision of a partnership with the Iraqi forces and with Ambassador Negroponte on the ground, I'm confident that turning sovereignty over to Iraqis with this security arrangement will be successful for us.

Second area, and that is security. Our top priority obviously is to keep people safe. Everybody here should understand that this is not just a dangerous mission for our military forces and coalition military forces that are out in Iraq. This is a dangerous mission for our people as well. We've already begun the security upgrade of the planned interim embassy buildings and we've selected a site for a future new embassy compound based largely on its security features. We have 51 armored vehicles already in Iraq, another 98 are on order, and I can tell you these vehicles have already saved Iraqi and American lives.

You asked whether we had security agents already on the ground. The answer to that question is yes. We have 32 diplomatic security staff already in Iraq to define the mission security requirements and begin to meet them. Difficult questions in the security area are left to be answered, but as you know, Deputy Secretary Armitage and our Assistant Secretary for Diplomatic Security, Frank Taylor, were in Iraq earlier this week and now will come back and I think help us define further questions in the security area. But I repeat that this is going to be for us, as well as for our military colleagues, a dangerous place to live and work for some time.

Facilities. Our director of overseas buildings operations, Ambassador Chuck Williams, traveled to Baghdad in February. We've identified a building to serve as the embassy from the 1st of July until a more permanent facility can be established. We're referring to that as the temporary chancery. It's already under renovation, and, Senator, you asked, we believe will be absolutely ready to go on the 1st of July.

In that temporary chancery will be the Ambassador and a limited number of staff. In addition, until we build a new embassy compound, we'll continue to use some of the buildings that the CPA is currently using, mostly for non-public operations, and we'll continue to use the residence that is currently used by Ambassador Bremer.

We've got some housing issues. CPA people are currently housed in trailers. That's where our people will be temporarily. We've got some more trailers on order, but in the facilities area as well, I think we've got a plan in process, and again, Rich Armitage, who was in Baghdad on Tuesday, walked all of the sites of the temporary facility, walked the site of a possible new embassy compound, and reported to me by phone yesterday that he was confident that in this area we can get this job done.

Finally, you asked about money, and here, Senator Nelson, when I was before the committee the last time, asked me about the money, and I have been trying to get him an answer ever since, and I am finally able to give you, I hope, Senator, a complete answer about where the finances go. And here's how this works as far

as we're concerned. Our current estimate for the resource requirements for the mission for the rest of fiscal year 2004 and all of 2005 are between $1.1 billion and $1.5 billion, excluding the cost of a new embassy building. Obviously, these cost estimates are subject to change. I'm giving you a snapshot as they are today, the $1.1 billion to $1.5 billion.

We have so far identified $535 million to pay these bills through the end of this calendar year, broken down as follows. First, we have $97.3 million for the fiscal year 2003 and fiscal year 2004 Iraq supplementals, which will help provide for some ongoing renovation and security costs and interim facility requirements.

Second, based on current OMB apportionments, $195.8 million will be available in the fourth quarter from CPA operating expenses since they will transfer to this embassy, and so that will help as well. And third, as a successor to CPA, up to 1 percent of the Iraq relief and reconstruction fund, and that's about $184 million, can be transferred for operating expenses, and our fiscal year 2005 budget did include $46 million for some State Department operating costs, support costs, and $29 million for staffing. So that's $523 million that we have identified.

We're also exploring a number of other funding strategies, nonreimbursed support from other agencies that will participate in this embassy. It's possible also, and the lawyers are looking at this, to use a larger percentage of the Iraq reconstruction and relief fund for administrative expenses. And so there are ways that we are looking to fill that gap. What Senator Biden—both Senator Biden and Senator Lugar asked about a supplemental, and if you ask me in terms of our requirements, we believe a supplemental will ultimately be required, obviously the size and timing to be set by the President.

And so that is where we stand on the finances at the moment. We'll continue to refine those numbers, but we've got a job in front of us, we've identified some money, and we're going to continue to work on this as we go forward.

My report to you as a whole—and I'll say I was very encouraged from hearing from Rich Armitage on the phone the other day that he believes that the work that has been done by General Kicklighter and Ambassador Ricciardone, and the work that is being done on the ground means that we will be ready to stand up an Embassy of the United States of America on the 1st of July.

The second major question that you have both posed is, what about the transition on the political side? What happens in Iraq 30 June, 1st of July? And let me take a moment to talk about those issues as well. The restoration of Iraqi self government on June 30, we have here again clear guidance and clear direction. The President has said on a number of occasions that we will return sovereignty to Iraqis on the 1st of July. The plan for restoring Iraqi sovereignty is essentially laid out in the November 15 agreement, and I just have a chart,[1] and again, I would be glad to have some left with you so this is not an eye examination—it's the other one, thank you very much—is the way forward from the November 15

[1] Copies of charts exhibited during Mr. Grossman's presentation can be found beginning on page 99.

agreement. If you don't remember that agreement, it was signed by CPA and the Iraqi Governing Council. It called for a Transitional Administrative Law encompassing a basic bill of rights, and that agreement as it goes along there by dates, calls for the selection of an Interim Iraqi Government to oversee the preparation of national elections and the transfer of governing authority to an interim government by June 30, 2004.

The agreement also established a time line for national elections and the drafting and ratification of a new constitution and the election of a government under that constitution by December 31, 2005. Mr. Chairman, I might suggest if it would be all right with you, is I'd like to ask that the TAL in its entirety be submitted for the record,[2] because I think it's a very important document and one that does lay out the plan as we go forward. I think that would be very worthwhile.

The CHAIRMAN. It will be included in the record in full.

Mr. GROSSMAN. Thank you, sir. Now, there have been some changes in the November 15 agreement since that time, but I think the basic framework and the time line still holds. The first step obviously was the Governing Council's agreement on the Transitional Administrative Law now almost 3 months ago. It marked an important achievement, equal rights for all Iraqis without regard to gender, sex, opinion, belief, nationality, religion, or origin. It confirms Iraq is a single state with federal structures. It affirms civilian control of the Iraqi security services and the independence of the judiciary. And finally, the TAL establishes the general framework for national elections by January 31, 2005, and the drafting of a permanent constitution by August 15, 2005, and then the transition to a constitutionally based, post-transition government by December 31, 2005.

It talks specifically about the Iraqi Interim Government. As you all know, and we've talked about before, following the U.N. Secretary General's February 23 report and the signing of the Transitional Administrative Law, the Governing Council on March 17 asked the United Nations to come to Iraq to help it with two jobs. First, to advise it on how to get to this interim government, and second, to advise it about how most properly to view most elections.

And so on April 5, Ambassador Brahimi returned to Iraq to resume intensive consultations with Iraqis for this purpose, and you all have seen, I know, the statement that President Bush made last week that we welcome the proposals that Ambassador Brahimi presented. He's identified a way forward to establishing an interim government that is broadly acceptable to the Iraqi people, and the President thanked the United Nations and the Secretary General for making Ambassador Brahimi ready for this work, and we look forward to working with him more closely.

In our consultations with the United Nations and in our talks with Ambassador Brahimi, we've tried to lay out what we think this Iraqi Governing Council ought to be about. Let me just give you some criteria that I consider to be important. First, that this interim government should represent the diversity of Iraq. Second, that it should not have a law-making body. We don't believe that

[2] See page 84.

the period between the 1st of July and the end of December should be a time for making new laws. The structure of the government should be effective, simple, and in order to avoid deadlock, should not be overly large. Third, the process of selecting the government should be as simple as possible. And fourth, the interim government should have all the necessary authorities it needs to lead Iraq into a community of nations and especially to undertake agreements with economic reconstruction and to prepare the country for elections. And as I say, given that criteria, we are pleased with the sketch that Ambassador Brahimi provided of his proposed way forward and believe his idea fits in our vision.

Mr. Chairman, you talked a little bit about that vision of Ambassador Brahimi's. He believes he can establish by mid-May an interim government led by a Prime Minister that also includes a President, two Deputy Presidents, a council of ministers which will report to the Prime Minister, and then an advisory body which would be selected by a national conference to be held, as Ambassador Brahimi's foresees it, some time in July, which would serve alongside of the executive but not have legislative authorities.

We look forward obviously to discussing this further, and I know that Ambassador Brahimi will be reporting to the Security Council in more detail, but we look forward to that.

I also want to highlight Ambassador Brahimi's statement regarding the central importance of elections, and that is something with which we absolutely agree. And, in fact, for us, the call for national elections in early 2005 was a key part of the November 15 agreement. In this regard, and I just really have to say how much we admire the work that the U.N. election team, headed by Ms. Perelli, did while they were in Baghdad. They got to Baghdad in late March, they were there for quite a number of weeks. They worked very hard with the Iraqi Governing Council and other Iraqis to establish an election system, and I just want to highlight something that Ms. Perelli said in her press conference on the way out, which is that the time line for getting these elections going is very tight, and so we need to pay close attention to getting the election system in Iraq right.

Finally, on the United Nations Security Council resolution, you asked about that, Senator, and both President Bush, Secretary Powell, others have talked about the need for a new U.N. Security Council on Iraq. And I can tell you today that we have not decided in terms of its exact text or when would be the best time to get it, either just before the 30th of June, after the 30th of June. That is something that we are still considering, but what we have done is lay out, and I will lay out for you today some of the basic components of that resolution when it comes.

A new resolution should obviously extend a hand to the new Iraqi Government and support it, as you said, Senator Lugar, to deal with reconstruction activities, including the future of the development fund for Iraq, and with the continuing need obviously for security for the Iraqi people. It would help the Iraqi people complete the political process for themselves. It would, as Senator Biden said, encourage other nations to get involved in security and reconstruction efforts, and the resolution could also structure a role for the United Nations in this new political framework, particularly

in supporting the process toward elections, which was another of your questions, who runs these elections.

So, Senators, I sit before you here on the 22nd of April, I have a vision of Iraq on the 1st of July where there will be, subject to Senate confirmation, an American Ambassador. There will be a large but recognizable American Embassy. The Ambassador's team, including a highly experienced Deputy Chief of Mission, will include representatives from a broad range of U.S. Government agencies. There will still be a very large number of American troops on the ground helping to provide security and train Iraqi army and police forces, and when the Ambassador goes to call on Iraqis in government, he will be calling on the President and the Prime Minister of a sovereign Iraq, but clearly, the work we have to do will not be complete. Iraq will still be in transition, and I think it's important to recognize, as the chart does, and as we will do, I'm sure, during the question and answer period, that this is an interim government that lasts from the 1st of July till December, and its job is to get elections going and help us and participate as a partner in security.

Security will still be an issue. Elections will need to be held. A permanent constitution will need to be drafted. Economic reconstruction will remain unfinished. And the United States is committed until we reach our objective, a democratic, prosperous Iraq governed by a duly represented government at peace with itself and its neighbors.

I hope, Mr. Chairman, that we've moved this conversation along from the last time I was here and we have a lot more detail on both ends of this plan. I recognize that we don't have every answer, but I believe we have a plan and we are well on our way to carrying it out, and I thank you for offering me the chance to give this statement in detail and I hope it has been of some use to you.

[The prepared statement of Mr. Grossman follows:]

PREPARED STATEMENT OF HON. MARC GROSSMAN

Mr. Chairman, Senator Biden, Members of the Committee, I appreciate the opportunity to report to you today on the progress we are making regarding the June 30 transition in Iraq.

Before I begin, I would like to pay tribute to the men and women who are serving their country and the cause of freedom in Iraq. Secretary Powell, Deputy Secretary Armitage and I are immensely proud of the Americans—civilian and military—who demonstrate the highest degree of dedication, determination and courage as they work to bring security, democracy and prosperity to Iraq. I also want to thank our many Coalition partners for their steadfast support.

Thank you also for your support of the State Department.

I know that you saw the President's announcement on Monday of his nomination of Ambassador John Negroponte to be the first Ambassador to the new Iraq. We are delighted.

I read your letter of invitation to me carefully. Your focus on the plans and preparation for a successful transition on June 30, our coordination with Coalition partners, Iraqis and the United Nations, and the importance of a smooth transition from the CPA to a U.S. Embassy in Baghdad is the right focus.

We too are focused on the need to ensure enough resources, the right people and the right organizational structure to do the job.

While I will report to you today on the tremendous amount of work we have already done on these issues, we do not yet have all the answers. As Secretary Powell said earlier this month to your colleagues here in Congress, "Creating a democratic government in Iraq will be an enormous challenge, but Ambassador Bremer—with the Iraqi Governing Council, the United Nations and our coalition partners—is committed to success." And what did the Secretary say next? "When the State Depart-

ment assumes the lead role this summer in representing and managing U.S. interests in Iraq, we will carry on that commitment. We're already thoroughly involved, and we will succeed."

We have the guidance we need, the direction required, and a plan for a successful transition in Iraq.

GUIDANCE. DIRECTION, PLAN

Our guidance comes from President Bush. He repeated it last week. "One central commitment" the President said of our mission to liberate Iraq, "is the transfer of sovereignty back to the Iraqi people. We have set a deadline of June 30th. It is important that we meet that deadline. As a proud and independent people, Iraqis do not support an indefinite occupation—and neither does America."

The President went on to describe that day: "On June 30th, when the flag of free Iraq is raised, Iraqi officials will assume full responsibility for the ministries of government. On that day, the Transitional Administrative Law, including a bill of rights that is unprecedented in the Arab world, will take full effect. The United States, and all the nations of our coalition, will establish normal diplomatic relations with the Iraqi government. An American embassy will open, and an American ambassador will be posted."

Our specific direction comes from Secretary Powell. The Secretary has set the State Department in motion to support the President's goal of a smooth transition on June 30.

After the CPA and the Iraqi Governing Council signed the November 15 Agreement and established the June 30 transition date, the Secretary called Ambassador Francis (Frank) Ricciardone back to Washington to head our transition team. In his first day on the job, Ricciardone went to the Pentagon to meet with his counterpart as the Iraq Transition Team leader for the Department of Defense, LTG (ret.) Mick Kicklighter. Ricciardone and Kicklighter head one interagency team.

Our interagency team has established a cell in Baghdad under Ambassador John Holzman. Ambassador Holzman works on transition planning and implementation in immediate consultation with CPA Administrator Bremer and CJTF-7 Commander General Sanchez.

The Secretary's involvement in our transition planning continues daily. Each evening we send the Secretary a consolidated summary of the Department's transition-related activities for the day. The notes demonstrate a broad range of interagency, bilateral and multilateral requirements, and highlight issues to solve and those resolved. We also provide the Secretary a more in-depth weekly report that highlights key challenges and the steps we are taking to address them.

And so, following the President's guidance and Secretary Powell's direction, we have developed a plan to get us to—and through—June 30.

To execute our plan, we have and continue to work closely with our interagency colleagues, and we consult regularly with Congress and Coalition partners in Baghdad, in Washington, and in capitals.

TRANSITION FROM CPA TO EMBASSY

We are proceeding in close coordination with our interagency colleagues and with CPA.

As an early step, the transition planning team established teams in key sectors which we thought critical to ensuring a successful transition on June 30. We also sent interagency assessment teams to Iraq to examine the situation on the ground and report their findings.

Each of these sectors is broken down into individual tasks or milestones that need to be accomplished. The sectors actually represent more than 500 milestones. And behind these milestones are individual tasks. Responsibility for each task has been assigned to a particular agency or office, and target completion dates have been established.

In the personnel sector, for example, there are twenty-six individual milestones that have been identified to date. All but four are "green," indicating that they are either completed or on schedule.

We at the State Department are glad to brief you or your staff on any of the tasks we have identified. And let me offer full access to our Transition Planning Team intranet Web site to any of your staff willing to visit us in the Department of State and use computers with access to our intranet.

Today, I would like to spend a few minutes going into some detail on our planning and progress in four key sectors of transition planning: people, security, buildings and money.

PEOPLE

State Department officers have been in Iraq from the beginning, alongside Jay Garner and ORHA and under Jerry Bremer and CPA. We have more than 170 people in Iraq today. These men and women have come from Washington and dozens of missions overseas, Foreign Service and Civil Service, from our newest Junior Officers to sitting Ambassadors. We are proud of their professionalism and sense of service.

How big will our new Embassy in Baghdad be?

The State Department has announced positions for 142 American employees and 155 locally engaged staff.

In addition, in January of this year, the Secretary asked his Cabinet colleagues to identify contributions their agencies might offer in Iraq. As of April 15, ten agencies have requested a presence in Embassy Baghdad for a total of 254 American and 280 locally hired personnel for FY 2005. Long term, we estimate a total of 350-400 permanently assigned Americans from some 12-15 agencies, other than State, will serve under the Chief of Mission in Iraq.

And a number of CPA staff will continue after July 1 in a temporary capacity under Chief of Mission authority to ensure the continuity of the transition process and to support Iraq reconstruction efforts. The transition team, working closely with CPA, is currently identifying the number of staff that will carryover.

Thanks to the eagerness of so many State Department people to volunteer for service in Iraq, we have made excellent progress in assigning them to the future Embassy. More than 200 people have requested to be assigned to the new Embassy. Of the 142 Foreign Service positions announced to date for Embassy Baghdad, we have formally assigned 97 people. Thirty-two more assignments are pending.

We have also already begun interviewing for the local hire positions, and have hired our first employees. These first hires are undergoing training here in Washington in order to prepare to help us hire others for service in the Embassy. In the short run, however, pending the Embassy's ability to bring on all the direct-hire Iraqi personnel that we ultimately will need, the Embassy will rely on Iraqi and third country staff now under the U.S. Army's "Logcap" contract to provide many basic support services.

We have heard questions about the role of the American ambassador, given the large military presence that will remain in Iraq after July 1.

The American ambassador, once confirmed by the Senate, will carry with him to Iraq a letter from the President—as all our Ambassadors do—that spells out clearly his authority in Iraq. It will say that he, as the Chief of Mission and personal representative of the President, reporting through the Secretary of State, will have full responsibility for the direction, coordination, and supervision of all United States Government executive branch employees in Iraq, regardless of their employment categories or location, except those under command of a U.S. area military commander or on the staff of an international organization.

Of course, the Ambassador and the military commander will have to work closely together to ensure that their respective operations are fully coordinated and best serve the interests of the United States in Iraq.

There are also questions about the command and control of U.S. forces in Iraq after June 30. U.S. forces in Iraq will report to the U.S. commander of the Multinational Force–Iraq (MNF–I), who will report to the President through the military chain of command. We will consult closely with the Interim Iraqi Government and, as General Myers said earlier this week, we will build a partnership with Iraqi security forces.

One last comment on State personnel. The response from the professional men and women in the State Department has been exemplary. Many of those who have asked to serve in the new Embassy have already served in Iraq over the past year. Without the additional personnel made possible through congressional support for the Diplomatic Readiness Initiative, we would have been unable to provide this kind of support to CPA, or be in such good shape heading for June 30.

We look for your continued support to ensure that new requirements like Iraq are permanently funded to ensure the personnel resources remain available to respond to crises.

SECURITY

Our top priority is to keep our people safe. This is a dangerous mission. We have already begun the security upgrade of the planned interim Embassy buildings, and have selected a site for a future new embassy compound based largely on its security features. We have 51 armored vehicles in Iraq and another 98 are on order. These vehicles have already saved American and Iraqi lives.

Thirty-two Diplomatic Security (DS) staff are already in Iraq to define the Mission's security requirements and to begin to meet them—as well as to help protect CPA officers and visitors.

There are difficult questions related to security still to be answered. Deputy Secretary Armitage and Assistant Secretary for Diplomatic Security Frank Taylor were just in Baghdad to keep working through these questions in close coordination with people on the ground.

Iraq is, and for some time will remain, a dangerous place to live and work. Protecting our people in a wartime environment is difficult and expensive, but we must spare no effort or expense to meet this challenge.

BUILDINGS

Director of Overseas Building Operations Chuck Williams traveled to Baghdad in February to complete plans for interim and potential permanent mission facilities. We have identified a building in the green zone to serve as the Embassy from July 1 until a more permanent facility can be established. This building, which we refer to as the temporary Chancery, is already under renovation and will be ready for occupancy in advance of the transition.

The temporary Chancery will serve as the office of the Ambassador and a limited number of staff. In addition, until we build a new Embassy compound, we will continue to use the former Republican Palace, where CPA is currently located, for most non-public operations, and we will continue to use the current residence that is being occupied by Administrator Bremer.

Most embassy employees will be housed in trailers currently being occupied by CPA personnel. We have already contracted for an additional 75 trailer units to accommodate 150 personnel to ensure that we have adequate and appropriate space to house our staff until permanent facilities can be established.

We also have begun the planning process to develop a new American Embassy facility. A site, chosen largely for security reasons, has been selected for the new Embassy facility.

FINANCIAL OUTLOOK

Finally, I would like to share our current thinking on the fiscal resources needed to ensure a smooth transition to Embassy Baghdad, and the continued operation of the mission thereafter.

I need to emphasize that the costs I report to you today are only a snapshot.

In order to open an Embassy on July 1, we must meet basic security needs and must make an investment in technology and communications equipment. Congress has provided in FY 2004 $97 million for an interim embassy facility and interim operations.

In addition, we expect to have available the fourth quarter portion of the operating expense budget appropriated for the CPA ($195.8 million), and, pursuant to the FY 2004 Supplemental, up to 1% of the Iraq Relief and Reconstruction Fund, available for transfer ($184 million).

The State Department must be prepared to cover both its initial start-up and operating expenses, as well as follow-on costs from the CPA to assure continuity of operations. There are significant challenges in the funding demands that we are working are way through, and it is clear that we will need to make sure that all agencies cover their respective share of joint costs.

We estimate that those joint mission costs may be in the range of $500-$600 million for the balance of FY 2004 and we are working on how those costs will be allocated among agencies. In addition, we estimate that the costs in FY 2005 to operate the U.S. mission could exceed $1 billion. We are working closely with CPA, DOD, and OMB to refine these estimates and will provide you as much accurate information as quickly as we can. We will consult with you and your colleagues before anything is finalized.

IRAQ'S TRANSITION TO SOVEREIGNTY

About the political process in Iraq, and the restoration of Iraqi self-government on June 30th. Here, too, our guidance and direction is clear.

The President, on the night he announced the start of Operation Iraqi Freedom, March 19, 2003 said: "We come to Iraq with respect for its citizens, for their great civilization and for the religious faiths they practice. We have no ambition in Iraq, except to remove a threat and restore control of that country to its own people."

The plan for restoring Iraqi sovereignty is laid out in the November 15 agreement. That agreement, signed by CPA and the Iraqi Governing Council, called for a Transitional Administrative Law, encompassing a basic bill of rights for all Iraqis. The

agreement called for the selection of an Interim Iraqi Government to oversee the preparation of national elections, and the transfer of governing authority to the interim government by June 30, 2004. And the agreement established a timeline for national elections, the drafting and ratification of a new constitution and the election of a government under that constitution by December 31, 2005.

There have been changes since November 15. But the basic framework and timeline still holds.

TRANSITIONAL ADMINISTRATIVE LAW

The first step was the Governing Council's unanimous agreement on the Transitional Administrative Law, or TAL, nearly two months ago. This marked an important achievement. As Secretary Powell said on March 8, "Just imagine the impact that this document is going to have, not only in Iraq but in that part of the world. The rights of all citizens, to include women, committing this Arab nation to democracy; a free and independent judiciary; the military firmly under civilian controls."

The TAL provides for equal rights for all Iraqis, without regard to gender, sect, opinion, belief, nationality, religion or origin. It confirms Iraq as a single state with federal structures, affirms civilian control of the Iraqi security services and the independence of the judiciary. Finally, the TAL establishes the general framework for national elections by January 31, 2005, the drafting of a permanent constitution by August 15, 2005 and the transition to a constitutionally-based post-transition Iraqi government by December 31, 2005.

THE IRAQI INTERIM GOVERNMENT

Following the UN Secretary General's February 23 report and the signing of the TAL on March 8, the Governing Council on March 17 asked the UN to return to Iraq to advise and assist on forming the Iraqi Interim Government and preparing for elections for the Transitional National Assembly. On April 5, Ambassador Brahimi returned to Iraq to resume intensive consultations with Iraqis for this purpose.

As President Bush said last Friday, "We welcome the proposals presented by the U.N. Special Envoy Brahimi. He's identified a way forward to establishing an interim government that is broadly acceptable to the Iraqi people . . . We thank the U.N. and Secretary General Annan for helping Iraqis secure a future of freedom. We're grateful that Mr. Brahimi will soon return to Iraq to continue his important work."

In our consultations with the UN and Iraqis, we have made clear that while Ambassador Brahimi and Iraqis will chose the specific formula for the interim government, there are fundamental criteria that must be met.

First, the interim government should represent the diversity of Iraq.

Second, it should not have a law-making body. The structure of the government should be effective, simple and, in order to avoid deadlock in the interim period, should not be overly large.

Third, the process of selecting the government should be as simple as possible.

And fourth, the interim government should have the necessary authorities to lead Iraq into the community of nations, undertake agreements to push forward economic reconstruction, and prepare the country for elections.

We were pleased by the sketch Ambassador Brahimi provided of his proposed way forward and believe his idea fits well with our vision.

Ambassador Brahimi envisions establishing by mid-May an interim government led by a Prime Minister that also includes a President and two Deputy Presidents. A council of ministers would report to the Prime Minister. An Advisory Body, selected in July by a National Conference, would serve alongside the Executive but have no legislative authority.

We look forward to further discussions with Iraqis and in New York with the Secretary General as we consider the way forward. We also look forward to Ambassador Brahimi's return to Iraq in the weeks ahead to continue consultations with Iraqis countrywide.

I would also highlight Ambassador Brahimi's statement regarding the central importance of elections. We agree. In fact, the call for national elections in early 2005 was a key part of the November 15 agreement.

In this regard, we are grateful for the continued work of the UN election team, headed by Carina Perelli. The team has been in Baghdad since late March and is working closely with our officials and experts to accelerate election preparations. As Ms. Perelli has said, the timeline for elections by January 2005 is very tight. A top priority remains establishing an independent Election Commission as soon as possible. We look forward to further discussions with the UN on the way ahead.

UNSCR

President Bush and Secretary Powell have both discussed a new UN Security Council resolution on Iraq. We are considering what kind of resolution might be appropriate and are looking at possible elements that would be in the resolution.

For example, a new resolution could extend a hand to a new Iraqi government. It could deal with reconstruction activities, including the future of the Development Fund for Iraq and with the continuing need for security to enable the Iraqi people to complete the political process. It could encourage other nations to get involved on both the security and reconstruction efforts. And a new resolution could structure a role for the United Nations in the new political framework, particularly in supporting the process towards elections.

JULY 1

So, as I sit before you on April 22, what do I think Iraq will look like on July 1? There will be an American ambassador, running a large but recognizable Embassy. His highly experienced deputy chief of mission and country team will include representatives from a broad range of USG agencies. There will still be more than 100,000 U.S. troops on the ground, helping provide security and train Iraqi army and police forces. And when the Ambassador drives off to call on Iraqis, he will be meeting with the Prime Minister and the President of a sovereign Iraq.

But our work will not be complete. Iraq will still be in transition; elections will need to be held; a permanent constitution will need to be drafted; economic reconstruction will remain unfinished. The United States is committed until we reach our objective—a democratic, prosperous Iraq governed by a duly-elected, representative government, at peace with itself and its neighbors.

We have guidance; we have direction; we have a plan. And we are already executing that plan.

Thank you.

The CHAIRMAN. Well, thank you very much, Secretary Grossman. Your statement was very comprehensive. It was an extraordinary statement that each one of us will want to digest carefully, as we respond with questions back and forth.

Ambassador Natsios.

STATEMENT OF HON. ANDREW S. NATSIOS, ADMINISTRATOR, UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT [USAID]

Mr. NATSIOS. Thank you, Mr. Chairman. USAID has played a major role in the reconstruction of Iraq over the past 12 months. It has been hard at work doing this reconstruction. I expect that it will continue to be hard work for quite some time, but it has been very rewarding, and I would say the thing that surprised us the most in the reconstruction process is the high technical competence of the Iraqis in the ministries and in local government that we've met and in other public institutions. That has made our work much easier, when you have competent local partners who can manage things and get things done.

We have programs in every province of the country and we intend to keep them going. We have built a solid presence in many places. Obviously our headquarters are in Baghdad, but we have large offices in Arbil, in al-Hila, and in Basra. We'll continue those offices beyond the 30th of June.

We have worked very closely with the CPA. We report to Ambassador Bremer, and on the 30th of June or 1st of July we will report to the U.S. Ambassador, my good friend, John Negroponte, who by the way was an ambassador in three countries where there were USAID missions, so he knows what USAID missions do, he works

well with them, and our officers actually were quite pleased with the choice of John Negroponte for this position.

We work in the following areas: in health care, humanitarian assistance for people affected by the war, in local governance, in economic growth, in education, in infrastructure, electricity, agriculture, civil society and civic education, and water and sewage treatment systems. We work through 32 partner organizations, 11 contractors, 11 NGOs, 5 universities, and by the way, our university partnerships are quite innovative. They're American universities which have partnerships with 5 European universities and 5 Iraqi universities. And what we're doing is now having our professors go there to teach and then some of the Iraqis come back to the United States, because many of them have never been out of the country and they want to see what the West is like, they keep asking us that.

We also worked with 5 U.N. agencies, some of them to an enormous degree. They have been extraordinary partners for us under difficult circumstances. To date, we have been allocated $3.8 billion from the first and second supplementals, and we've obligated of that $3.3 billion. Let me explain what obligation means. It means there is a signed, written contract, grant, or cooperative agreement with a partner organization. That organization has money transferred to its account and that they begin work on the ground.

Because most of what we're doing was started a long time ago, our partner organizations have well established presences on the ground. There are about between 70–80 USAID officers in Baghdad and these other regional offices, and there are 100 Iraqis who have been working with us for the last 8 months. There are about 755 to 800, depending on the time of year and the projects, expatriate contractors who work for our partner organizations, and then there are thousands and thousands of Iraqis. Last summer we were up to 35,000 Iraqis who were working for USAID partner organizations exclusively funded by the U.S. Government. It's down now because we were using a lot of contractors to do the reconstruction of schools, but it's still on the order of 5,000 or 6,000 as of last week.

I could go through all of the accomplishments of last year. I don't think you want to hear that. That is in the record of the larger statement, but I just wanted to give you a sense now from our perspective. Unless Ambassador Negroponte tells us to change course, we will continue to implement our contracts that are in place and our programs and projects in the areas that I just mentioned on July 1. We will revert to a traditional USAID template in terms of how we actually do our operations. This is not a normal operation obviously in Iraq. It's a massive operation, the most massive USAID's been involved in since the Marshall Plan in the late 1940s where we actually got our start in reconstruction.

But up to now we have not had our own strategic plan for reconstruction. We're part of the CPA plan. On June 30, we will revert to the traditional system. We will have our own strategic plan, which is being written now, and we will function under what are called strategic objectives. Strategic objectives are implemented through contracts, grants, cooperative agreements, and our staff, using the budget that's given to us by OMB and the embassy, and

that's what will happen July 1. But we rebid all the contracts. Ten of the 11 contracts we started with before the war, we rebid recently and they're 3-year contracts. So in terms of our time horizon, our planning horizon now is 3 years.

The NGO contracts, I believe, or grants, are about 2 years, but they can be annually renewed without any difficulty. They don't have to be rebid because of the nature of these contracts. We will simply continue these projects.

If Ambassador Negroponte decides he wants us to undertake other activities, we will do that. There are four new activities we were given the last few weeks by Ambassador Bremer. We're out to bid now on these projects. One of them is a very innovative thing in civic education to prepare the country for a democratic transition at the national level. In any case, we will do as we're asked to do and we will revert to our traditional mission structure and reporting relationships to the Ambassador. Thank you.

[The prepared statement of Mr. Natsios follows:]

PREPARED STATEMENT OF HON. ANDREW S. NATSIOS

Chairman Lugar, Senator Biden, Members of the Committee: I am pleased to be here today, with my State and Defense Department colleagues, to report on what the U.S. Agency for International Development has accomplished since our formal mission began in Iraq May 2, 2003.

In February of 2003 we submitted documentation to the Office of Management and Budget and to the Congress outlining Agency plans in the event of combat in Iraq. We had two jobs to do, as we saw it: humanitarian relief and reconstruction. Relief usually follows war at a distance, but our goal was to reduce that distance to a minimum. We planned carefully, worked the Inter-Agency process, and gathered enough food and supplies to ensure no humanitarian crisis took place.

Thus we moved almost immediately to reconstruction. Our first priorities were water, sanitation, public health, essential services and infrastructure. Vast swathes of the country—particularly in the largely Shi'a south—were destitute. No new infrastructure had been built for more than a decade in the south, and very little basic maintenance was done. The draining of the southern Marshlands was an ecological and human catastrophe, killing and sending hundreds of thousands into exile and destroying an immense and unique natural water filtration system.

Every statistical measurement of individual well-being dropped sharply during this decade. All the data on infant mortality and maternal death rates, in female literacy and family income, in life expectancy, caloric intake, all point down. Worse still, may be the legacy of Saddam's reign of mass terror. Together, the statistics are dramatic. Many hundreds of thousands, it appears, died from the deliberate neglect of Iraq's basic infrastructure.

Traditionally, it takes months to move from the humanitarian to the reconstruction phases of an intervention. Our goal was to do the two at once. Careful planning and close inter-Agency coordination paid off. Among other things, USAID grants enabled the U.N.'s World Food Program to carry out the largest mobilization operation in their history. We worked closely with the military's civil affairs units and several key contractors and NGOs, and the humanitarian crisis that many had predicted did not take place.

That meant we could move to reconstruction in record time. Given the conditions on the ground, there were four broad areas of priority we worked out with ORHA and the CPA. They were:

- essential infrastructure
- health and education
- economic opportunity
- democracy and governance

Since May 2 of last year, USAID has obligated approximately $3.3 billion for our Iraq programs. We have worked with the CPA at every step of the way and with 42 different implementing partners: private companies, non-profits, NGOs, PVOs, and certain U.N. specialized agencies like the WFP. I would like to call the Committee's attention to the work these organizations have performed. It has been accom-

plished under difficult—and at times very dangerous—circumstances, and I cannot say enough about the courage and determination that our partners have displayed.

Now I would like to point to some of USAID's important accomplishments in our four sectors.

ESSENTIAL INFRASTRUCTURE

I will start with the most demanding—electricity. It is no secret that sabotage continues to undercut effectiveness in this sector, and a great deal of work needs to be done just to keep the existing infrastructure operating. We are looking toward peak demand of 6,000 megawatts in the summer and are rehabilitating eight power plants and installing 3 new ones to help meet this demand. We are also replacing towers, stringing wires, rebuilding the Khor Az Zubayr-Nasariyah 400-kv line, and installing new generators in the Kirkuk and South Baghdad power plants.

Elsewhere the results have been more unambiguous. We repaired the Baghdad airport and the country's main deep water port, Umm Qasr. We have rebuilt the Al Mat, Khazir and Tikrit Bridges, worked with Iraqi Republican Railways to improve rail service, and are repairing the country's fiber optic network.

Water and sanitation have been a major concern of ours, given the threat to public health from badly polluted river and well water. So we are repairing water purification and sewer plants in Baghdad, An Najaf, Karbala, Ad Diwaniyah, Hillah, Basrah, Kirkuk, Al Dujayl, Mosul and other cities and towns. As most of the country's sewage passes directly into the Tigris and Euphrates, we expect child mortality and the incidence of water-borne disease to drop sharply as these plants come on stream beginning this summer.

HEALTH AND EDUCATION

Not surprisingly, the same neglect evident in Iraq's physical infrastructure is a defining feature of public health. Acting on the evidence our early assessments teams gathered, we moved quickly in this sector, purchasing 30 million doses of vaccine and working with UNICEF to vaccinate three million children under the age of five. This we had done by June. Since then we are continuing our vaccination work, helping the Ministry of Health expand its services, re-equipping 600 health care clinics, training doctors and nurses, rebuilding the National Polio Laboratory, and distributing high-protean supplementary food rations to hundreds of thousands of pregnant and nursing mothers.

At the same time, our education programs have made a solid contribution to the rebirth of the country. We rehabilitated 2,358 schools by the time school opened in September; distributed hundreds of thousands of desks and chairs and student kits; printed 8,759,260 textbooks; trained 860 secondary school Master Trainers and 32,632 secondary school teachers and staff. We are funding an accelerated learning program for students who are so thirsty for the schooling they missed that they voted to give up vacations; we set a series of partnerships between American and Iraqi universities; and just earlier this month, we committed $12.6 million to UNICEF to continue their work with the Ministry of Education. Altogether, we calculate that 2.3 million Iraqi students received direct assistance from USAID over the past year.

ECONOMIC OPPORTUNITY

In the economic sector, we worked with the Iraqi Ministry of Finance to launch the new dinar. By January 15 the currency exchange program ended. There are now trillions of new dinars circulating through the country. Iraqis are good businessmen, and economic activity is picking up significantly despite the violence. But jobs remain a vital issue. USAID grants have put more than 77,000 people to work on public programs. We've helped the commercial banks set up a payment system, and are working with the ministries to update commercial law.

We have had an Agricultural Reconstruction and Development program in place since October. The Agency is collaborating closely with the CPA on a $21 million micro-credit program, the Oil-for-Food Program, and in their work with the Iraqi Ministry of Trade. And we have embarked on an ambitious program to begin restoring the country's shattered wetlands.

DEMOCRACY AND GOVERNANCE

Our challenges in democracy and governance are no less daunting. But here, too, we have a right to be optimistic. We have made a lot of progress. In city after city throughout the country, unseen and unreported by the Western media, our programs and our partners have been forming councils, encouraging civic organizations

of all kinds, training local administrators, furnishing essential equipment through our Ministry in a Box work, bringing women's groups together, and helping human rights organizations like the Free Prisoners Association safeguard the millions of records they've amassed.

Today, USAID democracy programs operate in every Iraqi governorate. We have helped create councils in 16 governorates, 78 districts, 192 city and sub-districts, and 392 neighborhoods and worked with the CPA and the military's civil affairs units to set up many others. These councils have become a kind of incubator of Iraqi democracy. Many of the men and women who have served on them and have demonstrated their abilities are likely to be elected to higher office and serve their communities when national elections take place next year.

Because government decisionmaking was so tightly controlled during Saddam's regime, few local officials have had much experience planning, budgeting, or making decisions. So we have focused on training local authorities and helping them gain the experience they need if they are going to provide essential public services.

Parallel to this, we are actively funding Community Action Groups. The men and women who make up these groups have shown an aptitude for self-government. Already they agreed upon, funded, and completed some 845 local and community projects ranging from a youth center in Halabja to water systems in Tikrit, to a major roads, sewage, water, schools and sports program in An Najaf and Karbala, and water, public health and girls education projects in Basrah.

That is just the briefest of outlines, Mr. Chairman. USAID has been so deeply involved in the reconstruction of Iraq that a detailed accounting of our work over the past 12 months could take hundreds of pages. We recognize that there may be some who wish to know more about USAID has done, how we proceeded, and what we hope to accomplish in Iraq in these uncertain times. To this end, we have posted hundreds of documents on our Web site for any one to see. We are confident that those who examine our record closely will find the Agency has been a good steward of the public trust.

This concludes my testimony, Mr. Chairman. I will be happy to answer your questions and the Committee's.

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

IRAQ RECONSTRUCTION AND HUMANITARIAN RELIEF

(April 20, 2004—Weekly Update #28, Fiscal Year (FY) 2004)

This fact sheet highlights overall accomplishments and some weekly activities from USAID's reconstruction efforts in Iraq. For more information on USAID's programs in Iraq please see: www.usaid.gov/iraq

PROGRAM OVERVIEW

USAID assists Iraqis in reconstructing their country by working within the Coalition Provisional Authority (CPA). USAID programs are implemented in coordination with the United Nations, World Bank, International Monetary Fund (IMF), Coalition country partners, nongovernmental organizations (NGOs), and private sector partners. The USAID Mission in Iraq carries out programs in education, health care, food security, infrastructure reconstruction, airport and seaport management, economic growth, community development, local governance, and transition initiatives.

The USAID Mission in Iraq implements programs in four strategic areas:

1. Restoring Essential Infrastructure.
2. Supporting Essential Health and Education.
3. Expanding Economic Opportunity.
4. Improving Efficiency and Accountability of Government.

PROGRAM DESCRIPTIONS AND ACCOMPLISHMENTS

1. RESTORING ESSENTIAL INFRASTRUCTURE

ELECTRICITY—*Objectives include the emergency repair or rehabilitation of power, generation facilities and electrical grids. Teams of engineers from the Ministry of Electricity, USAID, the U.S. Army Corps of Engineers, and the CPA have been working since May to restore capacity to Iraq's power system, which was dilapidated from decades of neglect, mismanagement, and looting.*

Accomplishments to Date:

• Generated 4,518 MW on October 6—surpassing the pre-war level of 4,400 MW. Average production over the last seven days was 3,751 MW.

• Generated 98,917 MW hours on February 14—the highest since reconstruction began.

• Installed independent sources of power at Baghdad International Airport and Umm Qasr seaport.

• Collaborating with Bechtel, CPA, and Task Force Restore Iraqi Electricity on projects to repair thermal units, replace and repair turbines, rehabilitate the transmission network, and install and restore generators. This collaboration is expected to produce 2,152 MW of incremental capacity.

  • USAID is adding 827 MW of capacity through maintenance, rehabilitation, and new generation projects.

  • USAID's portion of the work includes:

    • Rehabilitating units 5 and 6 at Doura thermal power plant.

    • Rehabilitating units 1, 2, 3, 4, and 6 at Bayji thermal power plant.

    • Continuing reconstruction of the country's 400-kv transmission network by rebuilding 220 kilometers of Khor Az Zubayr-Nasiriyah 400-kv line.

    • Installing new generating capacity at Kirkuk and South Baghdad power plants.

Highlights this Week:

• Peak generation has been gradually decreasing due to scheduled spring maintenance outages. The spring maintenance outages began in late March and will continue through May. These planned shutdowns will allow power teams to perform substantial maintenance for power generation units in preparation for increased generation during summer. Regular maintenance is expected to mitigate unscheduled outages, the biggest obstacle to dependable generation during the high summer-time demand. This is the third round of scheduled maintenance being performed by the CPA, USAID, and the U.S. Army Corps of Engineers. Similar maintenance outages occurred in the summer and fall of 2003.

• Work is progressing at Doura thermal power plant. Iraqi subcontractors to USAID partner Bechtel are continuing with the disassembly, repair, and restoration of valves. To date, they are 45 percent complete with the valve work and 8 percent with the pump work.

• The restoration of the Khor az Zubayr-An Nasiriyah 400kv transmission line is progressing and the scope of work being implemented by USAID partner Bechtel has been expanded to include additional conductor and shield wire that was damaged or missing. The 205 km transmission line runs through southern Iraq from Khor az Zubayr power plant in Al Basrah Governorate to An Nasiriyah power plant in Dhi Qar Governorate. Once it is completed, it will aid in the provision of reliable power from generation plants in southern Iraq to the national grid, helping to meet the great demand for power in Baghdad.

AIRPORTS—*Objectives include: providing material and personnel for the timely repair of damaged airport facilities, rehabilitating airport terminals, facilitating humanitarian and commercial flights, and preparing the eventual handover of airport operations to the Iraq Airport Commission Authority.*

Accomplishments to Date:

• Processing an average of 20 non-military arrivals and departures a day at Baghdad International Airport.

  • More than 5,000 military and NGO flights have arrived and departed at Baghdad International Airport since July 2003.

• Completed infrastructure work to prepare Baghdad International Airport for commercial air operations.

  • Repaired Terminal C and administration offices.

  • Installed three X-ray machines.

  • Installed very small aperture terminal (VSAT) communications systems and new diesel powered generators, allowing Iraqi airport control centers to communicate.

  • Rehabilitated Iraqi customs office in the arrival hall.

• Rehabilitated Baghdad International Airport's East Fire Station; airport fire protection training for a team of more than 80 Iraqis is ongoing.

• Preparing Al Basrah International Airport for commercial operations. Ongoing projects include:

  • Repairing runway, taxiway, and apron striping.

  • Installing two baggage X-ray units.

- Repairing passenger support facilities.
- Installing VSAT satellite communications.
- Installing security fence.
- Repairing airport water and sewage treatment plants.

- Completed evaluation of reconstruction requirements at Mosul Airport.

Bridges and Railroads—Objectives include: rehabilitating and repairing damaged transportation systems, especially the most economically critical networks.

Accomplishments to Date:

Bridges:

- Demolished irreparable sections of three key bridges (Khazir, Tikrit, and Al Mat) and started reconstruction.
  - *Al Mat Bridge:* A key link on Highway 10 that carries over 3,000 trucks daily on the main route between Baghdad and Jordan.
    - Work was completed, and the four-lane bridge was reopened to two-way traffic on March 3.
  - *Khazir Bridge:* Critical to the flow of fuel and agricultural products to the north.
    - Repaired the south span of the bridge—two of the bridge's four lanes—and reopened it for two-way traffic on January 16. Complete repairs are expected by late April 2004.
  - *Tikrit Bridge:* An important link for passengers and commerce over the Tigris River between Tikrit and Tuz Khunnatu.
    - On the upstream side of Pier 7, steel beams have been erected and dowels are installed. Work is expected to finish in May 2004.
- Repaired a floating bridge on the Tigris River in Al Kut, improving traffic for approximately 50,000 travelers a day.

Railroads:

- Iraqi Republican Railways (IRR) contributes equipment and labor, while USAID contributes project management, material, and parts. Work on the railways includes:
  - Repairing 16 km of track at the port of Umm Qasr and 56 km of track between the port and Shuiaba Junction near Basrah to facilitate cargo shipments, including foodstocks, from the seaport to main rail line.
  - Completed explosive ordinance disposal at all 53 sites of the rail line project near Shuiaba Junction (Al Basrah Governorate) in preparation for installation of new track.

UMM QASR SEAPORT—*Objectives include: managing port administration, coordinating transport from the seaport, and facilitating cargo-handling services such as warehousing, shipment tracking, and storage.*

Accomplishments to Date:

- Reopened to commercial traffic June 17; completed first passenger vessel test on July 16.
- Offloading cargo from more than 40 cargo ships per month.
- Dredged the port to an average depth of 12.5 meters. Previously, the port was 9-10 meters deep, and limited cargo could arrive only during high tide.
  - An Iraqi dredger, which has been rehabilitated by USAID, will assist in maintaining the harbor.
- Renovated grain-receiving facility, which can process up to 600 metric tons of grain an hour.
- Instituted interim port tariffs, which provide a revenue stream for financially sustainable port operations.
- Installed generators, energizing all three 11-kv ring mains which distribute electricity throughout the port.
- Completed security fencing at the old and new ports and grain facility.
- Completed the renovation of the administration building, passenger terminal and customs hall building and continuing the renovation of the electrical substations.
- Employing 500 Iraqi staff, the majority of which are in the Marine Department of the Port Authority.

TELECOMMUNICATIONS—*Objectives include: installing switches to restore service to 240,000 telephone lines in Baghdad area, and repairing the nation's fiber optic network from north of Mosul through Baghdad and Nasiriyah to Umm Qasr.*

Accomplishments to Date:

- Handed over the Al Mamoun Telecommunications site to the Ministry of Communications on February 26. Twelve new telephone switches and an International Satellite Gateway have been integrated with fourteen Iraqi Telephone and Postal Company (ITPC) switches.
- Purchased tools, equipment, and parts to enable Iraqi engineers to restore the network.
  - Audited over 1,200 km of the fiber optic backbone network.
  - Repairing the national fiber optic network from Mosul to Umm Qasr, connecting 20 cities to Baghdad.
- Reconstituted Baghdad area phone service by installing switches with 240,000 lines of capacity. Installed new switches and main distribution frames at 12 sites.
  - Baghdad's largest exchange, Al Mamoun, opened on December 13. More than 140,000 individual subscriber lines are now active; work to allow final activation for all subscribers is underway.
  - Completed installation of a satellite gateway system at Al Mamoun and restored international calling service to Iraq on December 30.
  - Al Mamoun was handed over to the Ministry of Communications on February 26.
- Training Iraqi Telephone and Postal Company operators and engineers at Al Mamoun on telecommunications site operations, maintenance, and repairs.

WATER AND SANITATION—*Objectives include rehabilitating and repairing essential water infrastructure to provide potable water and sanitation to communities and improve irrigation.*

Accomplishments to Date:

- *Nationwide:* Rehabilitating sewage and water treatment plants that are currently by-passing untreated sewage generated by millions of people into the Tigris and Euphrates Rivers.
  - Repairing and rehabilitating water systems throughout Iraq.
  - Repaired hundreds of breaks in Iraq's critical and long neglected water network, significantly increasing water flow.
- *Baghdad:* Expanding one water plant and rehabilitating three sewage plants.
  - Rehabilitating and adding 45 percent capacity to Baghdad's Sharkh Dijlah water plant (previously named Saba Nissan water plant), adding an additional 225,000 cubic meters a day to the water supply by July 2004, mostly in the overpopulated eastern sections.
  - Installing back-up electrical generators at 41 Baghdad water facilities and pumping stations to ensure continuous water supply.
  - Rehabilitating Baghdad's sewage treatment plants—Rustimiyah North, Rustimiyah South, and Kerkh to benefit 3.8 million people by October 2004.
  - Rehabilitated 70 of Baghdad's non-functioning waste lift and pumping stations.
- *South Central:* Rehabilitating two water plants and four sewage plants.
  - Rehabilitating An Najaf and Karbala' water treatment plants. The projects will be complete in August and November 2004, respectively.
  - Rehabilitating Ad Diwaniyah and Karbala' sewage treatment plants, which serve 200,000 residents and currently discharge untreated waste into the Euphrates River. These projects are expected to be complete by August 2004 and October 2004, respectively.
  - Rehabilitating An Najaf and Al Hillah sewage treatment plants to serve 194,000 residents. These projects are expected to be completed by December 2004 and August 2004, respectively.
- *South:* Rehabilitating the entire Sweet Water Canal system, including the canal and its reservoir, 14 water treatment plants and pumping stations, and the Safwan water system.
  - The system provides drinking water to 1.75 million residents of Basrah City. It had been operating at less than half capacity.
  - Rehabilitated and removed 34,000 cubic meters of sand and silt from the west lobe of the settling reservoir of the Canal, allowing it to be refilled with clean water.
  - Began work on Basrah's 14 water treatment plants in January. By summer 2004, water quality and volume will surpass prewar levels.
  - Completed the restoration of the Safwan water system. All 40,000 residents now have access to potable drinking water.
- *North:* Rehabilitating two water plants and one sewage plant.

• Rehabilitating Kirkuk and Al Dujayl water treatment facilities and Al Dujayl sewage plant.

• Procuring reconstruction materials for the Ninawa' Sewer and Water Directorate. This Directorate will repair projects in Mosul and the surrounding areas.

• Constructing potable water sources for towns and villages of less than 1,000 residents.

Highlights this Week:

• The rehabilitation of the Sweet Water Canal reservoir in Al Basrah Governorate is complete and both halves have been refilled, contributing to the supply of water to more than 1.75 million people in the area. This accomplishment comes after six months of rehabilitation work by USAID partner Bechtel under the Iraq Infrastructure Reconstruction contract, The reservoir rehabilitation is part of a larger Bechtel project to refurbish the entire Sweet Water system, which includes dredging and cleaning the canal and reservoir, refurbishing treatment plants and pump stations, providing backup power sources, replacing worn and broken parts and repairing canal embankments. Work is expected to be completed by July 2004.

• The expansion of the Sharkh Dijlah water treatment plant by USAID partner Bechtel is progressing and on schedule for July completion. Sharkh Dijlah is one of two main water treatment plants that serve 4.7 million Baghdad residents. Current production at the plant is estimated at 510 million liters per day, but there is still a shortage in Baghdad of 800 million liters per day. Work at the plant will increase potable water flow to east Baghdad by 45 percent, benefiting 2.5 million people. The expansion will add 250 million liters per day to the water supply.

2. SUPPORT ESSENTIAL HEALTH AND EDUCATION

HEALTH—*Objectives include supporting a reformed Iraqi Ministry of Health delivering essential health services, funding vaccines and high protein biscuits for pregnant and lactating women and malnourished children, establishing a rapid referral and response system for the most serious cases providing basic primary health care equipment and supplies, training and upgrading health staff providing health education and information, and identify the specific needs of the health sector and of vulnerable population such as women and children.*

Accomplishments to Date:

• Procured more than 30 million doses of vaccines since July with support from the Ministry of Health and UNICEF.

• Vaccinated three million children under the age of five through the Expanded Immunization Program since June 2003. USAID will provide vaccines for a total of 4.2 million children under five and 700,000 pregnant women.

• Continuing a monthly catch-up immunization campaign with UNICEF and the Ministry of Health with 4,000 health workers and 124 supervisors.

• Awarding $1.8 million in small grants to support Iraqi NGO healthcare efforts throughout Iraq.

• Developing a hospital and clinic facility database for the Ministry of Health on facility type, location, service distribution, cost information, and building condition.

• Renovated 52 primary health care clinics and re-equipping over 600 to provide essential primary healthcare services.

• Trained 340 master trainers in 18 governorates who are training more than 2,000 primary healthcare providers to treat and prevent acute respiratory infections and diarrheal diseases.

• Distributed high-protein supplementary food rations to more than 240,000 pregnant and nursing mothers and malnourished children.

• Evaluated 18 national and regional public health laboratories for equipment needs.

• Rehabilitated the National Polio Laboratory.

• Training more than 1,000 health workers and volunteers to identify, treat and monitor the growth of acutely malnourished children.

• Working with the Iraqi Ministry of Health to develop a strategic plan to reduce child mortality and increase the level of preventative care available to the Iraqi people through assistance to their nine working groups which address: public health, health care delivery, health information systems, pharmaceuticals, medical supplies and equipment, health care finance, education and training, human resources, legislation and regulation, and licensing and accreditation.

• Distributing 1.4 million liters of clean water each day to people in the cities of Al Basrah, Al Muthanna', Kirkuk, and Mosul.

Highlights this Week:

• More than 500,000 bed nets, necessary to prevent malaria and leishmaniasis borne by mosquitoes, have been procured for distribution throughout Iraq. This initiative was supported by USAID in collaboration with the World Health Organization and the Ministry of Health. Upon ministry direction, WHO will support distribution to the governorates and the production of leaflets and educational material specifically designed for Iraq for both users and healthcare professionals. This initiative is part of an overall effort by USAID and WHO to prevent the spread of tropical diseases, including leishmaniasis, zoonosis, schistosomiasis, and malaria in Iraq. In addition to the bed net distribution, 40 entomological kits, for testing disease-carrying insects, are being procured in Amman and are expected to arrive soon.

EDUCATION—*Objectives include: increasing enrollment and improving the quality of primary and secondary education, ensuring that classrooms have sufficient materials, facilitating community involvement, training teachers, implementing accelerated learning programs, and establishing partnerships between U.S. and Iraqi colleges and universities.*

Accomplishments to Date:

- *Immediately After the Conflict*
  - Provided technical assistance for the resumption of Ministry of Education functions and salaries.
  - Funded 5.5 million examinations for transitional grades, which ensured the smooth continuation of education.
  - Surveyed secondary schools in all permissive areas of the country (4,541 participants total).
- *Facilities and Supplies*
  - Awarded 627 grants worth more than $6 million to rehabilitate schools and equip Directorates General.
  - Rehabilitated 2,358 schools countrywide for the first term of the 2003/04 school year.
  - Provided materials, equipment and supplies:
    - Distributed nearly 1.5 million secondary school kits that include pens, pencils, paper, math equipment, and other supplies.
    - Distributed 159,005 student desks, 26,437 teacher desks, 59,940 teacher chairs, 26,050 metal cabinets, 61,500 chalkboards, and 58,500 teacher kits.
    - Delivered 808,000 primary student kits.
    - Delivered 81,735 primary teacher kits.
  - In consultation with the Iraqi Ministry of Education, reviewed 48 math and science textbooks for grades 1 through 12.
  - Printed and distributed 8,759,260 textbooks throughout Iraq.
- *Institutional Strengthening*
  - Trained 860 secondary school Master Trainers during September 2003 to January 2004 nationwide.
  - Trained 31,772 secondary school teachers and administration staff.
  - Conducting an accelerated learning program in Baghdad, Nasiriyah, Ad Diwaniyah, Karbala', and Arbil. More than 600 students are participating in the program. In February 2004, the students completed mid-term exams.
- *Higher Education*
  - USAID participated in the bi-national Fulbright scholarship review committee set up by the CPA. The Fulbright Scholarship Program returned to Iraq after a 14-year absence. The program awarded at least 25 scholarships for Iraqis to study in the United States in 2004.
  - Launched the Higher Education and Development Program. Awarded five grants worth an estimated $20.7 million for U.S.-Iraqi university partnerships:
    - A consortium led by Research Foundation of the State University of New York at Stony Brook partnering with Baghdad University, Al Mustansiriyah University/Baghdad, Basrah University, and Mosul University in archaeology and environmental health.
    - The University of Hawaii College of Agriculture and Human Resources partnering with the University of Mosul Hamam Al-Alil and University of Dahuk for strengthening academic, research, and extension programs.
    - The Human Rights Institute at DePaul University College of Law and the International Institute of Higher Studies in Criminal Sciences (Italy) partnering with Universities of Baghdad, Basrah, and Sulaimanyah on legal education refonn.

• Jackson State University/MCID has partnered with University of Mosul, University of Dahuk, and the Nursing Institute (Dahuk) for public health and sanitation.

• The University of Oklahoma and consortia has partnered with the Technology University/Baghdad, Al Anbar University, Basrah University, University of Babil, and the University of Salah ad Din in higher education initiatives.

Highlights this Week:

• In support of Iraqi Ministry of Education and Coalition Provisional Authority priorities, on March 30, 2004, USAID completed the initiatives established as part of its year one education program, which began in May 2003. In response to the education sector's urgent, post-conflict education needs, one of the most important accomplishments during USAID's first year in Iraq was the rehabilitation of 2,358 schools through the Emergency School Rehabilitation Program. With the objective of ensuring that schools were safe and conducive to learning, USAID, the United Nations and local Education Director Generals throughout Iraq agreed on basic rehabilitation standards in early July 2003. Construction contractors, NGOs, and UN agencies were responsible for the rehabilitation which was implemented through local Iraqi contractors. Approximately 50,000 Iraqis were employed during this $70 million program. The project began with a goal of rehabilitating 1,000 schools by October 1, 2003, the start of the fall school term in Iraq. By the beginning of the school year, more than 1,500 schools had been rehabilitated.

• Through USAID's Office of Foreign Disaster Assistance, USAID partner CARE has rehabilitated 13 schools for the deaf. Work included repairs to latrines, piping, sanitation and sewage systems, tiles, floors, sinks, lighting, doors and windows. The first set of eight schools was completed in November and the second set of five was completed in mid-March. As a result of the repairs, more than 1,200 deaf children will be able to return to school.

ECONOMIC GROWTH—*Substantive areas include: currency conversion, development of economic statistics, rationalizing small business credit drafting commercial legislation, supporting a national employment program, strengthening micro-finance programs creating a bank-to-bank payment system, implementing a computerized financial management information system, developing a tax policy and administration budget planning, insurance reform, telecommunications reform, and electricity reform.*

3. EXPAND ECONOMIC OPPORTUNITY

Accomplishments to Date:

• With the Ministry of Finance, introduced the new national currency, the Iraqi dinar.

• The currency exchange began on October 15, 2003, and was completed on January 15, 2004.

• An estimated 6.36 trillion new Iraqi dinars are now in Iraq, and 4.62 trillion Iraqi dinars are circulating—106 percent of the original demand estimate of 4.36 trillion.

• Conducting regular currency auctions for banks to exchange dinars and dollars.

• Created more than 77,000 public works jobs through the National Employment Program.

• Provided technical assistance on the implementation of a bank-to-bank payment system that allows 80 banks to send and receive payment instructions.

• In support of the Iraqi Treasury's goal to improve Iraq's commercial banking system, USAID is working with the CPA to reconcile and close the year-end 2003 financial statements of Iraq's two largest banks—the state-owned Rasheed and Rafidain—to ensure that the statements are consistent with international accounting standards.

• Assisting in developing, installing, and training staff to use the Financial Management Information System, a new accounting and reporting system that will eventually be used by all Iraqi treasury offices and ministries.

• Assisting CPA in managing a $21-million micro-credit program.

• Supporting CPA's Oil for Food (OFF) Program in planning, program management, logistics, database applications, and communications to support the CPA OFF Coordination Centers in the north and south.

• Evaluating and updating commercial laws pertaining to private sector and foreign investment; assisted in the development of the new company law.

• Assisted in developing the reconstruction levy in collaboration with the CPA and the UK Customs Service; this levy imposes a five percent tariff on imports to Iraq.

Highlights this Week:

• Twenty-seven loan officers from six Iraqi banks completed an intensive training course held April 3-10. The course provided instruction on the basics of credit services with a special emphasis on cash flow lending, and used case studies of individual lending situations. The credit staff also received instruction on using new measures for collateral. The bank lending staff participating in this training are representatives of private commercial banks throughout Iraq who will specialize in lending to small and medium-sized enterprises. This was the first of three credit training courses conducted by USAID partner BearingPoint.

• USAID trained loan officers at Iraq's two largest state banks—the Rafidain and Rasheed Banks—and is working to improve the operational activities, accounting, management information systems, and auditing practices of the Central Bank of Iraq and local, small-scale commercial banks.

• To reactivate tax administration, the Iraqi Tax Commission is developing a wage withholding tax. A monthly income tax table for wage withholding has been developed that includes rates for different categories of taxpayers. An employer's guide to the tax is undergoing revision. The guide will be an important tool in educating employers on the new tax and will assist in implementation by allowing them to calculate the tax, ensuring consistency.

• Seventeen Central Bank staff members completed a "Basic Bank Supervision Seminar" that introduced modern supervision techniques, international best practices, and basic bank supervision concepts and terminology. The course is a prerequisite for a more advanced bank supervision course to be conducted at the end of April by the International Monetary Fund and the Federal Reserve Bank of New York in Amman, Jordan.

• The process of identifying and assessing potential companies for participation in the Firm Level Assistance Program has begun. The Firm Level Assistance Program is being implemented by USAID partner BearingPoint in support of the CPA's goal to increase the ability of small business to meet corporate lending requirements.

FOOD SECURITY—*Objectives include: providing oversight support for the countrywide Public Distribution System, which provides basic food and non-food commodities to an estimated 25 million Iraqis, participating in the design of a monetary assistance program to replace the commodity-based distribution system to support local production and free-market infrastructure, and promoting comprehensive agriculture reform to optimize private participation in production and wholesale markets.*

Accomplishments to Date:

• Worked with the UN World Food Program (WFP) and Coalition Forces to reestablish Iraq's Public Distribution System (PDS) in less than 30 days, avoiding a humanitarian food crisis and maintaining food security.

• Contributed cash and food aid totaling $425 million to WFP's emergency operations immediately following the conflict, making the United States the foremost contributor to WFP emergency operations in Iraq.

• Placed food specialists in Baghdad, Al Basrah, Al Hillah, and Arbil to support food operations immediately after the conflict.

• Provided ongoing support and technical assistance to WFP and local Iraqi authorities in the Ministry of Trade and the Kurdish Food Departments to ensure the smooth transition of PDS management tasks to the Iraqi government. Special attention was given to the transition phase in the northern governorates of Dahuk, As Sulaymaniyah, and Arbil. The initial handover of responsibilities occurred on November 21 without significant problems.

• Played a role in negotiating a memorandum of understanding between the CPA, the Ministry of Trade, and the WFP that details areas of responsibility including: capacity building and training, procurement of food commodities, renegotiation of certain food contracts, shipment and overland transport of food commodities, and pipeline management. The WFP will continue to assist with supporting the public distribution system through June 2004 and will begin work immediately to assure continuation of food deliveries.

• Currently providing food aid expertise to CPA and Ministry of Trade in Baghdad and assisting with the CPA OFF Coordination Center as WFP and CPA and the Ministry continue to distribute food to all Iraqis.

AGRICULTURE—*Objectives include: expanding agricultural productivity, restoring the capacity of agroenterprises to produce, process, and market agricultural goods and services, nurturing access to rural financial services, and improving land and water resource management.*

Accomplishments to Date:

Since October 2003, USAID partner DAI has been implementing the Agricultural Reconstruction and Development Program for Iraq (ARDI) to formulate a long-term vision for the sector, while designing activities for quick impact including:

• *Winter Crop Technology Demonstrations:* On 334 hectares in 15 governorates, 128 farm families are establishing plots with new crop varieties for extension field days.

• *Kirkuk Veterinary Hospital Renovation:* Fifty communities will benefit from a $96,000 grant to renovate a hospital that serves more than 100,000 livestock in the area.

• *Taza and Rashad Veterinary Clinic Rehabilitation:* A $50,000 grant will be matched by supplies and equipment from the Ministry of Agriculture. These rural clinics are the two principal sources of vaccines and medicines for animals in 125 local communities.

• *Internet Connectivity and Repairs to a Student Union Building:* The Baghdad University School of Agriculture will receive a $75,000 grant that will benefit 4,509 students.

• Seven grants, totaling $394,000, were approved in February 2004 to build the capacity of Iraq's agriculture sector. The grants' emphasis on veterinary programs allows an immediate, highly visible response to the challenges that face herders and farmers in the North and Central regions.

• The Ministry of Agriculture is establishing 18 date palm nurseries throughout Iraq in support of its goal to reestablish Iraq's dominant position in the international date market, a position it lost under the former regime. Dates are a national treasure for Iraq with both symbolic and economic significance. This project, which receives support and technical assistance from USAID, will ensure the preservation of Iraq's 621 varieties of date palm.

MARSHLANDS—*Objectives include: construct environmental, social and economic baselines for the remaining and former marshlands, assist marsh dwellers by creating economic opportunities and viable social institutions, improve the management of marshlands, and expand restoration activities.*

Program Goals:

• The $4-million Marshland Restoration and Management Program will support wetlands restoration and provide social and economic assistance to marsh dwellers. Initiatives include:

  • Creating a hydraulic model of the marshes to improve water management.
  • Equipping a soil and water quality lab at the new Center for Iraq Marshlands Restoration.
  • Implementing pilot projects to improve treatment of waste and drinking water.
  • Providing social-economic assistance through job- and income-generating activities in fisheries, aquaculture, livestock production, and date-palm reproduction.
  • Monitoring water quality in reflooded sites.
  • Extending healthcare services to marsh dwellers.
  • Building local capacity by partnering with Iraqi institutions such as the Ministry of Water Resources, the Ministry of the Environment, the University of Basrah College of Agriculture, the AMAR Charitable Trust, and the Iraq Foundation, and the governments of Canada, Italy, the United Kingdom, and Australia.

4. IMPROVE EFFICIENCY AND ACCOUNTABILITY OF GOVERNMENT

LOCAL GOVERNANCE—*Objectives include: promoting diverse and representative citizen participation in provincial municipal and local councils, strengthening the management skills of city and provincial administrations, local interim representative bodies, and civic institutions to improve the delivery of essential municipal services, promoting effective advocacy and participation of civil society organizations, enhancing leadership skills, and serving as a recruiting tool for future leaders.*

Accomplishments to Date:

- Implementing local governance activities in 18 governorates. More than 20 million Iraqis engage in policy discourse through local government entities and civil society organizations to:
  - Enhance transparency and participation in local decision-making processes.
  - Restore basic services.
  - Improve the effectiveness of local service delivery.
  - Establish, develop, and expand the number of civil society organizations that can interact with local government entities.
- Established 16 governorate councils, 78 district councils, 192 city or sub-district councils, and 392 neighborhood councils, creating local representation for over 80 percent of the Iraqi population.
- Awarded $13.4 million to government agencies and civil society organizations to enable municipal authorities to deliver core municipal services.
- Committed $2.4 million to support the CPA's nationwide Civic Education Campaign, which facilitates dialogue and increases democracy awareness.
- Supporting preparation of 2004 city council budgets in Mosul, Al Hillah, Babil, and An Najaf.
- Recruited more than 400 democracy facilitators to help Iraqis prepare for the upcoming transition.

Highlights this Week:

- The Baghdad Mayoralty has completed its 2004 budget and re-organized its financial records in an effort to improve financial transparency and accountability. As part of the financial re-organization, Mayoralty staff is also working to computerize personnel and salary information. The Mayoralty also developed a new chart of accounts system and began work on a computerized property management system. USAID's Local Governance Program (LGP) contributed to the success of this activity.
- The Najaf Electrical Distribution Department will rehabilitate the lighting of the Najaf Cemetery with support from a $190,308 grant from USAID's Iraq Transition Initiatives program. The project was identified as a priority by citizens of Najaf and will support the local government's efforts to respond to community safety concerns.
- The Baghdad City Water Authority has developed a new draft of the city's Water Law, which governs water use for residences, power production, plant operations, and economic and agricultural activities. The law will provide legal parameters for the development of waterways, the construction of harbors and water plants, fish production for economic development, the usage of public water resources in the economy and recreation. The Baghdad Water Authority receives assistance from USAID's Local Governance Program (LGP).
- The Salah ad Din Governorate Treasury Department is working with the LGP to build its capacity to manage Tikrit's financial resources, specifically for processing the payrolls of local teachers and council members. LGP also met with the Deputy Governor to discuss changes to the Finance and Administration Department that would improve its financial operations.
- The LGP has helped local government in Najaf rebuild its city hall and four major fire stations, rehabilitate the Najaf college arts building, repaired two ruptured water mains, helped develop the city's Chamber of Commerce and provided security lights and telephones for schools within the city. Neighborhood groups, tribal groups, and communities in and around Najaf city are now actively participating and demand services from their selected governorate officials.
- In support of the Coalition Provisional Authority, USAID is facilitating the implementation of the Civic Dialogue Program to engage Iraqis in democracy through a variety of events including Democracy Dialogue Activities. Ultimately, the program supports greater understanding of democratic societies and stimulates civic participation by reaching out to all segments of the population to help everyone understand, support, and join in the political process. Last month, facilitators nationwide held more than 2,600 democracy dialogues.
- Iraqi engineers working with USAID's Local Governance Program (LGP) are providing technical assistance for infrastructure projects being implemented by local governments in Al Basrah Governorate. These engineers have assisted with project design, scopes of work, and implementation for projects that are then conducted in coordination with other organizations.

TRANSITION INITIATIVES—*Objectives include: building and sustaining Iraqi confidence in the transition to a participatory, stable, and democratic Iraq and working closely with the CPA, USAID's Iraq Transition Initiative assists Iraqi NGOs, na-*

tional government institutions, and local governments to increase Iraqi support for the transition to sovereignty through quick-dispersing, high impact small grants.

Accomplishments to Date:

• Awarded 675 small grants totaling more than $45 million for quick impact activities that support good governance, civil society, conflict management and mitigation, and human rights and transitional justice.

• Supporting initiatives crucial to the democratic transition, including civic education, civil society and media development, increased women's participation, conflict mitigation, and transitional justice. Groups targeted for assistance include women's and youth groups, professional associations, and human rights organizations.

• Met critical needs during and immediately after the conflict by providing short-term employment, restoring basic government and community services, increasing Iraqi access to information and communication, and encouraging protection of human rights.

• Awarded two grants worth $475,000 to the Ministry of Human Rights for the rehabilitation of buildings to house the National Evidence Storage Facility (NESF). The NESF will serve as a venue to analyze recovered documents and store forensic evidence of mass graves and human rights abuses of the Ba'ath government. The facility is part of a larger effort to help build Iraq's capacity to investigate complex crimes and implement international law enforcement best practices.

Highlights this Week:

• Iraq's Central Statistics Office will begin a review of the Iraqi food public distribution system (a mechanism for distributing food to Iraq's 25 million citizens) to determine its suitability as a foundation for an interim voter's list. The office will work with the International Foundation for Election Systems, an international NGO that provides technical assistance in establishing elections, rule of law, governance, and civil society whose work in Iraq is funded by the CPA. The study is being supported by a $24,100 grant from USAID's Iraq Transition Initiative.

• USAID continues to work with city governments to rehabilitate their facilities, including a new grant for the rehabilitation of the administration building of the Diwaniyah Municipality. Poorly maintained under the former regime, the building was looted and damaged after the conflict in 2003. Municipal personnel are temporarily operating in the central library, but have been unable to return to their pre-conflict capacity. This project will rehabilitate the administration building and allow municipal government civil servants to resume critical services in Ad Diwaniyah Governorate. The reactivation of municipal services will help to increase community confidence in the city government. The grant was made through USAID's Iraq Transition Initiative.

• Local Iraqi human rights organizations are working to raise awareness for human rights in their communities. Recent activities in support of this effort include:

  • The Iraqi Hope Organization in Kirkuk (At' Tamim Governorate) has received a $10,000 grant under the Iraq Transition Initiative to support the procurement of new furniture and equipment for the organization's main office, improving their ability to work to increase human rights awareness.

  • The Iraqi Institute for Human Rights received a $45,650 grant under the Iraq Transition Initiative for the design and production of a booklet on human rights to be distributed to citizens of At' Tamim Governorate. As part of this grant, 25 staff members will be trained on public outreach on human rights issues.

  • On April 14, twenty representatives of Iraqi Civil Society Organizations (CSO) participated in a three-day training in Kirkuk aimed at developing a stronger relationship between local government and CSOs. Participants were trained on the steps necessary to develop "social partnerships" between local governments and CSOs to become more effective advocates for their causes.

COMMUNITY ACTION PROGRAM—*Objectives include: promoting diverse representative citizen participation in and among communities to identify, prioritize and satisfy critical community needs, while utilizing local resources. CAP is implemented by five U.S. NGOs with offices in nine major Iraqi cities. Each concentrates on one region in Iraq ACDI/VOCA (North), International Relief and Development—IRD (Baghdad) Cooperative Housing Foundation International—CHF (Southwest Central), Mercy Corps (Southeast Central), and Save the Children (South).*

Accomplishments to Date:

• Established more than 650 Community Action Groups in 16 governorates. The projects undertaken by these groups are part of a campaign targeting grassroots democratic development.

• CAP has committed $48.4 million for 1,364 community projects across Iraq; 845 projects have already been completed.

• Iraqi communities have contributed $15.3 million to community projects. Contributions have included labor, land, buildings, and other in-kind assistance.

• ACDI/VOCA focuses on the conflict prone areas of Mosul, Kirkuk, the area northwest of Baghdad, and the Iran-Iraq border. Their work bringing communities together has resulted in 146 completed projects and another 135 are in development. These include establishing a youth center in Halabja and establishing a new local water supply in Tikrit.

• CHF has established a strong presence in the communities of the Shi'a holy cities of Najaf and Karbala, as well as Hillah by establishing very active community associations. An emphasis on critical infrastructure has provided these communities with access roads, sewage and water rehabilitation, school repairs, and swamp clean-up in addition to vital social infrastructure such as community centers and sports clubs. They have completed 105 projects.

• IRD has completed 234 projects with another 72 projects in development. IRD's projects are increasingly focused on income and employment generation to address these critical needs around Baghdad.

• Mercy Corps has completed 89 projects and has 93 more in development. These projects focus on water, sewage, community clean-up, and school rehabilitation.

• Save the Children has completed 271 projects in the south, which include about 40 percent female membership. Projects have focused primarily on immediate community needs such as sewage clean up, water treatment and distribution, public health, and girls' access to education.

Highlights this Week:

• USAID's Community Action Program works through implementing partners with communities that have come to a consensus through action groups on their development priorities. The residents of Najaf city held civil reconstruction as a high priority. From September to March, residents contributed $23,000 to supplement Cooperative Housing Foundation grants worth $1.06 million for the rehabilitation of city roads, lighting and rain water drainage and sanitation systems. CAP project contributions to the city reached $1.8 million in total while residents' contributions reached $44,000.

• Community members of Baghdad'a Karada and 9 Nissan districts have rehabilitated sewerage systems and roads in their communities with assistance from USAID Community Action Program partner International Relief and Development (IRD). In the 9 Nissan district, new pipes were supplied to replace damaged pipes. In Karada, the project included unclogging the pipelines, paving the street, and removing accumulated trash. This project alleviated the problems with raw sewage and stagnant water that flooded the streets and deteriorated the health and sanitation conditions in those communities. The projects, which cost $43,100, will benefit 66,500 people by allowing them to live in a healthier environment.

USAID Iraq Reconstruction Financial Summary

Agency	*Implementing Partner*	*Sector*	*Regions*	*Amount*
		FY 2003-2004*		
		RECONSTRUCTION		
USAID/ANE			Subtotal:	$2,634,819,155
	Abt Associates	Health	Countrywide	$20,995,000
	AFCAP	Logistics	Countrywide	$91,500,000
	Army Corps of Engineers	Architecture and Engineering services	Countrywide	$16,500,000
	BearingPoint	Economic Governance	Countrywide	$62,800,000
	Bechtel National	Airports, buildings, emergency communications, power, railroads, roads and bridges, Umm Qasr seaport, water and sanitation	Countrywide	$1,029,833,259
	Bechtel National	Infrastructure II: Airports, buildings, emergency communications, power, railroads, roads and bridges, Umm Qasr seaport, water and sanitation	Countrywide	$809,521,939
	Community Action Program	Development in impoverished communities	Countrywide	$114,500,000
	DAI	Marshlands	Dhi Qar Al Basrah Maysan	$4,000,000
	DAI	Agriculture	Countrywide	$8,397,156
	Fed Source	Personnel Support	Countrywide	$163,572
	IRG	Reconstruction Support	Countrywide	$29,087,094
	RTI	Local Governance	Countrywide	$236,911,000
	CAII	Education	Countrywide	$56,503,000
	UNICEF	Health, Water, and Sanitation	Countrywide	$36,700,000
	UNICEF	Education	Countrywide	$19,600,000
	UNESCO	Textbook Printing and Distribution: Math and Science	Countrywide	$10,000,000
	WHO	Strengthen Health System	Countrywide	$10,000,000
	SSA	Port Management	Umm Qasr	$14,318,985
	SkyLink	Airport Management	Baghdad Al Basrah Mosul	$27,200,000
	MSI	Monitoring and Evaluation	Countrywide	$5,500,000
	University Partners	Consortium led by the Research Foundation of the State University of	Baghdad University, Al Mustansiriyah	$20,730,000

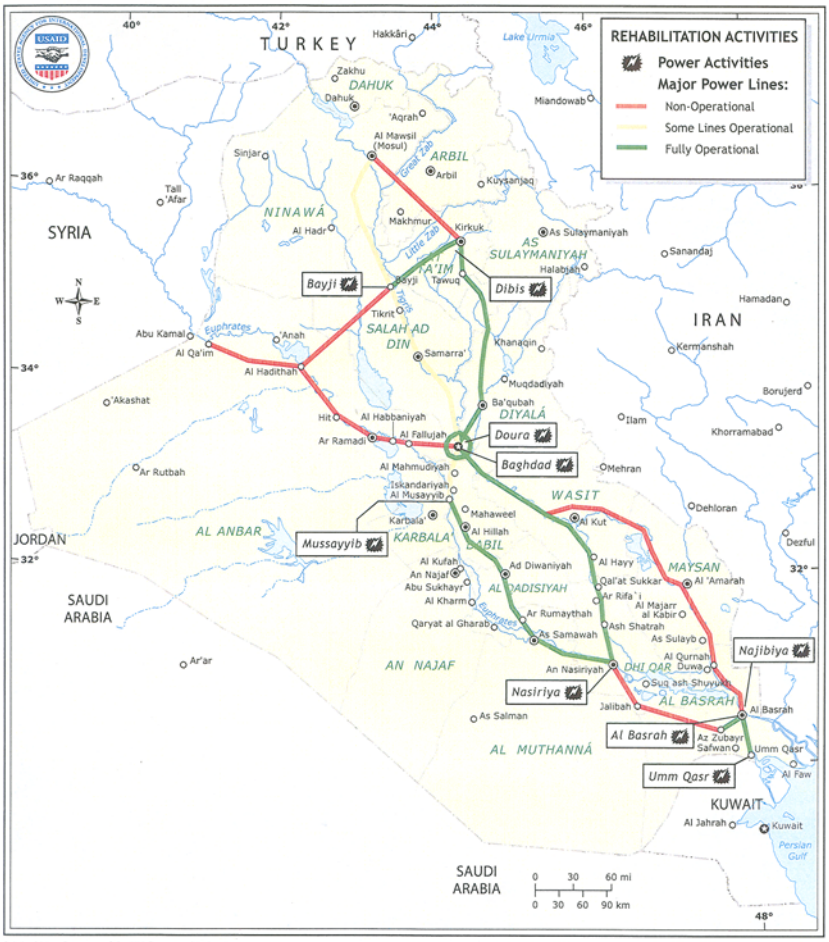
		New York (SUNY) at Stony Brook which includes Columbia University, Boston University and Oxford University (England), University of Hawaii, DePaul University College of Law and the International Institute of Higher Studies in Criminal Sciences in Siracusa, Italy; and Jackson State University and the Mississippi Consortium for International Development; and Oklahoma State University.	University in Baghdad, Mosul University, Mosul University's College of Agriculture and Forestry in Hamam al-Alil, Basrah University, Al-Anbar University, and University of Salahaddin.	
	Yankee Group	Telecoms Planning	Countrywide	$58,150
	UNDP	Trust Fund Contribution	Countrywide	$5,000,000
	World Bank	Trust Fund Contribution	Countrywide	$5,000,000
		EMERGENCY RELIEF		
USAID/DCHA/OFDA				**$100,699,384**
	Administrative	Administrative Costs	Countrywide	$7,294,561
	AirServ	Logistics	Countrywide	$5,309,876
	ARC	Capacity building, Disaster support	Al Basrah	$537,746
	The Cuny Center	Research studies	Countrywide	$40,260
	GOAL	Coordination, Nutrition	Al Muthanna'	$1,507,900
	International Dispensary Association	Health	Countrywide	$1,284,972
	InterAction	Coordination	Kuwait City	$92,860
	IOM	IDP programs	Countrywide	$5,000,000
	Logistics	Commodities and DART support	Countrywide	$20,902,534
	UNICEF	Health, nutrition, water/sanitation	Countrywide	$4,000,000
	UN OCHA	Coordination and Information	Countrywide	$1,450,000
	USAID Amman	Support for emergency water activities	Countrywide	$500,000
	WFP	Logistics and pre-positioning of food	Countrywide	$5,000,000
	IMC	Food Security, Health, Nutrition, Water/Sanitation, Capacity building	Countrywide	$13,702,900
	IRC	Health, Water/Sanitation	Countrywide	$6,198,685
	Mercy Corps	Health, Non-Food Items, Shelter, Water/Sanitation	Countrywide	$7,000,000
	SCF/US	Food Security, Health, Shelter, Nutrition, Non-Food Items, Water/Sanitation, NGO Consortium	Countrywide	$6,883,131
	World Vision	Health, Logistics, Non-Food Items, Water/Sanitation	Countrywide	$4,993,959
	CARE	Quick-impact projects, Water/Sanitation, Health, Blankets	Countrywide	$9,000,000
USAID/DCHA/FFP				**$425,571,000**
	WFP	Operations	Countrywide	$45,000,000
	WFP	Emerson Trust – 81,500 MT	Countrywide	$40,337,000
	WFP	P.L. 480 Title II emergency food commodities – 163,820 MT	Countrywide	$140,234,000

	WFP	Regional Purchase – 330,000 MT	Countrywide	$200,000,000
USAID/DCHA/OTI				**$161,328,914**
	Administrative	Administrative Costs	Countrywide	$3,346,406
	IOM	Iraq Transition Initiative	Countrywide	$7,087,595
	DAI	Iraq Transition Initiative	Countrywide	$139,900,000
	Internews	Media	Countrywide	$160,359
	Radio SAWA	Media	Countrywide	$400,000
	NDI/IRI	National Governance	Countrywide	$650,000
	IFES	National Governance	Countrywide	$1,042,315
	ICNL	Civil Society	Countrywide	$39,238
	Spa War**	Inter-Ministry Communications	Countrywide	$8,703,001
TOTAL USAID ASSISTANCE TO IRAQ IN FY 2003/2004				**$3,322,418,453**

* Figures in funding sheet are subject to change and do not represent a final official accounting of USG obligations.

** For accounting purposes, funding for this activity has been obligated by OFDA under an existing interagency agreement.

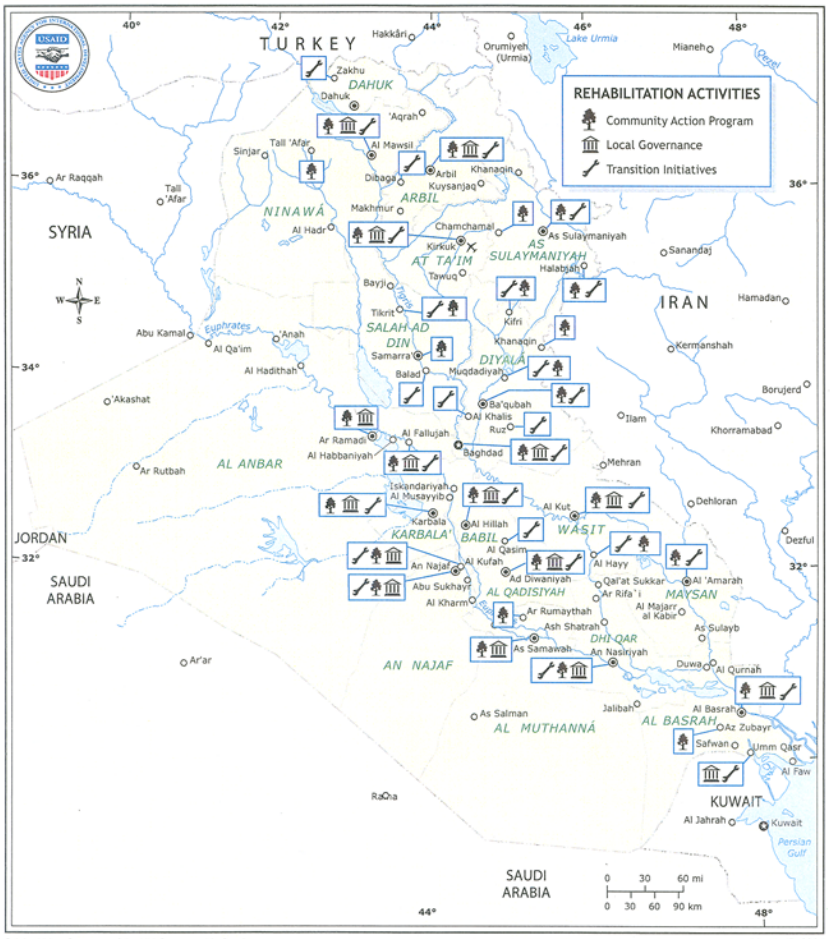
IRAQ - RESTORING POWER



Original Map Courtesy of the UN Cartographic Section
The boundaries and names shown and the designations used on this map do not imply official endorsement or acceptance by the United Nations.

January 20, 2004

IRAQ - IMPROVING LOCAL GOVERNANCE AND COMMUNITY INSTITUTIONS



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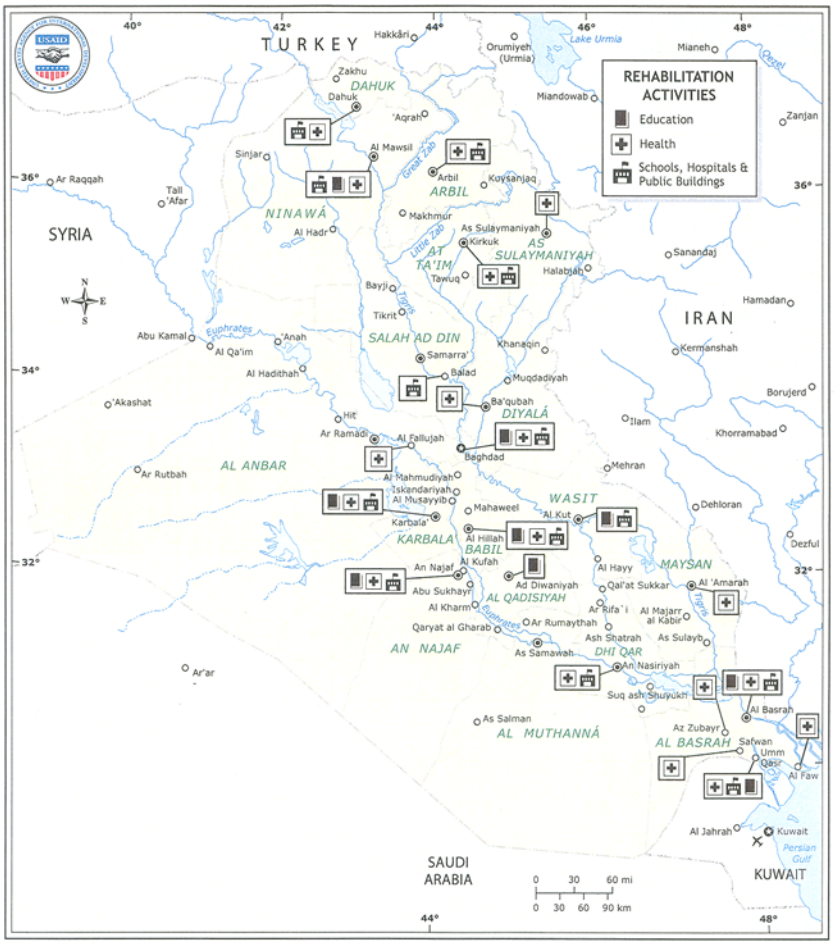
March 17, 2004

IRAQ - SUPPORTING ESSENTIAL EDUCATION AND HEALTH SERVICES



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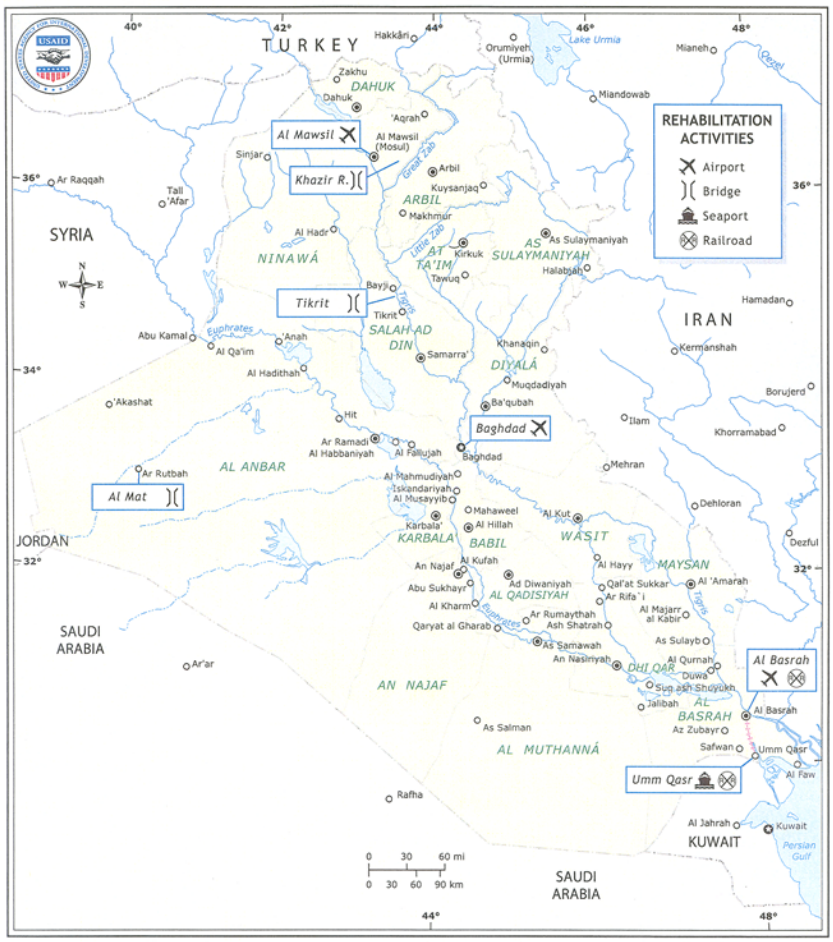
March 17, 2004

IRAQ - RESTORING TRANSPORTATION INFRASTRUCTURE AND PORTS OF ENTRY



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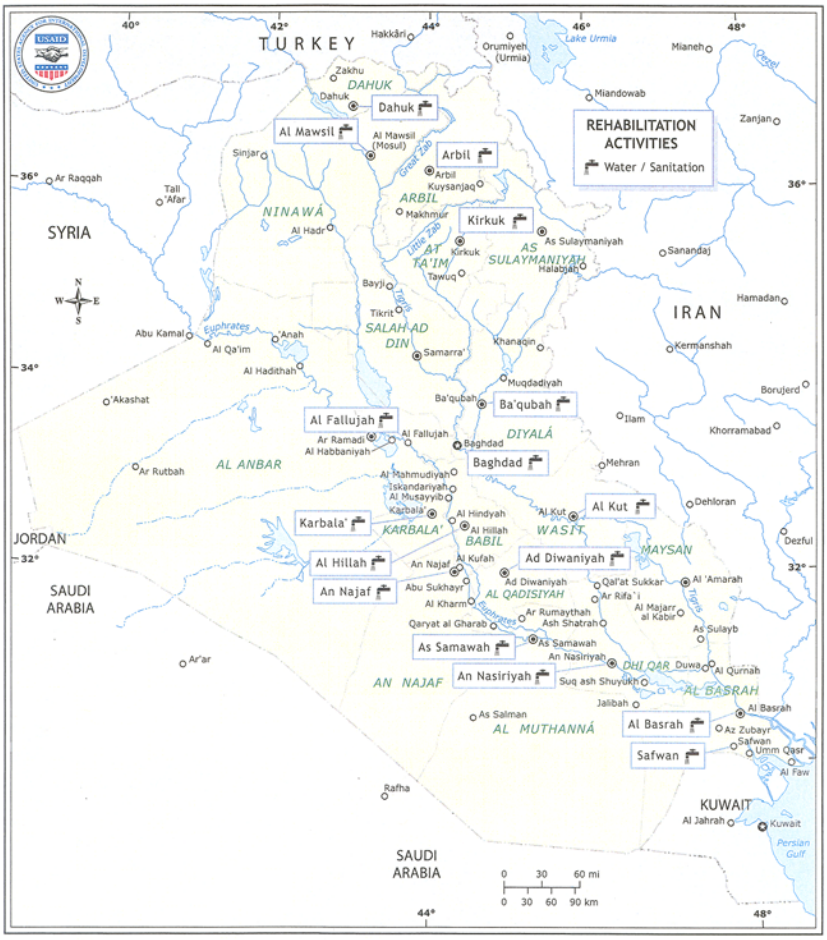
March 17, 2004

IRAQ - REBUILDING WATER AND SANITATION INFRASTRUCTURE



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The boundaries and names shown and the designations used on this map do not imply official endorsement or acceptance by the United Nations.

M arch 17, 2004

The CHAIRMAN. Well, thank you very much, Administrator Natsios. The extent of that work really does need to be illuminated. You have done a good job in outlining that today. All of your testimony will be a part of the record for each one of us to study, to enable us to understand both how much is already proceeding, and the relationship with the new government.

Secretary Rodman.

STATEMENT OF HON. PETER W. RODMAN, ASSISTANT SECRETARY OF DEFENSE FOR INTERNATIONAL SECURITY AFFAIRS; ACCOMPANIED BY: LT. GEN. CLAUDE M. KICKLIGHTER, U.S. ARMY (RET.), TRANSITION CHIEF, COALITION PROVISIONAL AUTHORITY, U.S. DEPARTMENT OF DEFENSE

Mr. RODMAN. Thank you, Mr. Chairman. I want to commend the chairman, the ranking member, and the committee, on the timeliness of this hearing and on the importance of the subject matter. I also should take the opportunity to commend my colleagues at the State Department and my Defense Department colleagues for what I do believe is a very smooth transition. We're working together. There are always bureaucratic issues to resolve, but this is an unusually successful example of cooperation. Senator Biden was hoping to stimulate some fireworks between State and Defense, and I guess I should try to accommodate him. But on this, I have to say it won't be as easy to do as he may believe.

The point I did want to stress, if I may, Mr. Chairman, is why the June 30 transfer of sovereign authority is so important. First of all, it shows that we're keeping our promise. It symbolizes that we came there as liberators, not as occupiers. It is important, as I think everyone recognizes, to end the occupation as such as soon as possible.

In addition, it adds to the incentive for the Iraqis to step up to their responsibilities. As long as CPA is in charge of everything, we see the Iraqis hanging back a little bit. But we see the value of this deadline, because it has brought Iraqis forward. It has increased our ability to find good people and give them responsibility when the day comes.

But more than that, it's really at the heart of our strategy, because our strategy is not just a military strategy, it's a political strategy. The collapse of the old regime left a vacuum, and the essence of our strategy is to fill that vacuum with Iraqi institutions, to help the Iraqis build their own new institutions—political, economic, and security institutions.

It empowers the moderates, and getting the Iraqi moderates in charge to the maximum degree is precisely the way you marginalize the extremists politically while the Coalition is out there trying to hunt down the extremists militarily. So it really is at the heart of what we're doing.

And the validity of it I would say is confirmed by the famous Zarqawi letter that you're familiar with. This is the message sent by Mr. Zarqawi that we intercepted a number of weeks ago, a message he was sending to his al-Qaeda colleagues. One of the things he dwelt on in that message was how big a problem June 30 was for him. He said: "Once democracy is there, we have no pretext.

How do we attack their [Iraqis'] own sons and cousins once the Americans have stepped back?" So he seems to think this strategy of ours is an effective one, and he and his colleagues are doing everything they can to derail it. I dare say that so far they have not succeeded in derailing it.

So this political process is crucial to our overall strategy. That's why I believe we have to pursue it, which is why we have to make that transfer of authority a success. That's the one point I wanted to make.

Thank you.

The CHAIRMAN. Thank you very much, Secretary Rodman. The committee will go into questions and answers now. We'll limit our first round to 10 minutes each. I'll commence the questioning by raising three questions.

Secretary Grossman, first of all, are we confident that the Iraqi Government, the officials that are to be named by Ambassador Brahimi after consultation, will accept both the transition law that you have pointed out and the time tables? You've suggested that not much legislation really is contemplated. The group of consultative persons will be just that to the President and the Prime Minister, the two Vice Presidents. They will have ministries and administrative authority.

Nevertheless, as you point out, we're transferring sovereignty. It will be, after all, their government at that point. The Governing Council has adopted this transition plan, including the bill of rights, the TAL and other aspects that we've found very commendable. The new government will inherit these measures that it did not adopt itself.

So my first question regards the degree of certainty about the time table and the transition law. Can we count upon them being the rules of the game? Will they be the framework during this period, as you prepare for the elections?

Second, to what extent is a status of forces agreement required? You pointed to General Myers' testimony from about the importance of a partnership between the new Iraqi Government and the Armed Forces of the United States and the Coalition. You further mentioned that surely common sense would dictate that security has to be provided by the United States and Coalition forces, even as Iraqis are being trained for the police and civil guard and the Iraqi army.

But, once again, sovereignty comes July 1. We will have a President of Iraq, a Prime Minister, and two Vice Presidents, and it's conceivable that from time to time that they might have different ideas as to how security should be obtained, or who ought to do what.

If there's not a status of forces agreement there could be divisions that become extremely injurious and hazardous to all the people who are involved in Iraq, as well as our Armed Forces, diplomatic forces and civilian contractors who number in the thousands. I'm curious once again about how we pin down the status of forces situation.

Third, you mentioned that our government is now thinking through, by ourselves and with others, the value of a United Nations Security Council resolution that brings recognition, legit-

imacy, some undergirding to these new arrangements. That would include security arrangements in the sovereign government, arrangements that Ambassador Brahimi and others have suggested. Such a process would likewise offer grounds for other nations that either have been reticent to participate or that want the resolution in order to continue participating. Would you explain the timing? You have suggested that the resolution has to come after sovereignty occurs. Why might not that occur as a prudent preparation during the month of June?

I was heartened by your testimony Secretary Grossman. I think it's a very important fact that you mentioned that by mid-May a lot of the ground work is going to be done. A lot of Americans, a lot of Iraqis are to be a part of the diplomatic presence. Certainly you've suggested that Ambassador Brahimi's plan, with the naming of these four important officials, would occur by then. How do we know, and when do we know? You're saying by mid-May?

However, at that point, unless Ambassador Brahimi has been extraordinarily successful in touching all bases, there may be objections by some Iraqis to the people that are suggested, or maybe objections by the United States or by Great Britain or by whoever.

How will all that be resolved? One would say, well, after all, you have some time. If the nominations have come in May and for some reason there's an extraordinary need to reconsult, why, you still have a few days to do that. That's far better than springing it all on July 1. You've publicly recognized that. The point of some of my tedious questioning has been to emphasize the need for as much of this as possible to occur in May and in June. We hope to expedite this massaging of all the players in the new drama, so that when the curtain opens on July 1, the participants are not only familiar with each other and their plans, but we've undergirded it, if possible, with the U.N. resolution, a clarification of the status of forces, an acceptance of the new government, and an agreement on this time line. That would be very reassuring to Iraqis, to Americans, to the United Nations, to anybody else looking in on this.

It appears to me that you've thought of all these subjects. You have illuminated some of the plans. There has been very detailed planning broken down to over 500 tasks, as you pointed out, that's available for the committee to review. That's important. It would be helpful to obtain some more precise figure on how many Americans will be involved, and how many Iraqis, on the diplomatic side.

Let me ask you to comment on these three questions: the time line, the U.N. Security Council, the status of forces.

Mr. GROSSMAN. Yes, sir. Let me try to do all of those things. We certainly agree with you that as much of this as can be accomplished as early as possible is obviously a good thing for exactly the reason that you say, Mr. Chairman, which is that we should not be in a position, we don't want to be in a position on the 30th of June of turning on a light switch and having all of these things appear. We would much rather be in a position in terms of our embassy, in terms of our representation, and in terms of what the Iraqis are going to move forward with in an interim government to have, as you say, to practice this a little bit.

And that's why I said to you, we will try to have what we might call a soft opening of our embassy a few weeks in advance so people

have a chance to learn their roles and do what they're supposed to do. And, you know, Mr. Brahimi in his press conference said as clearly as he could that he was confident that it will be possible to form such a government in a timely manner during the month of May, 2004. And so I have seen nothing since he gave this press conference on the 14th of April to lead me to believe that that isn't true. So we ought to be able, Mr. Chairman, to bring some of these lines together in the way that you wish.

Let me try to answer each of the questions as specifically as I can. First, what happens, what about this interim government in relationship to the Transitional Administrative Law? When Brahimi gave his press conference, he said that he had been in Iraq a few weeks, he had consulted widely, and he'd come to certain conclusions. And among the conclusions that he had come to was that it was possible under the Transitional Administrative Law as it calls for was to create an interim government.

So I believe that the answer to your question is yes, is that this interim government, which will serve from the 1st of July to the end of December of this year, I think there's a high degree of confidence that they will accept the Transitional Administrative Law. And why do I say that? Because I would bet you, and he'll have to speak for himself, that as Mr. Brahimi went around to his consultations and starts to make his list of people who are going to and that he would recommend be on this government, I would imagine among the questions he would ask them would be, do you believe in the Transitional Administrative Law? Do you believe in the bill of rights? Do you believe in this time line? And I think that would be a prudent thing for him to do, and we'll see when he reports to the Security Council on Tuesday——

The CHAIRMAN. And hopefully Mr. Brahimi will listen to your testimony.

Mr. GROSSMAN. I hope so. But I think of the things that you have asked me, I think there's a high degree of confidence that that answer is yes.

Second, when Ambassador Brahimi left Iraq on the 13th of April, he left behind some homework, and that homework was to Iraqis and to the CPA and to others, which was to start generating more lists of people, start talking to people, jurists for example, people in the NGOs, people who are working with Andrews' people, others, the Iraqi Governing Council, so that when he arrives back in Iraq in the first week of May, there will have been generated a big conversation about who these Iraqis are that will fill these jobs. And again, I think it's very interesting to read in his press conference that he believes, he's optimistic about getting this job done in May for all the reasons that you say.

Second, in terms of the SOFA, here's where we've come to on the SOFA. We believe that for now, and certainly for the period until there is a transitional government, three documents really serve as a status of forces agreement. First is the Transitional Administrative Law, and you've already been good enough to put that in the record, but article 59 of the transitional law talks about the relationship of the Iraqi Armed Forces to our Armed Forces, and says specifically in subparagraph C that the elected transitional government shall have the authority to conclude a binding international

agreement regarding the activities of the multinational force. And so part of this SOFA question is dealt with in the TAL.

The second part of the issues that are around the SOFA are from U.N. Security Council Resolution 1511, and we believe any subsequent U.N. Security Council Resolution. I won't quote you from there, but there's a paragraph number 13 out of 1511 which we believe helps us in terms of status of forces, and then finally is what's called CPA Order 17, which lays out how our forces are operating in Iraq, whether their privileges and their immunities and their jobs. And we believe that the Transitional Administrative Law, Resolution 1511 and any subsequent resolutions, and CPA 17 will take us through the period until the end of this year.

You asked me what happens, how do you work with this new government. And these are obviously questions that we are considering as well. I think I'd go back to a couple of basic points, which is that we are going to turn sovereignty over to Iraqis on the 1st of July.

In the security area, there's obviously going to be an arrangement that has to be made so that we are able to continue to provide security for Iraq. And the reason I say that is that Iraqis want to have a certain kind of society and they can't get there without security and they can't create that security on their own. So all through the Transition Administrative Law and all through the other things that were doing is this recognition that we are going to have to provide for security in Iraq for some time to come for Iraqi success.

And I believe that with General Myers' view of partnership, with Ambassador Negroponte on the ground, with the work that we are doing with the new Iraqi army, the security forces, the police, the civil defense corps, and the border security patrol, and the border security forces, that we are very confident that this can work out.

Now, is it perfect every time? Absolutely not. But we've done this before. We did this in Afghanistan, we did it in Bosnia, we do it around the world where we're dealing with places where there's an arrangement on security. And in a sense it comes after the 1st of July to a question of diplomacy indeed, which is the Ambassador of the United States of America, the commander of U.S. military forces, and the people who are in charge of the sovereign Government of Iraq.

Finally, to the question of the Security Council Resolution, I appreciate what you say about the testimony. I've tried to lay out some of the elements in there. The reason we haven't made a decision about timing, Mr. Chairman, I guess part of the reason is, goes back to your first question, which is, it seems to me anyway, it makes more sense for a Security Council Resolution to come after Ambassador Brahimi has finished his consultations and made some kind of decision or announcement, and since I don't know what day that is, I can't give you a date for the Security Council Resolution.

But I think you can see, given the kind of elements that I said would be in there where it might most logically fall, because again, none of us, and certainly I don't, we don't want to be running around at midnight in New York on the 30th of June trying to get a Security Council Resolution. That's something that ought to have been done to support this effort well before.

So we're working on these things, but I think Brahimi's effort has to be complete before there can be a Security Council Resolution.

The CHAIRMAN. I thank you very much for those responses. Let me just say that when Ambassador Negroponte was nominated by the President, Secretary Powell asked our committee for help in doing our job. I want to acknowledge Senator Biden, as well as staff on both sides of the aisle in our committee, for their work in preparation for a nomination hearing next Tuesday. Likewise, I would like to thank the State Department for moving ahead with the paperwork that is required.

This is clearly an abnormal situation. I think we all recognize that. Therefore, routines and processes that we always take for granted are accelerated. This seems to most of us to be warranted. My prayer is that, with help from my distinguished friend from Delaware, we'll have a quorum next Thursday for a business meeting. It may be held somewhere in the Capitol, wherever we can find a quorum, so that the committee might in fact, by the 1st of May, and perhaps even by the 29th of April, confirm the nominee.

Then we will move to the floor of the Senate. And appeal to our colleagues in this special instance to confirm this Ambassador. I spell all of this out, because we in the Senate have some obligations too. We've been calling upon you for timetables and so forth, but it's reciprocal, and we are in this together. I appreciate your cooperation as well as that of the Secretary.

Mr. GROSSMAN. I appreciate that. We certainly are doing everything we can to meet your timetable on Ambassador Negroponte's confirmation hearings. Secretary Powell told the senior staff today to get this done as quickly as possible, and so we want to do our part.

The CHAIRMAN. Thank you.

Senator Biden.

Senator BIDEN. Thank you very much. Let me pick up where you left off with the status of forces agreement. And Secretary Grossman, I understand the three documents you referred to as the basis for this agreement, and you made analogy to Afghanistan and Bosnia when there are loose ends. There's a big difference. In Afghanistan and Bosnia, we have international involvement in a big way. We had U.N. resolutions, we had an international legitimacy that hung over, we had an interim government there that we, you, helped put together in Germany, but it had the major powers all buying into it. There is an international security force, NATO is in Afghanistan and in Bosnia.

The situation in Iraq is not even comparable in my humble opinion for the following reason. What happens on September 7 when the Prime Minister and the President and two Vice Presidents, et cetera, what happens when there's another Najaf, or in Karbala there is another major, major undertaking, one of the militias goes off the wall, and our U.S. commander says we're going to go in take out Sadr and take out whomever?

I predict to you what will happen with this government if there's any legitimacy, they'll say, do not go in there. Just like al-Sistani has said, don't, don't go in and take out al-Sadr, because he can't afford to be seen as siding with an American force. Does the gov-

ernment have the authority to say under this new agreement, the United States of America, we do not authorize you to use forces inside the city of bang? What's the answer to that question?

Mr. GROSSMAN. Let me try to answer both questions. In terms of Bosnia and Afghanistan, the reason I raised those, Senator, is that to say that we know how to deal with or have some experience in dealing with governments that have sovereignty but in which we have an arrangement on security, and I don't dispute any of the points that you've made. But my example was sort of a more specific one.

Senator BIDEN. Well, let me just make sure because I have great respect for you. Let's make sure we don't just gloss over this. The reason why we were able to have those arrangements is because there was an international blessing, international responsibility. The governments with which we are dealing were able to, with their people, look to, as they negotiated with us as to how to proceed diplomatically, the imprimatur of the United Nations as well as NATO forces and the European powers. So therefore they weren't left hanging out there.

This time around as a President of this transition government is going to be nakedly dealing with one person, again, the United States of America, with no international imprimatur on this, at least as of now. Maybe you're going to have a resolution asking for that.

Look, it seems to me, Marc, the dilemma is this. Iraq is going to need a significant force in place for years to come to help them work through democratization and this transition. And as the President so eloquently said, he understands why they will chafe under occupation. There is no reasonable prospect, and I will bet my career on it, of us being able to stand up an Iraqi army and police force in the next 6 months, 8 months, or a year, that will do anything other than be able to augment and work with oversight by a major international force doing the bulk of the work.

So what's going to happen is that for this to work on June 30, it seems to me in a general sense there has to be two things. One, that there has to be a maintenance of this massive force in Iraq, and two, there has to be a meaningful change in the circumstances that the Iraqi people think they find themselves in. But what they're going to find, on July 1 they're going to wake up and there's going to be 160,000 American troops and an American Ambassador pulling the strings. I love your phraseology. You said when the American Ambassador—where's that phrase about getting in the car—when the American Ambassador—excuse me for the digression here.

Mr. GROSSMAN. That's right at the end. I said he would go get in his car and go call on the President of a sovereign Iraq.

Senator BIDEN. And that's exactly what's going to happen. The whole world's going to see it. The American Ambassador is going to get in the car, they're going to go call on the new President. There's going to be 160,000 American forces out there, 140,000, whatever the number's going to be, and the American Ambassador, when there's a problem, is going to get in his car and he's going to go speak to the new transition government, whatever that form's going to take.

Now, how does that translate to the Iraqi people as they wake up in the morning thinking there's any transition? How does that reflect this notion that there is going to be some meaningful change in their circumstances, the average Iraqi? How does that take the American face off of this?

You know what it reminds me of, at least with the CPA we had Bremer and we had Greenstock and we had other international diplomats in a room and they all played some part. This is kind of like going from Clark Kent to Superman, you know? Clark Kent at least was dressed in a suit when he was in the CPA. Everybody knew Bremer called the shots, but there was Greenstock and there were others. Now it's like Clark Kent taking off the suit and saying, now I'm the new super Ambassador, I'm the pro council. I'm not being facetious. I'm very, very concerned about how this changes what the President acknowledges is the Iraqis chafing under occupation. What has changed in this June 30 arrangement?

Mr. GROSSMAN. I believe that a lot will change under the June 30 arrangement, and maybe we make a mistake, Senator, and maybe I make a mistake in focusing solely, although very important, but let's just stop focusing for just a moment on the security question. I'm not trying to put it aside.

Senator BIDEN. No, I agree. Let's do that.

Mr. GROSSMAN. What will Iraqis see on the 1st of July that's different from today? They will see a Minister of Health, they will see a Minister of Transportation, they will see a Minister of Reconstruction. They will see all of these ministries.

Senator BIDEN. All of whom will get in their car and drive the Ambassador and ask, what can I do?

Mr. GROSSMAN. Well, no, sir, I don't think—look——

Senator BIDEN. Tell me how that's not going to happen.

Mr. GROSSMAN. I'll give you a good example. We've already transferred, CPA has already transferred the Ministry of Health over to Iraqis a couple of weeks ago, one of those things it doesn't get reported anywhere in the news. Saddam Hussein in his last year spent $16 or $17 million on health and they're now spending about $1 billion on health. The Iraqi Ministry of Health is now run by Iraqis, period, that's all. Jerry Bremer doesn't go there and tell them what to do.

And on the 1st of July, all of those ministries will be run by Iraqis. Iraqis will take care of the development fund for Iraq. It'll be their money. Iraqis will take control of the oil revenues. It'll be their money.

So I don't debate you in the security area, but what I say to you is that in many, many, many other parts of Iraqi life, there will be a very important Iraqi face on an Iraqi government. And I'd say one more thing, and that is that there will also be an Iraqi/U.N. face on elections. One of your questions was, who runs the elections? The TAL says that the transitional authority will run the elections. They're going to need a lot of help from the United Nations. But that's another place where I think the Iraqis and the international community will do a lot.

And finally, I know that people say, oh, they're only little numbers and they're from odd countries, but I don't think we ought to denigrate the contribution that the Coalition makes.

Senator BIDEN. I wish you guys would stop this. We're not—no one's denigrating their contribution—just—this always happens. We talk about, we say there's no real Coalition, you guys always say, well, you're denigrating the Hondurans or you're denigrating—I'm not denigrating. They're wonderful, brave soldiers. But let's get something straight. They are hardly a blip on the screen of security. We have Great Britain there with, what, 6,500 troops? The people in my state think Great Britain has 20, 30, 40, 50, 60,000 people. They got 6,500 troops there.

We got 140,000 Americans, 6,500 Brits, no Spaniards, the Polish Minister on the way out says, whether it happens or not, we have to consider whether we pull out the Polish division, hopefully that will not happen. We have a minor little hemorrhage going on right now.

So come on. I mean, a coalition is a coalition is a coalition. That's like me saying I'm going to have a baseball team where I'm going to play center field and I've got eight other Little Leaguers on the team with me, their average age is 8 years old. They're wonderful, brave kids, they'll turn out to be brave athletes. But my goodness, I'm not denigrating any of these other nations.

But I am putting in perspective the physical contribution they provide, and it is de minimis. It is brave, honorable, and noble where it is provided, but it is de minimis. It's like this little game we play here. It's like when we had the hearings before, we're going into Iraq, and Secretary Wolfowitz said to me when I said there's going to be no Iraqi civil service to stand up. Remember that? We were going to stand up this—this Iraqi civil service was going to be stood up. Remember that?

And I was presumptuous enough to say there was no possibility of that, and oh no, are you suggesting, Senator, the Iraqi people aren't bright and competent and capable? Give me a break. All I'm trying to figure out is, how do we get in a circumstance where the Iraqi people look out there on a day-to-day basis and say, you know, something happened on June 30 here and this is no longer a U.S. occupation. That's all I'm trying to get at.

Mr. GROSSMAN. And I appreciate that and all I can say is that I believe that in ministry after ministry and relationship after relationship with this interim government, Iraqis will see an Iraqi face. And further, I do hope, as I have testified, that there will be a new U.N. Security Council Resolution, and as I said in my testimony, that that Security Council Resolution will invite other countries to participate.

Senator BIDEN. Who's going to be the referee? Who's going to be the referee when there is significant internal dispute? Right now in Afghanistan what did we do? You under your leadership, State Department, got everybody together and said, boys, go back to the tent, this ain't going to work. Who's going to send them back to the tent? Us? It wasn't us in Afghanistan, it was the international community. Who's going to say, no, no, no, when Chalabi, if he's still around, cuts a deal with al-Sistani, which he will, he's going to eat you guys alive, by the way, cuts a deal that women no longer have the rights we thought they should have under the transitional agreement, who's going to say, hey guys, now wait a minute, you got to go back in the tent and work this one out or go back to the

meeting house? I wasn't being derogatory in saying go back to the tent. Literally that's what happened in, you know—who's going to say that? The American Ambassador?

Mr. GROSSMAN. I think it would be some combination of the American Ambassador, and as I say, once we have a new U.N. Security Council Resolution, which talks about an increasing role for the United Nations—I don't mean to stick a name on it, because I don't know if it will be Ambassador Brahimi, but we hope——

Senator BIDEN. So you envision there will be a U.N. figure, a prominent U.N. figure, not Brahimi, whoever, a prominent U.N. figure that's going to have a prominent, visible role in Iraq? Is that what you're thinking?

Mr. GROSSMAN. I don't know the answer to that question yet, because the Iraqis haven't asked for it and Kofi Annan hasn't asked for it, as Secretary Powell has said on a couple of occasions. I know that in your speech——

Senator BIDEN. Kofi Annan didn't ask for anything in Bosnia, he didn't ask for anything in Afghanistan. Let's get off this, OK? They're not going to ask for anything.

We're the ones who have suggested it, when we sit down with the other major powers and say, how do we work this out?

I'll end, Mr. Chairman, but the idea we're going to invite—I assume Mr. Rodman's going to tell me we're going to invite NATO to participate, right? That's what we're going to do? We're going to invite them?

Mr. RODMAN. We've already been talking to our allies about the future, about the next phase, about the multinational force after sovereignty, after the U.N. comes back in.

Senator BIDEN. Have we sat down with them and said, look, NATO, we need your help and this is what we would propose, which we did in Bosnia, we did in Kosovo, we ultimately did in Afghanistan? We said this is what we need and this is what we propose, because we've been doing this for 50 years with you guys and this is how it works, because you all know, but the public doesn't know in this little kabuki dance we're having here, that's how it gets done.

The way it gets done is the President of the United States authorizes the Secretary of Defense to pick up the phone and call General Jones, and say, general, as supreme allied commander, we'd like to see if you can put together a NATO force. The general sitting behind you knows exactly how this works. We'd like you to put together a NATO force according to the following lines. Over here at DOD we've figured out this is the best way to do this, and it would be best if we had the following number of boom boom boom boom boom. We can only provide the following nine helicopters because we had a fight over Afghanistan in providing four other helicopters and we're going to do this, and it's an American who does that.

And we then go in and we have a plan. Do we have a plan like that or are we going to go sit down like Secretary Christopher did when I was part of a group convincing the President of the United States that we should lift the arms embargo in Bosnia. And what did Secretary Christopher do? He went over to Europe and he said, you know, I think we should lift the arms embargo, what do you

guys think? Which was a signal, don't worry, don't have to lift the arms embargo. It matters how we do this.

I guess my time's long up. I just hope there's somebody sitting there who has made a firm decision we're going to get NATO involved, we have a specific game plan that we're going to try to sell NATO and work it hard to get it done, and if that's happening I'll be overjoyed. And it may be happening and you all aren't telling us, but the idea if we're going to wait for Kofi to ask us, I spoke to Kofi yesterday for 10 minutes, he's not going to ask you. What he's going to do is find out what you want, what you're willing to give, what your plan is, and then he'll find out whether he's willing to sign on. But he's not going to ask you, Marc.

The CHAIRMAN. Thank you, Senator Biden.

Senator Hagel.

Senator HAGEL. Gentlemen, thank you for coming before the committee this morning and express our thanks to your colleagues for their service.

Secretary Grossman, could you explain what we are doing to enlist the support and involvement of Iraq's neighbors or Arab allies? What roles are we asking them to play as we work toward a transition and beyond?

Mr. GROSSMAN. Yes, sir, Senator Hagel. One of the reasons the President sent Rich Armitage to the region last week was to do precisely that. He visited a number of Iraq's neighbors and his messages were really three. First, it's very important that they support this transition and the date of the 30th of June and give all the support that they possibly can.

Second message was that they should, as best they could, with the communities that are important to them, either Sunni or Shia, that they also send messages to those communities that they needed to support the Governing Council now, the transitional government, the interim government when it comes on the 1st of July. And those were obvious to those that are our allies.

We've also, as you know, Secretary Powell has sent a letter to the Syrian Government saying it's very important that they pay attention to their border and to do all that they can. And with the Iranians we have communicated as well that they have a responsibility just like we do to try to make sure that Iraq comes out right. And so we've tried to be in contact with everybody in the neighborhood.

Senator HAGEL. What additional roles do we foresee these Arab allies, Iraqi neighbors playing? I understand what you just said, what Rich Armitage is doing. That's important, diplomatic outreach. But give us an example if you could where you could see more active involvement in Iraq from our Arab allies and Iraq's neighbors. I'll come to you in just a minute, Secretary. I suspect Secretary Rodman wants to talk about the security part of this, and which I'll welcome that. But give me some tangible explanation of—beyond what Rich Armitage is doing visiting the capitals and that's important. But what could we expect will be a follow-on, a tangible follow-on from that?

Mr. GROSSMAN. Well, first, of course, is to make sure that countries in the region, especially the near neighbors, meet the obligations that they gave at the Madrid conference to contribute money.

Second would be to speak out, because I think it's very important that these countries speak out in favor of the Iraqi interim authority once it's established.

We would also look, as I say, I think quite important, and I don't want to put it aside, for them to speak to the various communities. For example, if the countries in the region who had impact on the Sunni community inside of Iraq were to reach out to them and to say, you have a future here and you ought to get yourself organized politically and you have to leave aside the people who are leading you to violence. All of those things would be extremely important.

So it's sort of physical resources, it's political resources, and then I'll leave it to Peter to see whether there are any military things that could be done.

Senator HAGEL. Do you expect that in fact Arab allies, Iraq's neighbors, will in fact do that, will in fact speak out and be helpful in the areas that you just noted?

Mr. GROSSMAN. Certainly from what I could get from Rich's trip, the answer to that question is yes. And there's one other point that I did forget to mention, although I mentioned the Madrid pledges that were made. Also very importantly is debt reduction in those countries that hold a lot of Iraqi debt that they respond positively to Secretary Baker's response that that debt be dealt with.

Senator HAGEL. Is Secretary Baker still involved in that project?

Mr. GROSSMAN. Yes, sir.

Senator HAGEL. Active?

Mr. GROSSMAN. Yes.

Senator HAGEL. Thank you.

Secretary Rodman.

Mr. RODMAN. I just wanted to add that the Jordanians are doing police training. The Egyptians want to get into the same game and we, of course, encourage that. I endorse everything Marc said. In all of our conversations with our foreign military colleagues or with Arab governments, we encourage them to do anything they can do, including in the political side, giving political support to the Iraqi political process that we have going. And a lot of them have humanitarian projects or economic projects in the country. All of us are working on the Arab neighbors to support it.

Now, obviously there are sensitivities. It's not self-evident that Iraqis want a lot of other Arab countries there; there are some sensitivities within the Arab world, and there are delicacies that have to be respected. But we're encouraged by the attitude of most of these countries because they feel the same stake in the success of Iraq that we do, if not more.

Senator HAGEL. Thank you. Let me ask you each, from Armitage's reports, which you're picking up, have our efforts that you have each been talking about in response to my questions with our Arab allies and Iraqi neighbors been in any way impaired or inhibited as a result of Prime Minister Sharon's visit here last week and the President's new position on the Palestinian-Israeli issues? For example, wasn't the King of Jordan supposed to be here this week?

So you can tell this panel, has that had an impact at all on our relationship with the Arab world?

Secretary Grossman.

Mr. GROSSMAN. I'm going to answer the specific question you asked me, which is, from the reports I'm getting, has it impacted on the requests Rich was making to help out in Iraq? I think the answer to that question, as near as I can tell, is no. For example, you're right, the King of Jordan was supposed to be here this week. He decided not to come but he'll be back on the 4th of May. But the very important police training program that Peter talked about continues in Iraq. And so in that sense I think the answer is no.

Senator HAGEL. So there has been no static or no problems as a result of this?

Mr. GROSSMAN. In terms of the requests we've made from them on Iraq, no, sir.

Senator HAGEL. Secretary Rodman.

Mr. RODMAN. I agree.

Senator HAGEL. Secretary Grossman, could you explain in your opinion, and I would welcome Secretary Rodman's thoughts on this as well, if in fact there is a rise of Islamic nationalism in both central and southern Iraq, and what then is the possibility of an Islamic fundamentalism taking hold in these areas? Obviously we have seen some disturbing dynamics occur over the last few weeks, and I guess the real political question that we get to is, is this leading toward a Shia/Sunni domination of the political process in Iraq? So if you would unwind that for me, Secretary Grossman, I'd appreciate it.

Mr. GROSSMAN. I'll do my best. I think the most important thing, Senator, is to try to convey to Iraqis through the Transitional Administrative Law, through the timetable that we have, that Iraq has to stop being a winner-take-all state. It was a winner-take-all state in Saddam's time, it was a winner-take-all state probably before that as well. And somehow we have to continue to work to make sure that the Shia, who were, of course, dominated by the Sunnis in the past, feel that the reverse won't happen to them and that everybody has a stake in this new Iraq, and that's why I think the Transitional Administrative Law is an important thing, and I also think this change on the 30th of June to Iraqi sovereignty is important. It's a commitment not just to get sovereignty there but to let these Iraqis work some of these things out themselves.

In terms of Islamic fundamentalism and Islamic nationalism, all I can tell you is that from things that I see and reports that I get and polls that I see or local elections for local councils that we see, this is not something that Iraqis want, that Iraqis want a secular society, and like Senator Biden, I don't say that they have to have a democracy like ours or like anybody else's, but a representative government and a free government in a place where they are able to do things on their own.

And so, near as I can tell, this is not a question of rising fundamentalism. It is a question of having Iraqis understand that this can't be anymore a winner-take-all society.

Senator HAGEL. Let me ask this as a followup, and I know you wanted to add something as well, Mr. Secretary, which we'll get to you. Is the United States prepared to accept whatever government the Iraqi people want? I think as we all understand, nations are built from the inside out, they're not built from the outside in.

We've made some dramatic foreign policy mistakes in this country, as all countries have, thinking that we could do just the opposite.

So, as the elections stay on track, which we all want that to happen in January, and by the way, I strongly support the President's position on this handover on June 30 with all the questions and all the problems, for all the reasons you mentioned it's important we do that, as well as keeping on track with that January election timeframe. So we are prepared then to accept whatever comes.

Mr. GROSSMAN. In the end, Iraqis have to govern themselves. But what we are trying to do with us, the international community, and others through the TAL, through the transition, is to try to say to Iraqis, there is a way to live in this modern world with representative government and there's a way to live in this world with a bill of rights and——

Senator HAGEL. But if they choose another way?

Mr. GROSSMAN. That is their——

Senator HAGEL. That's their decision?

Mr. GROSSMAN. Iraqis in the end have to choose their own form of government, yes, sir.

Senator HAGEL. And any efforts to impose any kind of government aside from that would not be made by this country?

Mr. GROSSMAN. Well, what we're trying to do through the kind of work that Andrew's doing and the Defense Department is doing and we're doing is try to open the window for Iraqis on a new kind of way of life. Senator Biden said, think of what their life must be like after these 35 years that they've had, and that we've got to open some windows on the way that they can live in the future, windows on a free economic life, windows on a rule of law, windows on things that they don't have much experience with.

So what I'm confident of is if we give people a chance here and we're patient and we're prepared to help out and we can open these windows, that they will choose to become part of the modern world and choose some kind of representative government. I believe that.

Senator HAGEL. Thank you, Mr. Chairman. May I indulge the committee to ask if the other two witnesses wanted to answer that? And I apologize, my time's up. Mr. Secretary, Secretary Rodman.

Mr. RODMAN. It's a very good question, but we have confidence that there will be a moderate outcome. It's really the essence of our strategy—to strengthen the moderates, to empower the moderates.

You asked about Islamic fundamentalism, and I would say two things. One is, there is a province in southern Iraq called Diyala province that has held 17 local elections in the last month, and the Islamists lost in almost every single case. The Shia in Iraq are not radical. They come out of a secular tradition.

The second point is the al-Sadr rebellion, the al-Sadr putsch attempt, was an attempt to tip the balance among the Shia in the direction of his brand of radicalism. He was a marginal figure among the Shia and he attempted to remedy that by radicalizing the community, making himself by intimidation the dominant figure. He failed. The moderates among the Shia have rolled him back, and particularly when we started rolling him back militarily, the moderate leaders of the Shia found the courage to put political pressure on him, and he failed at his attempt to become the dominant figure among the Shia.

The Iraqis are a common-sense people. We think the overwhelming majority of the people are moderate. They want a modern, moderate kind of government, and our influence, as long as it's there, can have a great effect in helping the moderates who are a majority.

Senator HAGEL. Thank you. Mr. Natsios.

Mr. NATSIOS. Just from a ground perspective, a little different perspective, to reinforce what both my colleagues just mentioned, we've been looking at the structure of Iraqi society, the value systems developing, and it's very interesting what's going on. Early on last fall, our democracy officers were going with one of our contractors to these local councils that had been elected, and the agreement is they form themselves into a council, we teach them how you run a meeting, how you take a vote, how you make decisions, how you have a public hearing. And at one of the hearings, one of the first early ones, one of our democracy officers was sitting there and they were yelling at each other, literally screaming, no fist fights, but for 3 hours on how to spend a small grant, because we set the thing up and then we say, decide how to spend $20,000, we'll help you spend the money, but you decide what the project is and where it is and what it is in the village.

And after this yelling for 3 or 4 hours, our Deputy Mission Director Chris Milligan said, I got to go to the next town, you can't make a decision here. And the chairman of the council said, do not leave, they'll kill us. And Chris said, who is going to kill you? He said, the people in the village know you're here with this money to do this project, we just can't decide what it is. If you leave, they're going to kill us, isn't that what democracy is? And Chris started laughing and said, no, that is not what democracy is. It means you might get defeated in the next election, but we don't kill our public officials because we don't like what they do, we just take them out of office by an election.

And we thought he was kidding. They have no conception of what this is. I've been there twice. For a week I met with delegations of people. One was a delegation of 11 graduate students from the best universities in Baghdad. It was fascinating to talk with them; they're all in their late 20s or early 30s. One of them said to me something extraordinary. He said, you started the operation, we're on the table, you opened us up, complete the operation, please do not leave until you finish. We want you to finish. We were under the psychopath all these years. We want you to finish. We just don't understand what this means. These are young students now. They said, we like democracy because we like America and Western Europe, but we don't know what that means.

So we're about to run a huge public education campaign that was designed by Larry Diamond, one of our two greatest democracy scholars from the Hoover Institute, a good friend of mine from Stanford University. And he went over there for weeks interviewing people, and asking, what don't you understand? We've designed a curriculum with papers explaining what does minority rights mean, what is an election, what's a political party supposed to be, what is freedom of the press, what do these things mean. It's going to be radio, TV, it's going to be interviews, and it will be done on a mass basis. So they will understand what this thing is that

we talk about, because we're all assuming people want democracy when they really don't know what that means.

Another thing that hasn't happened, we were expecting large scale atrocities against the people who committed the atrocities against the Shia and the Kurds, and it has not happened. We had teams sent out last year, a year ago, to stop the atrocities. They haven't happened. So I sent an expert of human rights in and he went to police station after police station, he went to mullahs, he went to imams, and he said, how many people have been killed in revenge killings for what happened in the 1990s and 1980s by Saddam. Maybe 40 or 50 people in a year. We couldn't understand why.

You know why? Because the imams and the mullahs and the mosques, every Friday they get up all over the country and they say, the Americans have come and the British have come, there's a thing called rule of law. If you think someone committed an atrocity, we have to go to the courts, we have to prosecute them, no revenge killings. And guess what? The people are listening to them.

We had an incident down in Umm Qasr when we first arrived where a schoolteacher, an English teacher got up before a crowd of men who was going to burn half the Ba'athist party houses down and kill all the Ba'athists because of what they had done, because it was a Shia city. And the guy got up alone in front of 300 men who were saying I'm going to kill them all now, the Americans have arrived, I'm going to kill them. He said, the Americans have told us, the British have told us, the rule of law means you prosecute people through a court. We never had courts except to execute people, it was a joke. You have to present evidence. We cannot use retribution to run this country.

And guess what happened? They put their torches out and they went home and they never burned one house down. So what I'm suggesting to support my colleagues here, you know, they want a change after what they've been through.

One last story. An NGO told me this story. It was a sheik who supports the more radical fundamentalists but he was talking to one of the NGO guys from the United States who's an American. And he said, I shouldn't admit this to you in front of the other sheiks, but my mother, who's an elderly lady, prays for the health of George Bush every night. And he smiled, this guy's a Democrat, he's not a Republican, but he told me the story, he said, I know why you're going to tell me, but tell me why. He said, because he got rid of Saddam, this lunacy that has governed this country and he's at least given us some hope for the future.

That's the mother of a sheik who's on the more radical side, and he smiled and he said, and we do appreciate it even if we're having trouble with this transition. So the impression you get in the media is a little different than you get at the grassroots level.

Senator HAGEL. Thank you.

The CHAIRMAN. Thank you very much, Senator Hagel. Thank you, Senator Dodd, for your patience.

Senator DODD. I began to think I was listening to some colleagues in the Senate here, a bit of a filibuster.

Sometimes I wonder if we're living on the same planet, however, when you say some of these things, and I appreciate your comments. But let me first of all, Mr. Chairman, thank you again for these hearings, you and Senator Biden. This is the historic and proper role of this committee and you are fulfilling it with these hearings. And while it's uncomfortable to be witnesses and to have to face a barrage of questions, I think it's a tremendously important function you're performing here, and I for one deeply appreciate it. I've said that before but it's been very, very helpful.

I'm going to ask unanimous consent that an opening comment and statements be included in the record, and I know Senator Biden has expressed this, but I said it yesterday, I'll repeat it again today, whatever the differences I've had years ago with John Negroponte, I happen to feel he's a very fine Foreign Service officer, done a tremendous job in many places, and I second your comments and hopes that we'll be able to move expeditiously through this committee and on the floor of the Senate. Whatever else one's feelings may be, I think it's critically important that we get an ambassador there. So you have my support in trying to get that done. I'm sure my colleagues will as well and hopefully it can move along.

Let me if I can go back, Secretary Grossman and others, and I want to follow sort of two lines of questions, and I'll start with one I think may be a little easier to address first, and that is the role of the U.S. Embassy that's going to emerge here and how the lines of authority are going to develop under this new embassy. And then I want to quickly get to the June 30 issue and how we're going to deal with some of these questions.

It's unclear to me how authority lines are going to develop with—putting aside now the June 30 date—but just what is the role of the U.S. Ambassador going to be here in the reconstruction effort? Will he be head of mission in Iraq with all that that means specifically? Will the Department of Defense maintain control over the purse strings, or is that going to now shift to the U.S. Ambassador in terms of those efforts?

Mr. GROSSMAN. Yes, sir. Senator, in my testimony I said that Ambassador Negroponte, if he's confirmed, and I hope he will be confirmed, like you, will go to Iraq with a letter from the President like all of our Ambassadors has that says that he will be responsible for all of the activities in the United States of America, the executive branch, except for those that are in command of an area military commander. So we certainly expect that all of those questions of the money and the priorities and the reconstruction will be his responsibility.

Just to be clear, it's not to say that we won't take advantage of the extremely important structures that are in the Department of Defense, for example, using Army contracting or using some of the other structures that are there. But the person responsible will be the Ambassador and then the Secretary of State.

Senator DODD. But there will be no unique lines that are developed here in terms of the purse strings and dollars beyond what you've just described? All of that will fall under the auspices of the U.S. Ambassador?

Mr. GROSSMAN. Yes, sir.

Senator DODD. So I don't expect any—I won't be looking at some different chart here in a few weeks that shows some different lines of authority in terms of how that operates?

Mr. GROSSMAN. That's correct. On the questions you've asked me, that's correct.

Senator DODD. All right. Let me just, Mr. Natsios, quickly point out to you here, in terms of the reconstruction, some of the efforts that are going on, there was a very devastating report from National Public Radio yesterday about the Iraqi Health Ministry selling equipment and medicine for personal profits. I don't know if you saw that. Did you see that report?

Mr. NATSIOS. I did not see it, Senator.

Senator DODD. Well, you ought to take a look at it. It's the kind of thing that worries us in terms of these transitional issues. I'm also wondering if you have any comments to make about the report that GE and Siemens has pretty much pulled out of their operations because of the security problem.

Mr. NATSIOS. Siemens and GE are not our contractors.

Bechtel is our big infrastructure contractor and they have not pulled out.

Senator DODD. Do you know about GE and Siemens?

Mr. NATSIOS. I read it in the newspaper.

Senator DODD. You know nothing more about it than that?

Mr. NATSIOS. They report through the Defense Department and they do Defense Department contracting.

Senator DODD. Mr. Secretary, I apologize then. Secretary Rodman, do you have a comment to make on that?

Mr. RODMAN. I am not familiar with it. I can get an answer for the record certainly.

[At the time of publication a response had not been received.]

Senator DODD. All right. Let me move in time here to this issue. We've heard from witnesses including ones yesterday I thought were very, very helpful and described two or three issues, and there may be more, and you might want to add to them, but I think all of them were very different by the way. We had witnesses from the political, the military, economic, and human rights side I guess you might add. Yet they all had a common theme as they talked, and they listed them, and Chairman Lugar asked them, I think, to prioritize what the top issues were, all of them came back and said security was the No. 1 issue, and I see a nodding affirmatively that you would agree with that, Secretary Grossman, that getting not only the security of our own people and forces there, but obviously as importantly for the Iraqi people.

The second issue raised was a stabilization plan in place, one that would really offer some clear pattern of how we are going to bring some order, so that these ministries we're talking about could actually function and operate and at least to some degree of success so that civil society would begin to function with some degree of normalcy.

Third, there was the discussion of to what extent can we truly internationalize this effort through the reconstruction phases, additional security questions. I no longer hear the kind of debate that occurred, at least I don't hear it as loudly as I did before, about

the exclusion of the international community, but more importantly, how can we get them more involved in all of this.

Here's my concern, and I know my colleagues and others—and I'm not, I understand the significance, having made this commitment last, I guess it was November, on a June 30 date. My concern is of the bureaucratic rigidity to that date, and realizing that if you let it slip you cause problems. And I accept that. I'm not suggesting this is not without difficulty if you do this. But it seems to me to rigidly hold onto that date when the issues of security, stabilization, and internationalizing our efforts over there may be put in jeopardy if we hold too rigidly to that date is a far greater long-term loss in Iraq than whatever short-term problems we may face if in fact we allow that date to move, because we don't have these issues in place.

To pick up your point, Secretary Grossman, the idea of running around at midnight on the night of June 29, trying to get a U.N. resolution adopted, and I'm very worried as I look at this. Chairman Lugar raised it, I think at least, if I heard him correctly, in talking about, for instance, the security forces. What happens if after June 30, if I read this, as I think I do, "the Law of Administration for the State of Iraq, the Transitional Period,"and "The first phase shall begin with the formation of a fully sovereign Iraq Interim Government," a fully sovereign government.

You've talked about limited sovereignty, Secretary Grossman, in some public statements, but if they decide for whatever reason that they want some different configuration on the security issue after June 30, thus making it far more difficult for us to achieve the job we need to get done there, whichever one seems to agree must be the case, then don't we find ourselves in a situation having embraced that date so rigidly that we make it far more difficult to get the security job done or the stabilization plan or, in fact, if they make decisions that make it far more difficult for us to get international cooperation? Haven't we in a sense made it, our job, that much more difficult if we hold on?

That's sort of the question I get, and I want to know in that context, by the way, whether or not we're going to see some annex that I read in this law. I gather nothing's been developed, but that law goes on here, the provisions of the transitional period talks about the Governing Council, "the Coalition Provisional Authority and possibly in consultation with the United Nations. This government shall exercise authority in accordance with this Law, including the fundamental principles and rights specified herein, and with an annex that shall be agreed upon and issued before the beginning of the transitional period and that shall be an integral part of this Law." Is there an annex? And I want to address that as well.

But get to this question of June 30 if you can and my worry is that we're painting ourselves into a corner on this, and we're so determined to hold on to that date that we're sacrificing some of these other critical issues that will determine ultimately whether or not we're able to do exactly that which I think all of us want, and that is a stable, peaceful Iraq with a chance to determine its own future.

Mr. GROSSMAN. Senator, thank you very much. If I could just go back to the comment you made in your opening comments, I just

want to be clear, and I hope that people who are watching this, and maybe even people who are watching this in Iraq or will see it in Iraq, it is not uncomfortable to be a witness. This is our democracy. I mean that honestly. We're glad to come here because you all are asking the right questions and you have the right to ask those questions and we have a responsibility to try to answer them, and we've always considered, especially the work with this committee, to be a very good consultation.

So as people watch this, this is what democracy's about and I appreciate it, I appreciate your saying that.

In terms of the June 30 deadline, I guess when you say that you worry that we're painting ourselves into a corner, I guess the way I look at it is through a mirror which says that this seems to me on the 30th of June to be way out of that corner, because if it is right that we want to put an Iraqi face on this, a more Iraqi face on Iraq, then one way to do that is to transfer the sovereignty on the 30th of June.

If we want to step back and not have a Coalition Provision Authority administrator occupation and we want to have an Ambassador of the United States of America, the way to do that is on the 30th of June, and so with respect, I accept your point, I take it, and I think it's one way to look at this, but we think, and we're working hard to make it real, that this is the way out of this corner that we're currently in and that corner that we're currently in is called, it's all the United States, and so we'd like to move out and put more of an Iraqi face on this.

I'll give you a couple of specific examples in the issues that you raise. First, in terms of security, I was nodding my head because I agree with you, security is absolutely the first priority and I think it's a priority for all of us, including our military colleagues and our Defense Department colleagues.

But one of the things that General Myers has been testifying over the past couple of days, which I found extremely interesting to listen to is, if in terms of security, if on the 30th of June, 1st of July, Iraqis feel that they are now fighting for an Iraqi Interim Authority, for Iraqis, for their own country rather than a Coalition Provisional Authority, that this may actually strengthen their capacity to move forward, and I know that our military colleagues, as I say, in listening to them for a couple of days, believe that this is an important part of increasing the capacity that we have to bring security to that country.

Second, in terms of the stabilization plan, I'd say two things. One is, yes, absolutely, there ought to be a stabilization plan and it ought to be clear to people——

Senator DODD. You've only got 70 days left here though, you know.

Mr. GROSSMAN. Well, that's right. But one of the reasons that this embassy is going to be so large is because there's going to be a huge amount of work to do before the 30th of June after the 30th of June. And the other thing, in terms of stabilization plan, and I am the first person to admit that I wish this would have gone along a lot faster, is we also have to remember that some of the $18.4 billion in reconstruction funds that you all provided are now going to start to spend out here over the next few weeks, and so

as we've got these 70 days, more and more Iraqis will be employed, more Iraqis will be a part of this economy, and I think that will also be part of the stabilization plan.

And finally, in terms of the international effort, again, from my perspective, Brahimi says, I'm confident I can do this in May. So I have no reason to think anything other than let's help him make that true. If he can accomplish that task, and then you can have a Security Council Resolution, as Senator Lugar said, kind of in advance of the first—to support what Brahimi has said, then why wait? Why not take the opportunity of that 30th of June date? Because you've got then government, you've got people, you've got structure, you've got a plan. And as Senator Biden said, let's put a more Iraqi face on this.

I think that the 30th of June date is an important one, not just for us, and maybe even less for us, but it is really important for Iraqis.

Senator DODD. Would you get to the annex question? I know my time is up.

Mr. GROSSMAN. I apologize. Can I come back to you on the record or here in a minute? I don't know the answer to that question. I just don't want to get it wrong.

Senator DODD. Do you know what I'm talking about though?

Mr. GROSSMAN. I do.

Senator DODD. Because that spells out an awful lot of the authorities.

Mr. GROSSMAN. Right.

Senator DODD. And I think it's going to be very, very clear, there's that difference between that and obviously the Iraqi transitional government, which is 8 months later, and this period, this annex, is not an insignificant document, and to my understanding, do you have it ready? Is there an annex document ready yet?

Mr. GROSSMAN. Well, I'm told no, there is not one now.

It's being drafted by the Iraqi Governing Council. But let me, so I don't goof this up, let me come back to you with a more complete answer.

Mr. NATSIOS. Could I just answer your question about civil society, which I think is a very important insight into the preparation of the country for the transition. We engaged five major American NGOs last summer in setting up a set of community action programs at the village and neighborhood level in the cities across the country, huge programs, and we're now in our second phase of that. There were $7 million grants each, $50 million, and there's another 50 that's going out to them now because it's an extraordinary program.

I met with many of the local groups that have been formed by these NGOs to make decisions. These are not town councils, they're just community groups. And they make decisions on shall we repair the water system or the electric lights or do we want to redo the school, and they have—and we require them to put some of their own money—they actually engage the community to put some of their resources in in addition to ours. So it's their projects, not our projects, which is very important because they provide the protection so that the looting that took place last year does not happen again. They protect it because it's their projects.

The effect of this is to get a new generation of political leaders at the local level who people can look to for leadership, and sometimes they don't do it very well and they get defeated in the next election.

Senator DODD. Well, very good. Mr. Chairman, I'll just conclude on that. I, for one, and I believe most of my colleagues are anxious to see this work succeed. This is not a hostile environment where some people maybe wish to see this fail somehow. I don't believe that's the case.

But I am very, very worried, and I'm not suggesting you change the date today at all, obviously 70 days allows a little time. But if there isn't some real progress fairly soon on this, my simple recommendation is to be careful. I realize there's a problem by moving away from a date, but by holding on to that date and not having the questions answered about security, stabilization, and how we develop the kind of longer term international commitment involvement here, putting that at risk with an interim government that may have a very different set of political calculations than we do.

My experience sitting on this side of the dais is, politicians and politics, it's always local, and they're always going to be determining their futures based on what they think is in their local best interest. We may find ourselves in direct conflict here at a time when we may decide that we need more security or we need more international involvement, and it may be that much harder for us to achieve it and look back and regret deeply that while we knew there was a price to pay by moving the date of June 30, we caused ourselves untold problems by sticking with it and turning over authority prematurely when it was not ripe yet.

So I urge you during these coming weeks to assess that, knowing full well you'll pay a price if you change it. But the price you pay may be a lot less than the larger price if you hold on to it, and discover we're really all alone in this effort, we don't have the security forces we need to protect our own troops, let alone the Iraqis, and there's no way in the world you're going to get a stabilization plan with chaos reigning in that country. So I just urge you to be careful. Think carefully about this.

Thank you.

The CHAIRMAN. Thank you, Senator Dodd.

Senator Chafee.

Mr. GROSSMAN. I'm sorry, may I answer the Senator's question on the annex?

The CHAIRMAN. Yes.

Mr. GROSSMAN. And I apologize I didn't know off-hand. I'm told that there is a drafting committee for that annex, that Adnan Pachachi of the Iraqi Governing Council is chairing that committee, that the CPAs involved, and that their objective is to try to incorporate into the annex kind of Brahimi's ideas for the interim government. And if there's more than that I'd be glad to submit it for the record.

Senator DODD. That's fine. Mr. Chairman, I would just urge that you and Senator Biden could be kept informed as to how this is progressing so we know what's in that. It's a very important document. A lot of the authorities are going to be in that annex.

Mr. GROSSMAN. I'll be glad to commit to that.

Senator DODD. Thanks.

The CHAIRMAN. Good advice and we will attempt to follow through.

Senator Chafee.

Senator CHAFEE. Thank you very much, Mr. Chairman. One of the things I think we've learned in the last few days and weeks is that there's a culture of denial in the administration and that certainly in the buildup to the war we're seeing that the existence of weapons of mass destruction and the threat of Saddam Hussein to us has been pretty much debunked. And even Andy Card, I think, was quoted recently as saying "there's no threat there" when he received a briefing on the weapons of mass destruction.

In fact, I, before voting on the war, went out to Langley, to the CIA by myself, had about 15 people there to give me a briefing, what do you have. And after that briefing I was underwhelmed enough to tell my local paper, the Providence Journal, we're not going to find any weapons of mass destruction, and that was a year ago.

But now we're there, we've lost 700 young men and women, or nearly 700, we're spending over $1 billion a week, but nonetheless, now we're there, but what's very, very alarming to me is that this culture of denial now exists on the relationship between what we're doing in the Israeli-Palestinian issue and in Iraq. And President Mubarak was in Crawford, Texas, saying to the President, his quote was the centrality of the Arab-Israeli conflict to our problems there.

And from hearing you answer Senator Hagel's question, you're saying, no, there's no connection. When I was in Baghdad and Mosul in October, the graffiti, the Arab graffiti was all about the Palestinian cause, and that's what the Americans were telling me. And certainly if you read the Dirijian report, which the Bush administration commissioned, their own people, who studied the Arab world, the finding was that the Arab world looks at U.S. foreign policy through the prism of the Arab-Israeli conflict.

And now you're saying here, testifying, no, there's no connection between the rise of an Intifada in April and the Intifada between the Israelis and Palestinians. And that's what's going to get us in trouble. That same denial that we had back in the WMD question and now we have here, we're not going to win in Iraq. I want to win. I join my colleagues.

We want to prevail there. We want a stable Iraq. But we're not going to do it as long as we continue, in my opinion, to inflame the Arab world by not participating more fairly in—this is a change, what the President did with the Sharon plan is a change from six previous administrations. Ever since the Six-Day War of 1967, the American administrations, Republicans, Democrats, have had a policy. That just changed. And for you to say that's not going to adversely affect us in Iraq is why we're not going to prevail.

We have to address some of the Palestinian issues if we're going to prevail in Iraq. And I don't really know what kind of questions to ask as long as this culture of denial exists. Maybe the only question I have is, are you told not to make any connection between the two?

Mr. GROSSMAN. Senator Chafee, I think you put me in a position that I'm not in. Senator Hagel asked me whether on Rich's trip there were things that Rich asked people to do in the region to help in Iraq which they said no to because of Prime Minister Sharon's visit. And I said the answer to that question was no. And the example I used, and thanks to Peter Rodman for reminding me, the Jordanians, I'm sure, the Jordanian King didn't come here because of how he felt about that visit, but did they stop their training of the Iraqi police forces in Jordan? No. And that was the example I used.

I don't say to you, I'm not sitting here saying to you these things are unconnected or that people in the Arab world don't see all of the things that we are doing in the Middle East. If you ask me that question, then it allows me to remind people about the President's speech in June 2 years ago calling for a Palestinian state. I think it allows me to talk about the kinds of things that the President and Secretary Powell have been talking about these past couple of days since Sharon's visit about recognizing some realities. It allows me to talk about a trip that I took earlier this year in support of our support for reform in the Middle East to six or eight countries around the region to promote reform and to promote democracy in the Middle East.

So I just ask please, I answered a specific question and I answered it to the best of my ability, but I don't want to be put in a position saying that I am in some culture of denial about how we are looked at in the world. I'm not.

Senator CHAFEE. Well, just say that in response to Senator Hagel's questions also you mentioned how much we need our Arab neighbors.

Mr. GROSSMAN. Yes, sir.

Senator CHAFEE. And you mentioned the Jordanian police, you mentioned, I think, Syria border patrols, Egyptian help in various areas. We're not going to get it if this continues. I think King Abdullah's cancellation of his visit is a fair, fair warning and President Mubarak, subsequently after his visit in Crawford, had some scathing comments to say on the rise of anti-Americanism through the Arab world, and I don't know what role Congress is going to play as we see this big change in U.S. foreign policy, but I think it puts at great risk our success in Iraq.

The CHAIRMAN. Thank you very much, Senator Chafee.

Senator Feingold.

Senator FEINGOLD. Thank you, Mr. Chairman, and thank you and the ranking member again for all your patience, and for making these hearings happen.

Mr. Rodman, we desperately need a plan to bring stability to Iraq that does not depend on the U.S. military and U.S. taxpayers to bear as great a portion of the burden as they have to date. At the same time, the American people need to hear, as much as possible, the hard and honest truth about the nature of the U.S. commitment in Iraq.

Our exit strategy seems to be to train Iraqi security forces to take over the roles currently played by the U.S. troops and, increasingly and worryingly to many of us, in significant part by private security firms. But we have seen that slapdash efforts to train

and deploy Iraqi security forces can lead to dangerous failures and instabilities.

So I'd like you to tell me how long it will take to properly train Iraqis such as they are able to provide for their country's security? And as a part of that, for how long will security be primarily the responsibility of U.S. forces?

Mr. RODMAN. Thank you, Senator. Let me first of all address the point about private security contractors. This is an opportunity you've given me to address something which is much discussed. I've heard that there's an army of 20,000 private security people, which is the second biggest military force in the country. Our figures are different, and our figures are that there are about 15,000 civilian contractors in Iraq, of which no more than 2,000 are armed and doing security functions.

Maybe my figures are wrong, but that's what we've heard, and we are at the same time trying to tighten the rules by which these people operate. We're developing policy guidance to make sure that any people who are fulfilling that role, protecting some private company, are accountable to our military people so that they limit themselves to what they are properly there for, which is the protection function. They don't do military operations.

Senator FEINGOLD. I appreciate that point, but I have limited time, so I'll hope you'll get to my question.

Mr. RODMAN. The big point is the performance of the Iraqis, and we all admit that the performance in the recent period was disappointing. A lot of the units did well; a lot of them didn't do well. No one expected that by April 2004 they would be substituting for the American military; even by June 30 they're not expected to substitute for the America military.

We've learned some lessons from what has just happened. We've learned that we've got to work harder to find Iraqi leadership, good quality Iraqi commanders. We've got to move faster to equip them. Some of the units, as I say, did do well. Some of them didn't show up for work, although now they're back at work. So we learned something from this.

But after June 30, the Coalition will still be there. All of the Iraqi political leadership knows that. It's reflected in the TAL that we will still be there to help continue the job of training them to the job of maintaining security.

Now as for the police, what happened in the last few weeks would have overwhelmed any police department, so what we count more on is what we call the Iraqi Civil Defense Corps, which is a more heavily equipped force, plus the Iraqi army which is being trained. This is a work in progress and we have to accelerate it. But again, June 30 isn't the deadline.

You asked how long we're going to be there.

Senator FEINGOLD. That's what I need to know. I realize that the President said we'll stay as long as we need to and not a day more, but I tell you, some more reasonable estimate about what we're in for in terms of time when they take over would be very helpful.

Mr. RODMAN. It's the natural question to ask, but you know I can't give a firm prediction. We hope that we've overcome the challenges of the last couple of weeks—the al-Sadr rebellion, which I think has been pushed back, and the Fallujah problem, which we

think we have a plan to deal with. We will deal with these military problems, and if we can restore a sense of stability, then whatever violence is going on will lose its strategic significance.

Senator FEINGOLD. Let me suggest——

Mr. RODMAN. And that over time stability——

Senator FEINGOLD. My time is limited. I need as specific a response as I can get and I know it's hard. But, you know, you're on the ground there, people are on the ground there, and you have an idea of what the capacities are. We announced to the world that we were going to turn over authority on June 30. We announced that time not as an estimate, but as a date certain. I'm just looking for some kind of a timeframe, just as we gave the American people a timeframe in turning over the authority, a timeframe that the American people can look at that would be a reasonable estimate for turning over the security primarily to the Iraqis as opposed to the United States. What can I tell them is a reasonable estimate of time?

Mr. RODMAN. Unfortunately, I'm not in a position to give you a number of years or months. I think it's going to be a gradual process. As security conditions improve, we can reduce the number of Americans. We are still hoping to bring in more international contributors, particularly after the U.N. comes back and sovereignty is turned over.

Senator FEINGOLD. How about a goal? What's your goal?

Mr. RODMAN. Well, it's not really up to me to set a number of years. That's——

Senator FEINGOLD. Well, I would ask the administration to come up with at least a timeframe, a goal that we could point to so I could tell my constituents what might happen or what might be hoped for.

Let me turn to Mr. Grossman. At the same time that Congress passed an $87 billion supplemental spending bill requested by the administration, primarily for Iraq last year, Congress also created an Inspector General for the Coalition Provisional Authority to ensure that massive sums of U.S. taxpayer dollars were not lost to waste or fraud or abuse. As of the end of February this year, only $900 million of the $18.4 billion appropriated for reconstruction programs in Iraq had been obligated, less than 5 percent.

When Congress created the IG for the CPA, we did so because we recognized that the amount of money involved in reconstruction was so great that we needed an IG on the ground in Baghdad, not an office in Washington that viewed Iraq as one operation among hundreds that needed oversight.

What will become of the CPA IG given the fact that the funds he was supposed to oversee have barely begun to be obligated? The law says that the IG's office will terminate 6 months after the authorities and duties of the Coalition Provisional Authority cease to exist. It seems to me that the authorities and duties in terms of the reconstruction effort don't end on June 30, so will the CPA IG be subsumed into the State Department's IG office, or is some other arrangement under consideration?[3]

[3] See Response to an Additional Question for the Record on page 107.

Mr. GROSSMAN. I don't know the answer to your question, but I'll be glad to get back to you for the record.

[At the time of publication a response had not been received.]

Senator FEINGOLD. Can you speculate on what's going on?

Mr. GROSSMAN. No, sir. I truly don't know the answer to your question.

Senator FEINGOLD. Let me ask both Mr. Grossman and Mr. Natsios, the Inspector General for the Coalition Provisional Authority has indicated that potentially billions of taxpayer dollars intended for reconstruction are being spent instead on security and insurance. It seems to me that this means that we must either resign ourselves to accomplishing less or we must spend more. Which is it?

If we're planning to accomplish less, which priorities don't make the cut? If the administration has simply decided to ask for more money, when do you plan to make that request and how do you suggest the country pay for it? Let me start with Mr. Grossman.

Mr. GROSSMAN. I apologize. I was being talked to over my ear.

Senator FEINGOLD. I do understand. Do you want me to repeat the question?

Mr. GROSSMAN. I apologize. I'm really sorry.

Senator FEINGOLD. Should I repeat the question?

Mr. GROSSMAN. Would you be kind enough?

Senator FEINGOLD. I'd be happy to. I indicated that obviously the IG's report shows that the reconstruction money is not being spent on just reconstruction. Instead, it's having to be spent significantly on security and insurance because of the problems that have occurred. And so what I was saying was we have to either resign ourselves to accomplishing less or spending more. Which is it going to be? If we're planning to accomplish less, which priorities will not make the cut? If we're going to be spending more, when will you ask for it and how much will it be?

Mr. NATSIOS. Do you want me to answer?

Mr. GROSSMAN. Yes, why don't you.

Mr. NATSIOS. OK. I can just tell you, Senator, for our portion of it, we've been allotted $3.8 billion. We have obligated $3.3 billion. I've asked what the average set-aside, because we did allow last fall when there was an increase in violence where our contractors and NGOs and partners needed help, and the average at this point is about 20 percent. It is not billions of dollars, but it is hundreds of millions of dollars of the amount that we were given. I cannot speak for the Defense Department contractors. I only can speak for the people who work for us.

Mr. GROSSMAN. I guess the simple answer I would give you is that we'll have to look at all these priorities, and as I testified earlier today, if there's a need for—we believe there will be a need for a supplemental, and the timing and amount of that is obviously up to the President.

Senator FEINGOLD. Mr. Rodman, did you want to say something?

Mr. RODMAN. I just wanted to add that my understanding is that DOD contractors are required by law to provide workers' compensation insurance for their employees overseas, and that's an allowable cost under the contract, so we may not have a lot of flexibility.

Senator FEINGOLD. So it sounds like we're looking at a request for more money rather than scaling down the priorities, in all likelihood?

Mr. GROSSMAN. As I said, I happen to be referring to the needs for our embassy, but I said that if there was a requirement to fill that gap, it seemed to us that there would be a requirement for a supplemental. As I said, the timing and amount to be determined by the President.

Senator FEINGOLD. Let me ask one more question, Mr. Natsios. What is the standard of legitimacy for an emerging Iraqi leadership? From the beginning I've been concerned about whether or not our democratization efforts will succeed in Iraq, not because I do not believe the Iraqis desire and deserve the same basic political and civil rights enjoyed in democratic states, but because I wondered about the political culture, in which ideas about humiliation are so prominent, and whether they could accept any model that is proposed by a foreign occupier.

How likely is it that resistance to the United States' presence in Iraq will become, in effect, the new standard of legitimacy for Iraqi leaders who seek to appeal to constituents on other than the sort of more traditional religious or ethnic grounds?

Mr. NATSIOS. The polling data does not seem to indicate that that sort of rage is manifesting itself at this point, or that there is a distorted or sort of predatory value system developing as a result of this transition. In fact, the opposite is the case, and Oxford Analytica did a very detailed analysis with, I think it was reported on ABC or NBC News. We study these things, because we did our own polling last fall, because it does tell us something about how people see public services and if they're improving. Last fall, we didn't have good polls in terms of public service. We do now.

The poll that Oxford did, which we had nothing to do with, did not pay for, we were not involved, we didn't know it was being done until after it was finished, said 58 percent of the people said things have improved since before the war, 19 percent said they had not, and the rest were undecided. Eighty percent though had sort of hope for the future.

So in a broad sense there is a perception that things are improving, which makes it harder—now, this was a month ago admittedly—that a demagogue will come by and say nothing's happening, nothing's improving. There is a visible sense in the polling data, and if you go around the country, that things are changing in terms of public services. That's all I'm speaking about now, my area.

In terms of the legitimacy of the government, it will be determined by two central issues: can the government deliver services, and that's one of our central goals. We're doing capacity building in the ministry so they can manage services better. There was no central budgeting system. Even Saddam didn't know how people spent the money in the ministries. You know how they controlled people's behavior? They had a prison in each ministry and if the minister got upset at a bureaucrat, they simply put them in jail, literally we found jails in all the ministries. We thought it very odd.

We have a contract. I think it's the most important thing we're doing, not the infrastructure, not the services, and that is our local governments contract. What we're doing is setting up councils with the civil affairs officers and our staff across the country. Ninety-three percent of all the population now is under some elected council.

Some of the people are doing pretty well. We're training them in how you design a project, how you run a personnel system, how you run a meeting, how you take a vote, all the things that a city council or a town council would learn in the United States. Some of them are getting defeated when they run for reelection. Some of them are getting much bigger votes because they're perceived to be doing well.

In the United States, as you know, Senator, having been a state legislator, most of our senior officials are former state or local officials. Two-thirds of the state legislatures are former local officials, and half of our Congress are former state official. In our experience in USAID around the world, in a country with no history of democratic governance, the best way to democratize is at the village level, because they will choose candidates from those town councils to be their members of Parliament under the new government, whatever the structure is.

And you will see emerge—we're going to do a study of it when it happens—that a huge portion of the people in the new Parliament are likely to be from these town councils. And our view, our theory is, which has worked in many other countries, is that if we are legitimate in what we're doing locally, then that will increase the legitimacy of the national government, because they'll have confidence in their local legislators.

The CHAIRMAN. Thank you, Senator Feingold.

Senator Brownback.

Senator BROWNBACK. Thank you very much, Mr. Chairman, and thank you, gentlemen, for coming before us. Secretary Grossman, last time I saw you was on a sad plane ride to Kansas City for you, I know for a family member that had died, and my regrets to you and your family and your wife for that.

Mr. GROSSMAN. Thank you for recalling that.

Senator BROWNBACK. Let me—this may seem odd, because you guys are getting pushed a lot—I want to congratulate you on some of the things that are taking place. It is, to me, remarkable what's happened in Libya. It is past remarkable. We've been after Qadhafi for 30 years, and him giving up weapons of mass destruction, the move toward democracy that we're seeing in the Middle East is something that people have wanted for a long time. We've never put any effort into it previously and now we are and we're seeing results taking place of that democratization move.

It's no wonder to me that a lot of the countries in the region would be—the country leadership in the region would be negatively responding, because you're going right at their power. When you democratize a monarchy or a dictatorship, you're going right at the guys that own the place, but that's something we shouldn't be afraid of and we haven't been afraid of in other regions of the world. We have been, I think, somewhat previous in the Middle East.

I congratulate you on that, and also for your recent moves on peace within the Middle East, the issue of right of return, which is very sensitive, but it was a bold move that was taken, and I think it also recognizes a reality, along with this is the first President to recognize or talk about an independent Palestinian state. No previous President has ever mentioned that. Those are extraordinary bold moves that I think do recognize current realities moving forward.

I've got a bill in, one that I'm presenting that I think as we move forward on that track we ought to recognize realities in Jerusalem too, but I realize that's a little ways off.

I want to implore you, and I know the administration wants to stay with this, to stay with the June 30 deadline of handing over control, civilian control to an Iraqi governance. I was actually on the side of handing over to some form of Iraqi governance much earlier than we have even with this deadline, recognizing that's difficult, but we just got to get Iraqis in control.

As in Afghanistan, it's not a perfect model of democracy. When Karzai arose, it wasn't from a popular election across the country, but it was an Afghan running Afghanistan, and so that the chain of command, which Secretary Wolfowitz spoke about the other day, is important that when Iraqi security officers are responding, it's to an Iraqi that's on top of it, not to some American officer, and I think that should really help out substantially in the view of Iraqis toward their own country and getting us out of being an occupier, which they don't like and we're not comfortable with. So I applaud you on those moves and I urge you forward.

Two quick suggestions I'd like to make if I could. One, I met with soldiers at Fort Riley just last week that had been in Iraq and had just gotten back from Iraq 30 days earlier. There were about 300 and we did a closed town hall meeting. It was a wonderful visit with them. They were very enthusiastic about the work that they have done. They think that what they're doing is worthwhile and is important and I absolutely agree, and we don't ever want to back away from them. Many of them will be turning around and going back within less than a year and they know that, and that's fine. They believe in this work and they know that it's the right thing to do.

I did ask about the Iraqi military and the Iraqi police. I said, how are they? And most of them laughed, the soldiers did. And I said, well, what is the issue here? And they almost—they, the ones that were speaking up on this were talking about Iraqi command and commanders and the need to bring back trained Iraqi commanders that the military, the Iraqi military people won't respond to a U.S. military commander the way they will to an Iraqi military commander, and I know you're considering and reviewing this issue now, but from the guys on the ground, they view it that they need to bring back guys that were trained by Iraqis that years were invested as Iraqi commanders, and they can't be Ba'athists, and I'm not sure how you ferret out who's good and who isn't.

And I've been pushing for some period of time that we need to get security control over to Iraqis, and one of those maybe responsible for pushing this too hard, too fast. There is only so fast you can ride this horse, even though we all desire it. But they were

sure pushing the issue of bringing back currently trained Iraqi commanders.

And the question I have for you is about Iran, and maybe you've already answered this at one point in time, that what are we seeing actually taking place in Iraq sponsored by Iranians? Lots of allegations regarding al-Sadr's group being sponsored by the Iranians. It looks to me the Iranians are a group in the region that are the most directly impacted by us establishing democracy in Iraq. I think the whole region is, but the Iranians want a theocracy in Iraq too as they have in Iran, and it's very threatening to them, to their future stability if we're successful and when we're successful.

What are you directly seeing on the ground of Iranian influence, funding, command and control, if you can say, from Iran in Iraq? And I want to listen to the first part of your comments, and if you need to go further, I'm going to have to go over and vote, but I do want to get that out there and ask you about it.

Mr. GROSSMAN. Yes, sir. Let me work backward then if you have to leave. First, I appreciate what you say about our family again, I appreciate that. On Iran, I think the best thing for me to do, the way to give you the most complete answer if I could is to give you a classified answer. The unclassified part of it is I can tell you that we are concerned about Iranian activities. We've sent messages to Iran about their activities. We believe that if they think about this in the right way, they will recognize, as we do, that a stable and sensible Iraq actually is in their interest and that ought to be something that they will come to.

We talk to them through the Swiss, we talk to them in other ways, and we've tried to make that clear. But on the specifics of kind of where they are, what they do, finances, I hope you'll allow me to respond to you in another way on that.

Senator BROWNBACK. We'll do that. Mr. Chairman, I'm going to run over and vote, as I should, but you are doing a very difficult thing, but it's very, very important, and I don't think the stakes could be any higher. And undoubtedly, things could be different and better in some situations, but I think your overall push has been really good and I commend you and the troops on what's taking place.

Mr. GROSSMAN. I appreciate that. Thank you.

The CHAIRMAN. Thank you very much, Senator Brownback. My understanding is that Senator Corzine is attempting to make his way back from the floor and I'd like to honor that. Let me ask a couple of things in the interim. First of all, just a question for the record. Senator Biden has questions for the record of you, and I hope that you'll respond to those. They will be part of the record.

I want to inquire a bit more about the general proposition placed before the committee yesterday on security. Again and again, our witnesses have stressed, and you've not negated today, that security for the country is imperative if this new democracy is to work well. Mr. Natsios and our own civil officials ought to be able to travel freely. This is clearly in the interest of Iraqis themselves. We all awoke this morning to headlines of a horrible attack in which children were incinerated on a bus and 73 Iraqis lost their lives. It's not really clear to me at this point, and maybe this requires

an additional hearing at the proper time, how security is to be obtained.

How do we come to a point in which the Iraq people believe that in fact somebody is in control? I don't seek to go back over the traces of what happened the day after hostilities started, and how the police function did or did not work and the training and so forth, but rather I hope to focus on this interim period, the period prior to June 30, or let's even say the month after June 30, as the new government is there in place. Who will created the secure environment? More U.S. Armed Forces? We've heard there are not many troops from other countries that might be available, and we hope that those who are still there will be retained.

Can any of you offer any further assurances on the security question, which underlays the potential for political success?

Mr. RODMAN. Let me try my hand at that. We expected, and I think we're on record saying, that as June 30 approached we may well get a spike of people trying to derail it for the reasons I mentioned at the very beginning. Zarqawi and company see this as a threat. The accomplishment of a turnover to Iraqis is a major threat to those who want to derail it.

But look at it on the other side: That's what our strategy has to be, the political strategy of marginalizing the extremists, taking some of the wind out of their sails by putting an Iraqi face on what's happening.

Second, let me give you our impression of what happened in the last few weeks, I know if you read the press you get a sense of everything's going to hell and it's all metastasizing into some unified national uprising. Our commanders on the ground and CPA people, have a more precise sense of what it is. They see it as separable problems. There's a Fallujah problem which we've known about. These are the diehards of the old regime who represent a narrow, very narrow sliver of the population, with an admixture of foreign troublemakers who have no base in the population.

I can tell you one anecdote. There was a town northeast of Fallujah where, when the Marines came back in and cleaned out or killed a few hundred bad guys, the townspeople came out and thanked the Marines. They said, "We've been held hostage by these people." So again, we think the Sunni problem is a manageable problem, and right now Fallujah is under siege by us.

The Shia problem had the potential to be much more significant, because the Shia are the majority, and as I mentioned, al-Sadr was attempting to make himself the dominant figure among the Shia. But we think he failed, and the other Shia leaders who are part of the political process found their courage and seem to be back in the driver's seat. So we think, as to what we've been through in the last few weeks, the strategic significance of that violence is as I described.

Now, we expect it to be messy for a while, and until we train up the Iraqis and give them the capability, we'll have to be there. But our strategy is a combination of political moves to empower the moderate Iraqis and a military strategy which we think has the upper hand; that's our commanders' sense, and I trust their judgment. So that's the strategy we're pursuing.

The CHAIRMAN. Are we confident at this point that we're going to be able to get supplies to the Iraqi police? Can we ensure the provision of arms and various things they need to be effective? A great deal has been written in the press about the delay of shipments, or difficulties with contracting. That's a very serious issue.

Mr. RODMAN. Well, you are right. We need to fix that.

The CHAIRMAN. Are you working to fix that?

Mr. RODMAN. Well, I think we're—I'm sharing a responsibility, but Marc, if you want to add something.

Mr. GROSSMAN. Yes, sir. Again, I've had the benefit of a couple of days of listening to my Defense Department JCS colleagues, and I think the answer to that question is, there is really a problem here, and in many cases, one of the challenges for the Iraqi police was they were outgunned, and that both General Myers and the Deputy Secretary of Defense said this is, as Peter said, something we have to fix and that we will fix and that we are fixing. And we certainly have some responsibility here as well through the INL programs. In fact, the program in Jordan that I was talking to Senator Chafee about is a department program. And all of this needs to move forward.

I know that the appointment of General Petraeus who did such a very good job up in the north of Iraq to now take over the training of Iraqi security forces, police, border patrol, we believe is going to help us a lot. But I want to be clear here that this didn't go fast enough and we have some responsibility here, all of us, and we're committed to fixing it.

The CHAIRMAN. As a part of our ongoing oversight, we'll continue to raise questions as to how that is coming. Likewise, we will examine other elements of the training exercises, and the recruitment for the basic force, whether it be the army or the police. These are obviously elements of sovereignty and security. They involve successive Iraqis as they begin to take hold of their own responsibilities.

Senator Corzine.

Senator CORZINE. Thank you, Mr. Chairman. I think you're aware we had to go vote, so I appreciate you holding the hearing open and I appreciate the panel's patience. It's always great to be the last guy on the line.

First of all, I share the strong desire I sense from the testimony I observed this morning for the success of both the transition and the movement forward. I think all of us wish for nothing but the best here. And I must say I feel a little bit better, because I think some of the plans that I have seen get at some of the questions that I think a lot of my colleagues have raised. I must tell you I continue to be concerned that we seem to have this fixated view on this magic June 30 date and I don't really get it, because there's lots of reasons why it would really be good, but it might be actually worse if we actually don't deliver what was expected on June 30, the expectations of the Iraqi public is not met by that, and I think it could a very real, long-term setback.

So I wonder whether we even have the flexibility enough to think about that at this stage. We seem to get harder and harder in the conversations that I hear and comments from the administration. And I must admit that I have some sympathy with Senator

Chafee's comments. I would frame it a little bit different, and on credibility of reading the situation, we continue to have administration and high senior officials saying such things as, the violence is a symptom of our success. I don't understand that. It doesn't relate to the reality of what, at least, my common sense tells me when you lose 105 or whatever the number of folks are, and I have great respect and admiration and want to give the strongest support to our troops on the ground, so that is framing.

Let me ask some specific questions which actually pertain to this June 30 date. For instance, Secretary Grossman, you said that the interim government should have the necessary authorities to lead Iraq into the community of nations. Will the Iraqi Government have control over Iraq's foreign policy? Will it be free to establish whatever kind of relationships it wishes with its neighbors, Iran, Syria, Turkey, Israel?

Mr. GROSSMAN. Yes.

Senator CORZINE. So if they want to have favorable relationships with Iran on most any basis, the transitional government will have the ability to do that.

Mr. GROSSMAN. Step back for a moment. The Transitional Administrative Law is governing here. And it does give the Iraqis power in terms of foreign relations, and so, yes, but as I have testified during the day today, we obviously are there and we want to support a sovereign government in Iraq, and that this government, don't forget, between the 1st of July and the elections in December isn't there to—is there to get their elections going and to get moving. But I don't take away their sovereign rights to do things.

Senator CORZINE. So if they start doing things that are in contradiction to what American foreign policy might be, we're more than happy to——

Mr. GROSSMAN. No, sir. No, sir. I mean, this is what diplomacy is about. I mean, we've talked today about why we want to have an American Ambassador in Iraq, and that's why we want to get him there because that's what we do as diplomacy. We do it all around the world and I would expect we'd do it in Baghdad.

Senator CORZINE. Will this transfer of sovereignty allow for the new Iraqi Government, interim government, to contract U.S. funds in economic sphere? Will they be able to decide whether Bechtel are put out for bid or select whoever the contract will go in expending the reconstruction resources authorized by Congress?

Mr. NATSIOS. As a general proposition, Senator, we do our own contracting worldwide. About 85 percent of the USAID budget from all spigots, all the money we spend is contracted for by us. About 15 percent goes in budget support to about four or five governments where we think stability is critically important, but the great bulk of the money we contract ourselves.

Because the Iraqis are in an unusual position, they have oil revenues, which are doubling now from last year to this year and then they go up substantially next year, they will, I presume, want to contract with their own money. We will contract with our money, but what we do after June 30 when there's a sovereign government is we will work on agreements, we call them SOs, strategic objectives, we function in the field in all the countries we work in with strategic objectives that we sign with the ministries that have over-

sight, like education or health, unless there's a predatory government. In Zimbabwe, we do not have government-to-government grants, for example.

But in Iraq we would not want to do anything unless it was consistent with the policies of the ministry. We will do training programs, which they have requested and we're setting up now, in procurement reform and budgeting reform and accounting and how you manage these things properly. We'll provide training, but they're in charge ultimately. But we're not going to put our money through their ministries.

Senator CORZINE. Would this government have the ability, this transition government have the ability to contract with, for the development of their oil fields, the Russians had previously negotiated an agreement for, I think it's in the northeast portion, the development of the oil fields, will they have the authority to be able to commit to those kinds of contracts?

Mr. NATSIOS. Oil is out of my bailiwick here.

Mr. GROSSMAN. With their money, I believe the answer to that question is yes.

Senator CORZINE. So with their oil they'll have the ability to do that. OK, will the new sovereign have the right of review of the just recently announced structure of the war crimes or Saddam prosecution team headed by Mr. Chalabi's nephew? Will they have a right of review and an ability to endorse or change?

Mr. GROSSMAN. Yes.

Senator CORZINE. They will?

Mr. GROSSMAN. Yes. I mean, in the sense that they will be the government, they will be the sovereign government of Iraq.

Senator CORZINE. It was also said that the interim government should not have a—won't have a law-making body. Does this not apply to the election law? What constitutes acceptable campaigning? What if Iraqi candidates are anti-American? How are we going to respond to this? What if they disseminate untruths? Are we going to have the ability to take over newspapers or shut them down? Who's going to make those decisions?

Mr. GROSSMAN. One of the most important things that the United Nations did in their—the election team visit to Iraq was say that there needed to be as quickly as possible an election commission, an independent election commission established, and that that independent election commission, working with the United Nations would then create the rules and regulations for this election.

And in terms of those candidates that would be anti-American and others, again, I go back to my first answer, which is that's why we're going to have an embassy there, and it's going to have a lot of people and an ambassador. We have to make our views known in the way that we do around the world.

Senator CORZINE. Then I want to go back to Senator Biden's question, which I didn't actually hear an answer to. If al-Sadr were to incite the kind of insurgency that we saw over the last 2 or 3 weeks, in a world where the new sovereign didn't find it appropriate to respond to that, and we thought our men and women were at risk, we thought that there was a reason to respond, what's

the deciding force with regard to making a decision about those kinds of issues under this new arrangement?

Mr. GROSSMAN. The arrangement would be, I think as we are doing today, that we would do our very best to consult with that interim government and to take their views into account. But if you put the question to me that says, at the point where our commanders believe that our men and women are threatened, will we have the right and the obligation to protect them, the answer to that question is yes.

Senator CORZINE. Let's use the circumstances we have today.

Mr. GROSSMAN. Well, as you see, what we're doing today is we are working with the Iraqi Governing Council on issues of Fallujah, on issues of Najaf, but when the question comes to, will we have the right and the power and the obligation to protect the men and women of the United States Army—I'm sorry, of the U.S. Armed Forces, yes is the answer to that question.

Senator CORZINE. Well, I hope that the kind of clarity that at least the answers are, your responses are, are the reality, because I hope that we sense that public diplomacy, as well as state diplomacy, is important in the long-run success of what we encourage to happen or support in happening over this balance of transition from one point to another. And sometimes, I think Spain's a perfect example, sometimes where our public diplomacy doesn't match our state diplomacy and we may over read these situations, and I think these are the kinds of questions that are going to make or break the difference, and I think those need to be pretty certainly dominated.

We might have—I don't want to be totally specific—we heard outside authorities say different things about some of these issues over the last several days.

Mr. GROSSMAN. Well, I'll be glad to take all of those questions and double check them, but what my message to everybody today is the one that we've been trying to get out and the President's given out, which is that on the 1st of July Iraqis will be in charge of Iraq and that Iraqis will run Iraq, and that's what we're trying to do. I will take every one of those questions and make sure I've answered them in the right way and as specifically as I possibly can.

Senator CORZINE. Good. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much, Senator Corzine. Can you make a comment about the budget of the new Iraqi Government? Obviously they will have that responsibility. They will formulate budget requirements. They have oil resources, and perhaps some transition moneys, although that's really just a supposition. Could you fill in the blanks a little bit on the budget of the Iraqi Government itself, its sources of revenue, and how that will be established?

Mr. GROSSMAN. They do have revenues, Senator, as you say, and as a number of Senators have pointed out, crude oil production has gone up, and Iraqis, interestingly enough, have now started to make a billion-dollar-a-month contribution to their own Development Fund for Iraq.

In terms of the specifics, I hope you'd allow me to just answer that question for the record, both as kind of what is coming in and how they'll structure what's going out.

[At the time of publication a response had not been received.]

The CHAIRMAN. I appreciate that. You've offered very explicit detail and very helpful detail with regard to our own United States finances, identifying sources and transfers that take up some $500 million over the period of time you suggested. That is precisely the kind of detail that gives us a great deal more confidence. The corollary situation is how the Iraqis in this new sovereign situation will handle their affairs. It's their business. At the same time, we are working and will be working for their success, so that they do not have a fiscal difficulty there.

Mr. GROSSMAN. I appreciate what you say about the specificity of our testimony. That was certainly what we tried to do today, and we'll certainly try to have the same kind of specificity on the budgeting process for the Iraqi Interim Government.

The CHAIRMAN. The information you've presented today not only on the budget that we just touched upon, but also very importantly, upon the personnel that will be coming from the United States and from employees in Iraq, as well as the timing of their arrival and retention of personnel who are experienced there now, the specifics of the buildings, and the security for these people, are all very, very important issues for the American people.

These issues are equally important for the Iraqi people to understand. How can we be more adept at getting this information to Iraqis so that they develop the same degree of confidence that you are building here in the Senate Foreign Relations Committee?

Mr. GROSSMAN. Well, we certainly need to do everything possible to get our message out in Iraq. I believe over the past few weeks with the Iraqi media network and other changes that have been made in the way forward there with CPA, we've got a lot more capacity to do that. We also at the State Department are very much ramping up our ability to speak to Iraqis, have Iraqis here.

But you're right. I think we ought to find a way to see what we can do, perhaps not in its length, but at least to put out this testimony about the embassy and about our support for Ambassador Brahimi and have it find a way to Iraqis in a positive way. That's a very good suggestion.

The CHAIRMAN. Perhaps in our future hearings, this again will be one of the benchmarks we take a look at, that is, how the public information system is going? It is critically important for our success there. This is very good news. You want to make sure that good news is put out there. I thank each one of you for your testimony today. Your testimony has been, I think, extraordinary in terms of the research that you have been involved in, as well as the reporting of good work that so many have done, perhaps some behind the scenes, and others more apparently. I think that all the members of the committee will want to digest the specific charts and reports that you have submitted to us, or that you have indicated that we could obtain at the State Department or by courier. That's important. We were inform members who were not able to attend the hearing today of the availability of this material, and of your testimony, which they ought to take a look at.

But I simply express the appreciation of the committee. We look forward to our next hearing with Ambassador Negroponte on Tuesday. In the meantime, this afternoon we will hold a hearing for three ambassadorial nominees. I look forward to conducting this afternoon's nomination hearings at about 4 p.m. The nominees in this case involve Poland and Saudi Arabia and Romania, I believe.

In any event, in an effort to forward our work of diplomacy, I hope that these nominations can then be made a part of our business committee agenda for next Thursday, which I have already highlighted. I indicated that we will do everything we can to obtain a quorum and act favorably on these nominees at that time.

Mr. GROSSMAN. We appreciate that.

The CHAIRMAN. Thank you all. The hearing is adjourned.

[Whereupon, at 12:49 p.m., the committee adjourned, to reconvene subject to the call of the Chair.]

RESPONSES TO ADDITIONAL QUESTIONS FOR THE RECORD

RESPONSE OF HON. MARC GROSSMAN TO AN ADDITIONAL QUESTION FOR THE RECORD SUBMITTED BY SENATOR RICHARD G. LUGAR

Question. Please provide copies of charts employed during this hearing as well as a copy of the Transitional Administrative Law.

Answer. Please see attached items.

LAW OF ADMINISTRATION FOR THE STATE OF IRAQ FOR THE TRANSITIONAL PERIOD

8 March 2004

PREAMBLE

The people of Iraq, striving to reclaim their freedom, which was usurped by the previous tyrannical regime, rejecting violence and coercion in all their forms, and particularly when used as instruments of governance, have determined that they shall hereafter remain a free people governed under the rule of law.

These people, affirming today their respect for international law, especially having been amongst the founders of the United Nations, working to reclaim their legitimate place among nations, have endeavoured at the same time to preserve the unity of their homeland in a spirit of fraternity and solidarity in order to draw the features of the future new Iraq, and to establish the mechanisms aiming, amongst other aims, to erase the effects of racist and sectarian policies and practices.

This Law is now established to govern the affairs of Iraq during the transitional period until a duly elected government, operating under a permanent and legitimate constitution achieving full democracy, shall come into being.

CHAPTER ONE—FUNDAMENTAL PRINCIPLES

Article 1.

(A) This Law shall be called the "Law of Administration for the State of Iraq for the Transitional Period," and the phrase "this Law" wherever it appears in this legislation shall mean the "Law of Administration for the State of Iraq for the Transitional Period."

(B) Gender-specific language shall apply equally to male and female.

(C) The Preamble to this Law is an integral part of this Law.

Article 2.

(A) The term "transitional period" shall refer to the period beginning on 30 June 2004 and lasting until the formation of an elected Iraqi government pursuant to a permanent constitution as set forth in this Law, which in any case shall be no later than 31 December 2005, unless the provisions of Article 61 are applied.

(B) The transitional period shall consist of two phases.

(1) The first phase shall begin with the formation of a fully sovereign Iraqi Interim Government that takes power on 30 June 2004. This government shall be constituted in accordance with a process of extensive deliberations and consultations with cross-sections of the Iraqi people conducted by the Governing Council and the Coalition Provisional Authority and possibly in consultation with the United Nations. This government shall exercise authority in accordance with this Law, including the fundamental principles and rights specified herein, and with an annex that shall be agreed upon and issued before the beginning of the transitional period and that shall be an integral part of this Law.

(2) The second phase shall begin after the formation of the Iraqi Transitional Government, which will take place after elections for the National Assembly have been held as stipulated in this Law, provided that, if possible, these elections are not delayed beyond 31 December 2004, and, in any event, beyond 31 January 2005. This second phase shall end upon the formation of an Iraqi government pursuant to a permanent constitution.

Article 3.

(A) This Law is the Supreme Law of the land and shall be binding in all parts of Iraq without exception. No amendment to this Law may be made except by a three-fourths majority of the members of the National Assembly and the unanimous approval of the Presidency Council. Likewise, no amendment may be made that could abridge in any way the rights of the Iraqi people cited in Chapter Two; extend the transitional period beyond the timeframe cited in this Law; delay the holding of elections to a new assembly; reduce the powers of the regions or governorates; or affect Islam, or any other religions or sects and their rites.

(B) Any legal provision that conflicts with this Law is null and void.

(C) This Law shall cease to have effect upon the formation of an elected government pursuant to a permanent constitution.

Article 4.

The system of government in Iraq shall be republican, federal, democratic, and pluralistic, and powers shall be shared between the federal government and the regional governments, governorates, municipalities, and local administrations. The federal system shall be based upon geographic and historical realities and the separation of powers, and not upon origin, race, ethnicity, nationality, or confession.

Article 5.

The Iraqi Armed Forces shall be subject to the civilian control of the Iraqi Transitional Government, in accordance with the contents of Chapters Three and Five of this Law.

Article 6.

The Iraqi Transitional Government shall take effective steps to end the vestiges of the oppressive acts of the previous regime arising from forced displacement, deprivation of citizenship, expropriation of financial assets and property, and dismissal from government employment for political, racial, or sectarian reasons.

Article 7.

(A) Islam is the official religion of the State and is to be considered a source of legislation. No law that contradicts the universally agreed tenets of Islam, the principles of democracy, or the rights cited in Chapter Two of this Law may be enacted during the transitional period. This Law respects the Islamic identity of the majority of the Iraqi people and guarantees the full religious rights of all individuals to freedom of religious belief and practice.

(B) Iraq is a country of many nationalities, and the Arab people in Iraq are an inseparable part of the Arab nation.

Article 8.

The flag, anthem, and emblem of the State shall be fixed by law.

Article 9.

The Arabic language and the Kurdish language are the two official languages of Iraq. The right of Iraqis to educate their children in their mother tongue, such as Turcoman, Syriac, or Armenian, in government educational institutions in accordance with educational guidelines, or in any other language in private educational

institutions, shall be guaranteed. The scope of the term "official language" and the means of applying the provisions of this Article shall be defined by law and shall include:

(1) Publication of the official gazette, in the two languages;

(2) Speech and expression in official settings, such as the National Assembly, the Council of Ministers, courts, and official conferences, in either of the two languages;

(3) Recognition and publication of official documents and correspondence in the two languages;

(4) Opening schools that teach in the two languages, in accordance with educational guidelines;

(5) Use of both languages in any other settings enjoined by the principle of equality (such as bank notes, passports, and stamps);

(6) Use of both languages in the federal institutions and agencies in the Kurdistan region.

CHAPTER TWO—FUNDAMENTAL RIGHTS

Article 10.

As an expression of the free will and sovereignty of the Iraqi people, their representatives shall form the governmental structures of the State of Iraq. The Iraqi Transitional Government and the governments of the regions, governorates, municipalities, and local administrations shall respect the rights of the Iraqi people, including those rights cited in this Chapter.

Article 11.

(A) Anyone who carries Iraqi nationality shall be deemed an Iraqi citizen. His citizenship shall grant him all the rights and duties stipulated in this Law and shall be the basis of his relation to the homeland and the State.

(B) No Iraqi may have his Iraqi citizenship withdrawn or be exiled unless he is a naturalized citizen who, in his application for citizenship, as established in a court of law, made material falsifications on the basis of which citizenship was granted.

(C) Each Iraqi shall have the right to carry more than one citizenship. Any Iraqi whose citizenship was withdrawn because he acquired another citizenship shall be deemed an Iraqi.

(D) Any Iraqi whose Iraqi citizenship was withdrawn for political, religious, racial, or sectarian reasons has the right to reclaim his Iraqi citizenship.

(E) Decision Number 666 (1980) of the dissolved Revolutionary Command Council is annulled, and anyone whose citizenship was withdrawn on the basis of this decree shall be deemed an Iraqi.

(F) The National Assembly must issue laws pertaining to citizenship and naturalization consistent with the provisions of this Law

(G) The Courts shall examine all disputes arising from the application of the provisions relating to citizenship.

Article 12.

All Iraqis are equal in their rights without regard to gender, sect, opinion, belief, nationality, religion, or origin, and they are equal before the law. Discrimination against an Iraqi citizen on the basis of his gender, nationality, religion, or origin is prohibited. Everyone has the right to life, liberty, and the security of his person. No one may be deprived of his life or liberty, except in accordance with legal procedures. All are equal before the courts.

Article 13.

(A) Public and private freedoms shall be protected.

(B) The right of free expression shall be protected.

(C) The right of free peaceable assembly and the right to join associations freely, as well as the right to form and join unions and political parties freely, in accordance with the law, shall be guaranteed.

(D) Each Iraqi has the right of free movement in all parts of Iraq and the right to travel abroad and return freely.

(E) Each Iraqi has the right to demonstrate and strike peaceably in accordance with the law.

(F) Each Iraqi has the right to freedom of thought, conscience, and religious belief and practice. Coercion in such matters shall be prohibited.

(G) Slavery, the slave trade, forced labor, and involuntary servitude with or without pay, shall be forbidden.

(H) Each Iraqi has the right to privacy.

Article 14.

The individual has the right to security, education, health care, and social security. The Iraqi State and its governmental units, including the federal government, the regions, governorates, municipalities, and local administrations, within the limits of their resources and with due regard to other vital needs, shall strive to provide prosperity and employment opportunities to the people.

Article 15.

(A) No civil law shall have retroactive effect unless the law so stipulates. There shall be neither a crime, nor punishment, except by law in effect at the time the crime is committed.

(B) Police, investigators, or other governmental authorities may not violate the sanctity of private residences, whether these authorities belong to the federal or regional governments, governorates, municipalities, or local administrations, unless a judge or investigating magistrate has issued a search warrant in accordance with applicable law on the basis of information provided by a sworn individual who knew that bearing false witness would render him liable to punishment. Extreme exigent circumstances, as determined by a court of competent jurisdiction, may justify a warrantless search, but such exigencies shall be narrowly construed. In the event that a warrantless search is carried out in the absence of an extreme exigent circumstance, the evidence so seized, and any other evidence found derivatively from such search, shall be inadmissible in connection with a criminal charge, unless the court determines that the person who carried out the warrantless search believed reasonably and in good faith that the search was in accordance with the law.

(C) No one may be unlawfully arrested or detained, and no one may be detained by reason of political or religious beliefs.

(D) All persons shall be guaranteed the right to a fair and public hearing by an independent and impartial tribunal, regardless of whether the proceeding is civil or criminal. Notice of the proceeding and its legal basis must be provided to the accused without delay.

(E) The accused is innocent until proven guilty pursuant to law, and he likewise has the right to engage independent and competent counsel, to remain silent in response to questions addressed to him with no compulsion to testify for any reason, to participate in preparing his defense, and to summon and examine witnesses or to ask the judge to do so. At the time a person is arrested, he must be notified of these rights.

(F) The right to a fair, speedy, and open trial shall be guaranteed.

(G) Every person deprived of his liberty by arrest or detention shall have the right of recourse to a court to determine the legality of his arrest or detention without delay and to order his release if this occurred in an illegal manner.

(H) After being found innocent of a charge, an accused may not be tried once again on the same charge.

(I) Civilians may not be tried before a military tribunal. Special or exceptional courts may not be established.

(J) Torture in all its forms, physical or mental, shall be prohibited under all circumstances, as shall be cruel, inhuman, or degrading treatment. No confession made under compulsion, torture, or threat thereof shall be relied upon or admitted into evidence for any reason in any proceeding, whether criminal or otherwise.

Article 16.

(A) Public property is sacrosanct, and its protection is the duty of every citizen.

(B) The right to private property shall be protected, and no one may be prevented from disposing of his property except within the limits of law. No one shall be deprived of his property except by eminent domain, in circumstances and in the manner set forth in law, and on condition that he is paid just and timely compensation.

(C) Each Iraqi citizen shall have the full and unfettered right to own real property in all parts of Iraq without restriction.

Article 17.

It shall not be permitted to possess, bear, buy, or sell arms except on licensure issued in accordance with the law.

Article 18.

There shall be no taxation or fee except by law.

Article 19.

No political refugee who has been granted asylum pursuant to applicable law may be surrendered or returned forcibly to the country from which he fled.

Article 20.

(A) Every Iraqi who fulfills the conditions stipulated in the electoral law has the right to stand for election and cast his ballot secretly in free, open, fair, competitive, and periodic elections.

(B) No Iraqi may be discriminated against for purposes of voting in elections on the basis of gender, religion, sect, race, belief, ethnic origin, language, wealth, or literacy.

Article 21.

Neither the Iraqi Transitional Government nor the governments and administrations of the regions, governorates, and municipalities, nor local administrations may interfere with the right of the Iraqi people to develop the institutions of civil society, whether in cooperation with international civil society organizations or otherwise.

Article 22.

If, in the course of his work, an official of any government office, whether in the federal government, the regional governments, the governorate and municipal administrations, or the local administrations, deprives an individual or a group of the rights guaranteed by this Law or any other Iraqi laws in force, this individual or group shall have the right to maintain a cause of action against that employee to seek compensation for the damages caused by such deprivation, to vindicate his rights, and to seek any other legal measure. If the court decides that the official had acted with a sufficient degree of good faith and in the belief that his actions were consistent with the law, then he is not required to pay compensation.

Article 23.

The enumeration of the foregoing rights must not be interpreted to mean that they are the only rights enjoyed by the Iraqi people. They enjoy all the rights that befit a free people possessed of their human dignity, including the rights stipulated in international treaties and agreements, other instruments of international law that Iraq has signed and to which it has acceded, and others that are deemed binding upon it, and in the law of nations. Non-Iraqis within Iraq shall enjoy all human rights not inconsistent with their status as non-citizens.

CHAPTER THREE—THE IRAQI TRANSITIONAL GOVERNMENT

Article 24.

(A) The Iraqi Transitional Government, which is also referred to in this Law as the federal government, shall consist of the National Assembly; the Presidency Council; the Council of Ministers, including the Prime Minister; and the judicial authority.

(B) The three authorities, legislative, executive, and judicial, shall be separate and independent of one another.

(C) No official or employee of the Iraqi Transitional Government shall enjoy immunity for criminal acts committed while in office.

Article 25.

The Iraqi Transitional Government shall have exclusive competence in the following matters:

(A) Formulating foreign policy and diplomatic representation; negotiating, signing, and ratifying international treaties and agreements; formulating foreign economic and trade policy and sovereign debt policies;

(B) Formulating and executing national security policy, including creating and maintaining armed forces to secure, protect, and guarantee the security of the country's borders and to defend Iraq;

(C) Formulating fiscal policy, issuing currency, regulating customs, regulating commercial policy across regional and governorate boundaries in Iraq, drawing up the national budget of the State, formulating monetary policy, and establishing and administering a central bank;

(D) Regulating weights and measures and formulating a general policy on wages;

(E) Managing the natural resources of Iraq, which belongs to all the people of all the regions and governorates of Iraq, in consultation with the governments of the regions and the administrations of the governorates, and distributing the revenues resulting from their sale through the national budget in an equitable manner proportional to the distribution of population throughout the country, and with due regard for areas that were unjustly deprived of these revenues by the previous regime, for dealing with their situations in a positive way, for their needs, and for the degree of development of the different areas of the country;

(F) Regulating Iraqi citizenship, immigration, and asylum; and

(G) Regulating telecommunications policy.

Article 26.

(A) Except 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.

(B) Legislation issued by the federal legislative authority shall supersede any other legislation issued by any other legislative authority in the event that they contradict each other, except as provided in Article 54(B).

(C) The 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.

Article 27.

(A) The Iraqi Armed Forces shall consist of the active and reserve units, and elements thereof. The purpose of these forces is the defense of Iraq.

(B) Armed forces and militias not under the command structure of the Iraqi Transitional Government are prohibited, except as provided by federal law.

(C) The Iraqi Armed Forces and its personnel, including military personnel working in the Ministry of Defense or any offices or organizations subordinate to it, may not stand for election to political office, campaign for candidates, or participate in other activities forbidden by Ministry of Defense regulations. This ban encompasses the activities of the personnel mentioned above acting in their personal or official capacities. Nothing in this Article shall infringe upon the right of these personnel to vote in elections.

(D) The Iraqi Intelligence Service shall collect information, assess threats to national security, and advise the Iraqi government. This Service shall be under civilian control, shall be subject to legislative oversight, and shall operate pursuant to law and in accordance with recognized principles of human rights.

(E) The Iraqi Transitional Government shall respect and implement Iraq's international obligations regarding the non-proliferation, non-development, non-production, and non-use of nuclear, chemical, and biological weapons, and associated equipment, materiel, technologies, and delivery systems for use in the development, manufacture, production, and use of such weapons.

Article 28.

(A) Members of the National Assembly; the Presidency Council; the Council of Ministers, including the Prime Minister; and judges and justices of the courts may not be appointed to any other position in or out of government. Any member of the National Assembly who becomes a member of the Presidency Council or Council of Ministers shall be deemed to have resigned his membership in the National Assembly.

(B) In no event may a member of the armed forces be a member of the National Assembly, minister, Prime Minister, or member of the Presidency Council unless the individual has resigned his commission or rank, or retired from duty at least eighteen months prior to serving.

Article 29.

Upon the assumption of full authority by the Iraqi Interim Government in accordance with Article 2(B)(1), above, the Coalition Provisional Authority shall be dissolved and the work of the Governing Council shall come to an end.

CHAPTER FOUR—THE TRANSITIONAL LEGISLATIVE AUTHORITY

Article 30.

(A) During the transitional period, the State of Iraq shall have a legislative authority known as the National Assembly. Its principal mission shall be to legislate and exercise oversight over the work of the executive authority.

(B) Laws shall be issued in the name of the people of Iraq. Laws, regulations, and directives related to them shall be published in the official gazette and shall take effect as of the date of their publication, unless they stipulate otherwise.

(C) The National Assembly shall be elected in accordance with an electoral law and a political parties law. The electoral law shall aim to achieve the goal of having women constitute no less than one-quarter of the members of the National Assembly and of having fair representation for all communities in Iraq, including the Turcomans, ChaldoAssyrians, and others.

(D) Elections for the National Assembly shall take place by 31 December 2004 if possible, and in any case no later than by 31 January 2005.

Article 31.

(A) The National Assembly shall consist of 275 members. It shall enact a law dealing with the replacement of its members in the event of resignation, removal, or death.

(B) A nominee to the National Assembly must fulfill the following conditions:

(1) He shall be an Iraqi no less than 30 years of age.

(2) He shall not have been a member of the dissolved Ba'ath Party with the rank of Division Member or higher, unless exempted pursuant to the applicable legal rules.

(3) If he was once a member of the dissolved Ba'ath Party with the rank of Full Member, he shall be required to sign a document renouncing the Ba'ath Party and disavowing all of his past links with it before becoming eligible to be a candidate, as well as to swear that he no longer has any dealings or connection with Ba'ath Party organizations. If it is established in court that he lied or fabricated on this score, he shall lose his seat in the National Assembly.

(4) He shall not have been a member of the former agencies of repression and shall not have contributed to or participated in the persecution of citizens.

(5) He shall not have enriched himself in an illegitimate manner at the expense of the homeland and public finance.

(6) He shall not have been convicted of a crime involving moral turpitude and shall have a good reputation.

(7) He shall have at least a secondary school diploma, or equivalent

(8) He shall not be a member of the armed forces at the time of his nomination.

Article 32.

(A) The National Assembly shall draw up its own internal procedures, and it shall sit in public session unless circumstances require otherwise, consistent with its internal procedures. The first session of the Assembly shall be chaired by its oldest member.

(B) The National Assembly shall elect, from its own members, a president and two deputy presidents of the National Assembly. The president of the National Assembly shall be the individual who receives the greatest number of votes for that office; the first deputy president the next highest; and the second deputy president the next. The president of the National Assembly may vote on an issue, but may not participate in the debates, unless he temporarily steps out of the chair immediately prior to addressing the issue.

(C) A bill shall not be voted upon by the National Assembly unless it has been read twice at a regular session of the Assembly, on condition that at least two

days intervene between the two readings, and after the bill has been placed on the agenda of the session at least four days prior to the vote.

Article 33.

(A) Meetings of the National Assembly shall be public, and transcripts of its meetings shall be recorded and published. The vote of every member of the National Assembly shall be recorded and made public. Decisions in the National Assembly shall be taken by simple majority unless this Law stipulates otherwise.

(B) The National Assembly must examine bills proposed by the Council of Ministers, including budget bills.

(C) Only the Council of Ministers shall have the right to present a proposed national budget. The National Assembly has the right to reallocate proposed spending and to reduce the total amounts in the general budget. It also has the right to propose an increase in the overall amount of expenditures to the Council of Ministers if necessary.

(D) Members of the National Assembly shall have the right to propose bills, consistent with the internal procedures that drawn up by the Assembly.

(E) The Iraqi Armed Forces may not be dispatched outside Iraq even for the purpose of defending against foreign aggression except with the approval of the National Assembly and upon the request of the Presidency Council.

(F) Only the National Assembly shall have the power to ratify international treaties and agreements.

(G) The oversight function performed by the National Assembly and its committees shall include the right of interpellation of executive officials, including members of the Presidency Council, the Council of Ministers, including the Prime Minister, and any less senior official of the executive authority. This shall encompass the right to investigate, request information, and issue subpoenas for persons to appear before them.

Article 34.

Each member of the National Assembly shall enjoy immunity for statements made while the Assembly is in session, and the member may not be sued before the courts for such. A member may not be placed under arrest during a session of the National Assembly, unless the member is accused of a crime and the National Assembly agrees to lift his immunity or if he is caught *in flagrante delicto* in the commission of a felony.

CHAPTER FIVE—THE TRANSITIONAL EXECUTIVE AUTHORITY

Article 35.

The executive authority during the transitional period shall consist of the Presidency Council, the Council of Ministers, and its presiding Prime Minister.

Article 36.

(A) The National Assembly shall elect a President of the State and two Deputies. They shall form the Presidency Council, the function of which will be to represent the sovereignty of Iraq and oversee the higher affairs of the country. The election of the Presidency Council shall take place on the basis of a single list and by a two-thirds majority of the members' votes. The National Assembly has the power to remove any member of the Presidency Council of the State for incompetence or lack of integrity by a three-fourths majority of its members' votes. In the event of a vacancy in the Presidency Council, the National Assembly shall, by a vote of two-thirds of its members, elect a replacement to fill the vacancy.

(B) It is a prerequisite for a member of the Presidency Council to fulfill the same conditions as the members of the National Assembly, with the following observations:

(1) He must be at least forty years of age.

(2) He must possess a good reputation, integrity, and rectitude.

(3) If he was a member of the dissolved Ba'ath Party, he must have left the dissolved Party at least ten years before its fall.

(4) He must not have participated in repressing the *intifada* of 1991 or the Anfal campaign and must not have committed a crime against the Iraqi people.

(C) The Presidency Council shall take its decisions unanimously, and its members may not deputize others as proxies.

Article 37.

The Presidency Council may veto any legislation passed by the National Assembly, on condition that this be done within fifteen days after the Presidency Council is notified by the president of the National Assembly of the passage of such legislation. In the event of a veto, the legislation shall be returned to the National Assembly, which has the right to pass the legislation again by a two-thirds majority not subject to veto within a period not to exceed thirty days.

Article 38.

(A) The Presidency Council shall name a Prime Minister unanimously, as well as the members of the Council of Ministers upon the recommendation of the Prime Minister. The Prime Minister and Council of Ministers shall then seek to obtain a vote of confidence by simple majority from the National Assembly prior to commencing their work as a government. The Presidency Council must agree on a candidate for the post of Prime Minister within two weeks. In the event that it fails to do so, the responsibility of naming the Prime Minister reverts to the National Assembly. In that event, the National Assembly must confirm the nomination by a two-thirds majority. If the Prime Minister is unable to nominate his Council of Ministers within one month, the Presidency Council shall name another Prime Minister.

(B) The qualifications for Prime Minister must be the same as for the members of the Presidency Council except that his age must not be less than 35 years upon his taking office.

Article 39.

(A) The Council of Ministers shall, with the approval of the Presidency Council, appoint representatives to negotiate the conclusion of international treaties and agreements. The Presidency Council shall recommend passage of a law by the National Assembly to ratify such treaties and agreements.

(B) The Presidency Council shall carry out the function of commander-in-chief of the Iraqi Armed Forces only for ceremonial and protocol purposes. It shall have no command authority. It shall have the right to be briefed, to inquire, and to advise. Operationally, national command authority on military matters shall flow from the Prime Minister to the Minister of Defense to the military chain of command of the Iraqi Armed Forces.

(C) The Presidency Council shall, as more fully set forth in Chapter Six, below, appoint, upon recommendation of the Higher Juridical Council, the Presiding Judge and members of the Federal Supreme Court.

(D) The Council of Ministers shall appoint the Director-General of the Iraqi National Intelligence Service, as well as officers of the Iraqi Armed Forces at the rank of general or above. Such appointments shall be subject to confirmation by the National Assembly by simple majority of those of its members present.

Article 40.

(A) The Prime Minister and the ministers shall be responsible before the National Assembly, and this Assembly shall have the right to withdraw its confidence either in the Prime Minister or in the ministers collectively or individually. In the event that confidence in the Prime Minister is withdrawn, the entire Council of Ministers shall be dissolved, and Article 40(B), below, shall become operative.

(B) In the event of a vote of no confidence with respect to the entire Council of Ministers, the Prime Minister and Council of Ministers shall remain in office to carry out their functions for a period not to exceed thirty days, until the formation of a new Council of Ministers, consistent with Article 38, above.

Article 41.

The Prime Minister shall have day-to-day responsibility for the management of the government, and he may dismiss ministers with the approval of an simple majority of the National Assembly. The Presidency Council may, upon the recommendation of the Commission on Public Integrity after the exercise of due process, dismiss the Prime Minister or the ministers.

Article 42.

The Council of Ministers shall draw up rules of procedure for its work and issue the regulations and directives necessary to enforce the laws. It also has the right to propose bills to the National Assembly. Bach ministry has the right, within its competence, to nominate deputy ministers, ambassadors, and other employees of special grade. After the Council of Ministers approves these nominations, they shall be submitted to the Presidency Council for ratification. All decisions of the Council of Ministers shall be taken by simple majority of those of its members present.

CHAPTER SIX—THE FEDERAL JUDICIAL AUTHORITY

Article 43.

(A) The judiciary is independent, and it shall in no way be administered by the executive authority, including the Ministry of Justice. The judiciary shall enjoy exclusive competence to determine the innocence or guilt of the accused pursuant to law, without interference from the legislative or executive authorities.

(B) All judges sitting in their respective courts as of 1 July 2004 will continue in office thereafter, unless removed from office pursuant to this Law.

(C) The National Assembly shall establish an independent and adequate budget for the judiciary.

(D) Federal courts shall adjudicate matters that arise from the application of federal laws. The establishment of these courts shall be within the exclusive competence of the federal government. The establishment of these courts in the regions shall be in consultation with the presidents of the judicial councils in the regions, and priority in appointing or transferring judges to these courts shall be given to judges resident in the region.

Article 44.

(A) A court called the Federal Supreme Court shall be constituted by law in Iraq.

(B) The jurisdiction of the Federal Supreme Court shall be as follows:

(1) Original and exclusive jurisdiction in legal proceedings between the Iraqi Transitional Government and the regional governments, governorate and municipal administrations, and local administrations.

(2) Original and exclusive jurisdiction, on the basis of a complaint from a claimant or a referral from another court, to review claims that a law, regulation, or directive issued by the federal or regional governments, the governorate or municipal administrations, or local administrations is inconsistent with this Law.

(3) Ordinary appellate jurisdiction of the Federal Supreme Court shall be defined by federal law.

(C) Should the Federal Supreme Court rule that a challenged law, regulation, directive, or measure is inconsistent with this Law, it shall be deemed null and void.

(D) The Federal Supreme Court shall create and publish regulations regarding the procedures required to bring claims and to permit attorneys to practice before it. It shall take its decisions by simple majority, except decisions with regard to the proceedings stipulated in Article 44(B)(1), which must be by a two-thirds majority. Decisions shall be binding. The Court shall have full powers to enforce its decisions, including the power to issue citations for contempt of court and the measures that flow from this.

(E) The Federal Supreme Court shall consist of nine members. The Higher Juridical Council shall, in consultation with the regional judicial councils, initially nominate no less than eighteen and up to twenty-seven individuals to fill the initial vacancies in the aforementioned Court. It will follow the same procedure thereafter, nominating three members for each subsequent vacancy that occurs by reason of death, resignation, or removal. The Presidency Council shall appoint the members of this Court and name one of them as its Presiding Judge. In the event an appointment is rejected, the Higher Juridical Council shall nominate a new group of three candidates.

Article 45.

A Higher Juridical Council shall be established and assume the role of the Council of Judges. The Higher Juridical Council shall supervise the federal judiciary and shall administer its budget. This Council shall be composed of the Presiding Judge

of the Federal Supreme Court, the presiding judge and deputy presiding judges of the federal Court of Cassation, the presiding judges of the federal Courts of Appeal, and the presiding judge and two deputy presiding judges of each regional court of cassation. The Presiding Judge of the Federal Supreme Court shall preside over the Higher Juridical Council. In his absence, the presiding judge of the federal Court of Cassation shall preside over the Council.

Article 46.

(A) The federal judicial branch shall include existing courts outside the Kurdistan region, including courts of first instance; the Central Criminal Court of Iraq; Courts of Appeal; and the Court of Cassation, which shall be the court of last resort except as provided in Article 44 of this Law. Additional federal courts may be established by law. The appointment of judges for these courts shall be made by the Higher Juridical Council. This Law preserves the qualifications necessary for the appointment of judges, as defined by law.

(B) The decisions of regional and local courts, including the courts of the Kurdistan region, shall be final, but shall be subject to review by the federal judiciary if they conflict with this Law or any federal law. Procedures for such review shall be defined by law.

Article 47.

No judge or member of the Higher Juridical Council may be removed unless he is convicted of a crime involving moral turpitude or corruption or suffers permanent incapacity. Removal shall be on the recommendation of the Higher Juridical Council, by a decision of the Council of Ministers, and with the approval of the Presidency Council. Removal shall be executed immediately after issuance of this approval. A judge who has been accused of such a crime as cited above shall be suspended from his work in the judiciary until such time as the case arising from what is cited in this Article is adjudicated. No judge may have his salary reduced or suspended for any reason during his period of service.

CHAPTER SEVEN—THE SPECIAL TRIBUNAL AND NATIONAL COMMISSIONS

Article 48.

(A) The statute establishing the Iraqi Special Tribunal issued on 10 December 2003 is confirmed. That statute exclusively defines its jurisdiction and procedures, notwithstanding the provisions of this Law.

(B) No other court shall have jurisdiction to examine cases within the competence of the Iraqi Special Tribunal, except to the extent provided by its founding statute.

(C) The judges of the Iraqi Special Tribunal shall be appointed in accordance with the provisions of its founding statute.

Article 49.

(A) The establishment of national commissions such as the Commission on Public Integrity, the Iraqi Property Claims Commission, and the Higher National DeBa'athification Commission is confirmed, as is the establishment of commissions formed after this Law has gone into effect. The members of these national commissions shall continue to serve after this Law has gone into effect, taking into account the contents of Article 51, below.

(B) The method of appointment to the national commissions shall be in accordance with law.

Article 50.

The Iraqi Transitional Government shall establish a National Commission for Human Rights for the purpose of executing the commitments relative to the rights set forth in this Law and to examine complaints pertaining to violations of human rights. The Commission shall be established in accordance with the Paris Principles issued by the United Nations on the responsibilities of national institutions. This Commission shall include an Office of the Ombudsman to inquire into complaints. This office shall have the power to investigate, on its own initiative or on the basis of a complaint submitted to it, any allegation that the conduct of the governmental authorities is arbitrary or contrary to law.

Article 51.

No member of the Iraqi Special Tribunal or of any commission established by the federal government may be employed in any other capacity in or out of government.

This prohibition is valid without limitation, whether it be within the executive, legislative, or judicial authority of the Iraqi Transitional Government. Members of the Special Tribunal may, however, suspend their employment in other agencies while they serve on the aforementioned Tribunal.

CHAPTER EIGHT—REGIONS, GOVERNORATES, AND MUNICIPALITIES

Article 52.

The design of the federal system in Iraq shall be established in such a way as to prevent the concentration of power in the federal government that allowed the continuation of decades of tyranny and oppression under the previous regime. This system shall encourage the exercise of local authority by local officials in every region and governorate, thereby creating a united Iraq in which every citizen actively participates in governmental affairs, secure in his rights and free of domination.

Article 53.

(A) The Kurdistan Regional Government is recognized as the official government of the territories that were administered by the that government on 19 March 2003 in the governorates of Dohuk, Arbil, Sulaimaniya, Kirkuk, Diyala and Neneveh. The term "Kurdistan Regional Government" shall refer to the Kurdistan National Assembly, the Kurdistan Council of Ministers, and the regional judicial authority in the Kurdistan region.

(B) The boundaries of the eighteen governorates shall remain without change during the transitional period.

(C) Any group of no more than three governorates outside the Kurdistan region, with the exception of Baghdad and Kirkuk, shall have the right to form regions from amongst themselves. The mechanisms for forming such regions may be proposed by the Iraqi Interim Government, and shall be presented and considered by the elected National Assembly for enactment into law. In addition to being approved by the National Assembly, any legislation proposing the formation of a particular region must be approved in a referendum of the people of the relevant governorates.

(D) This Law shall guarantee the administrative, cultural, and political rights of the Turcomans, ChaldoAssyrians, and all other citizens.

Article 54.

(A) The Kurdistan Regional Government shall continue to perform its current functions throughout the transitional period, except with regard to those issues which fall within the exclusive competence of the federal government as specified in this Law. Financing for these functions shall come from the federal government, consistent with current practice and in accordance with Article 25(E) of this Law. The Kurdistan Regional Government shall retain regional control over police forces and internal security, and it will have the right to impose taxes and fees within the Kurdistan region.

(B) With regard to the application of federal laws in the Kurdistan region, the Kurdistan National Assembly shall be permitted to amend the application of any such law within the Kurdistan region, but only to the extent that this relates to matters that are not within the provisions of Articles 25 and 43(D) of this Law and that fall within the exclusive competence of the federal government.

Article 55.

(A) Each governorate shall have the right to form a Governorate Council, name a Governor, and form municipal and local councils. No member of any regional government, governor, or member of any governorate, municipal, or local council may be dismissed by the federal government or any official thereof, except upon conviction of a crime by a court of competent jurisdiction as provided by law. No regional government may dismiss a Governor or member or members of any governorate, municipal, or local council. No Governor or member of any Governorate, municipal, or local council shall be subject to the control of the federal government except to the extent that the matter relates to the competences set forth in Article 25 and 43(D), above.

(B) Each Governor and member of each Governorate Council who holds office as of 1 July 2004, in accordance with the law on local government that shall be issued, shall remain in place until such time as free, direct, and full elections, conducted pursuant to law, are held, or, unless, prior to that time, he voluntarily gives up his position, is removed upon his conviction for a crime involv-

ing moral turpitude or related to corruption, or upon being stricken with permanent incapacity, or is dismissed in accordance with the law cited above. When a governor, mayor, or member of a council is dismissed, the relevant council may receive applications from any eligible resident of the governorate to fill the position. Eligibility requirements shall be the same as those set forth in Article 31 for membership in the National Assembly. The new candidate must receive a majority vote of the council to assume the vacant seat.

Article 56.

(A) The Governorate Councils shall assist the federal government in the coordination of federal ministry operations within the governorate, including the review of annual ministry plans and budgets with regard to activities in the governorate. Governorate Councils shall be funded from the general budget of the State, and these Councils shall also have the authority to increase their revenues independently by imposing taxes and fees; to organize the operations of the Governorate administration; to initiate and implement province-level projects alone or in partnership with international, and non-governmental organizations; and to conduct other activities insofar as is consistent with federal laws.

(B) The *Qada'* and *Nahiya* councils and other relevant councils shall assist in the performance of federal responsibilities and the delivery of public services by reviewing local ministry plans in the afore-mentioned places; ensuring that they respond properly to local needs and interests; identifying local budgetary requirements through the national budgeting procedures; and collecting and retaining local revenues, taxes, and fees; organizing the operations of the local administration; initiating and implementing local projects alone or in conjunction with international, and non-governmental organizations; and conducting other activities consistent with applicable law.

(C) Where practicable, the federal government shall take measures to devolve additional functions to local, governorate, and regional administrations, in a methodical way. Regional units and governorate administrations, including the Kurdistan Regional Government, shall be organized on the basis of the principle of de-centralization and the devolution of authorities to municipal and local governments.

Article 57.

(A) All authorities not exclusively reserved to the Iraqi Transitional Government may be exercised by the regional governments and governorates as soon as possible following the establishment of appropriate governmental institutions.

(B) Elections for governorate councils throughout Iraq and for the Kurdistan National Assembly shall be held at the same time as the elections for the National Assembly, no later than 31 January 2005.

Article 58.

(A) The Iraqi Transitional Government, and especially the Iraqi Property Claims Commission and other relevant bodies, shall act expeditiously to take measures to remedy the injustice caused by the previous regime's practices in altering the demographic character of certain regions, including Kirkuk, by deporting and expelling individuals from their places of residence, forcing migration in and out of the region, settling individuals alien to the region, depriving the inhabitants of work, and correcting nationality. To remedy this injustice, the Iraqi Transitional Government shall take the following steps:

(1) With regard to residents who were deported, expelled, or who emigrated; it shall, in accordance with the statute of the Iraqi Property Claims Commission and other measures within the law, within a reasonable period of time, restore the residents to their homes and property, or, where this is unfeasible, shall provide just compensation.

(2) With regard to the individuals newly introduced to specific regions and territories, it shall act in accordance with Article 10 of the Iraqi Property Claims Commission statute to ensure that such individuals may be resettled, may receive compensation from the state, may receive new land from the state near their residence in the governorate from which they came, or may receive compensation for the cost of moving to such areas.

(3) With regard to persons deprived of employment or other means of support in order to force migration out of their regions and territories, it shall promote new employment opportunities in the regions and territories.

(4) With regard to nationality correction, it shall repeal all relevant decrees and shall permit affected persons the right to determine their own national identity and ethnic affiliation free from coercion and duress.

(B) The previous regime also manipulated and changed administrative boundaries for political ends. The Presidency Council of the Iraqi Transitional Government shall make recommendations to the National Assembly on remedying these unjust changes in the permanent constitution. In the event the Presidency Council is unable to agree unanimously on a set of recommendations, it shall unanimously appoint a neutral arbitrator to examine the issue and make recommendations. In the event the Presidency Council is unable to agree on an arbitrator, it shall request the Secretary General of the United Nations to appoint a distinguished international person to be the arbitrator.

(C) The permanent resolution of disputed territories, including Kirkuk, shall be deferred until after these measures are completed, a fair and transparent census has been conducted and the permanent constitution has been ratified This resolution shall be consistent with the principle of justice, taking into account the will of the people of those territories.

CHAPTER NINE—THE TRANSITIONAL PERIOD

Article 59.

(A) The permanent constitution shall contain guarantees to ensure that the Iraqi Armed Forces are never again used to terrorize or oppress the people of Iraq.

(B) Consistent with Iraq's status as a sovereign state, and with its desire to join other nations in helping to maintain peace and security and fight terrorism during the transitional period, the Iraqi Armed Forces will be a principal partner in the multinational force operating in Iraq under unified command pursuant to the provisions of United Nations Security Council Resolution 1511 (2003) and any subsequent relevant resolutions. This arrangement shall last until the ratification of a permanent constitution and the election of a new government pursuant to that new constitution.

(C) Upon its assumption of authority, and consistent with Iraq's status as a sovereign state, the elected Iraqi Transitional Government shall have the authority to conclude binding international agreements regarding the activities of the multi-national force operating in Iraq under unified command pursuant to the terms of United Nations Security Council Resolution 1511(2003), and any subsequent relevant United Nations Security Council resolutions. Nothing in this Law shall affect rights and obligations under these agreements, or under United Nations Security Council Resolution 1511 (2003), and any subsequent relevant United Nations Security Council resolutions, which will govern the multi-national force's activities pending the entry into force of these agreements.

Article 60.

The National Assembly shall write a draft of the permanent constitution of Iraq. This Assembly shall carry out this responsibility in part by encouraging debate on the constitution through regular general public meetings in all parts of Iraq and through the media, and receiving proposals from the citizens of Iraq as it writes the constitution.

Article 61.

(A) The National Assembly shall write the draft of the permanent constitution by no later than 15 August 2005.

(B) The draft permanent constitution shall be presented to the Iraqi people for approval in a general referendum to be held no later than 15 October 2005. In the period leading up to the referendum, the draft constitution shall be published and widely distributed to encourage a public debate about it among the people.

(C) The general referendum will be successful and the draft constitution ratified if a majority of the voters in Iraq approve and if two-thirds of the voters in three or more governorates do not reject it.

(D) If the permanent constitution is approved in the referendum, elections for a permanent government shall be held no later than 15 December 2005 and the new government shall assume office no later than 31 December 2005.

(E) If the referendum rejects the draft permanent constitution, the National Assembly shall be dissolved. Elections for a new National Assembly shall be held no later than 15 December 2005. The new National Assembly and new Iraqi Transitional Government shall then assume office no later than 31 December 2005, and shall continue to operate under this Law, except that the final deadlines for preparing a new draft may be changed to make it possible to draft a permanent constitution within a period not to exceed one year. The new National Assembly shall be entrusted with writing another draft permanent constitution.

(F) If necessary, the president of the National Assembly, with the agreement of a majority of the members' votes, may certify to the Presidency Council no later than 1 August 2005 that there is a need for additional time to complete the writing of the draft constitution. The Presidency Council shall then extend the deadline for writing the draft constitution for only six months. This deadline may not be extended again.

(G) If the National Assembly does not complete writing the draft permanent constitution by 15 August 2005 and does not request extension of the deadline in Article 61(D) above, the provisions of Article 61(E), above, shall be applied.

Article 62.

This law shall remain in effect until the permanent constitution is issued and the new Iraqi government is formed in accordance with it.

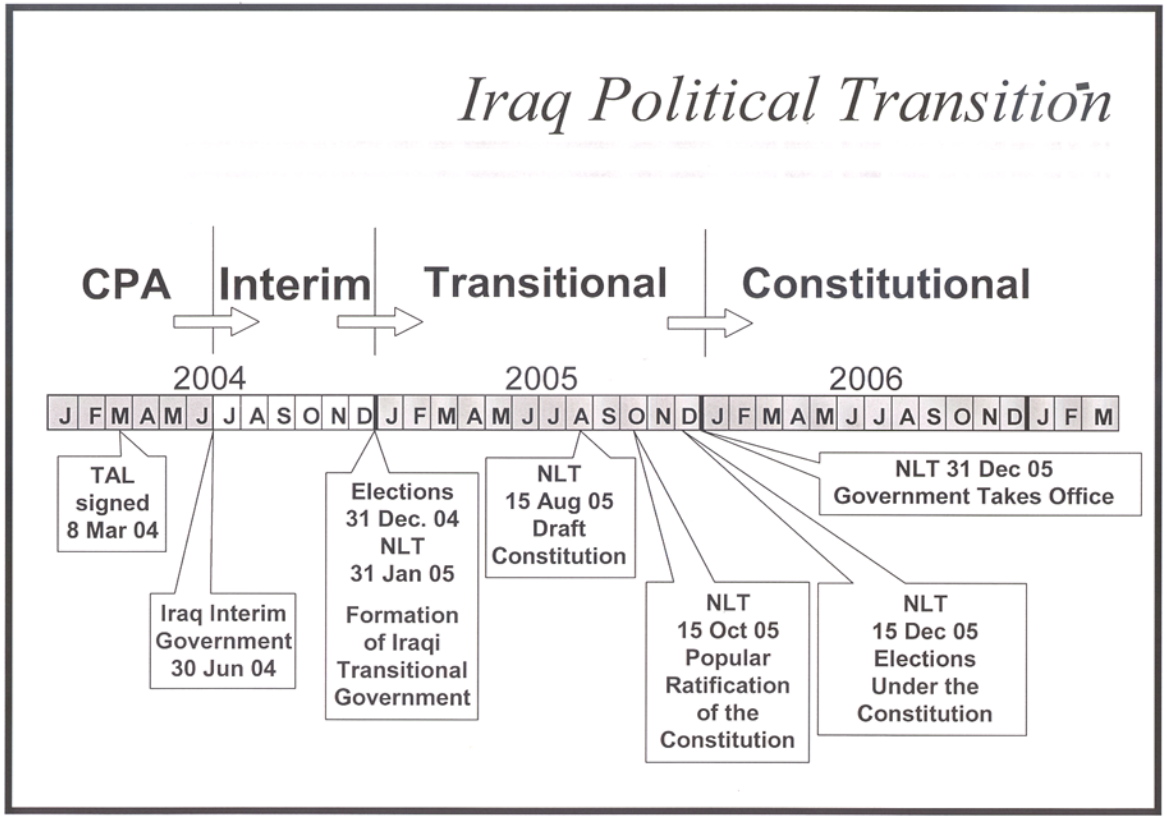
INTERNATIONAL PARTICIPATION IN THE RECONSTRUCTION OF IRAQ

Top pledges of reconstruction assistance to Iraq for 2004-2007*:

Amount	Donor
$18.4 billion	United States
$ 4.9 billion	Japan
$500 million	Kuwait
$500 million	Saudi Arabia
$452 million	United Kingdom
$235 million	European Commission
$235 million	Italy
$220 million	Spain
$215 million	United Arab Emirates
$200 million	South Korea
$187 million	Canada
$100 million	Qatar

Lending from World Bank and IMF = at least $5.55 billion

*Source: World Bank tally of Madrid Donors' Conference


Iraq Political Transition
CPA
Interim
Transitional
Constitutional
2004
2005
2006
J F M A M J J A S O N D J F M A M J J A S O N D J F M A M J J A S O N D J F M
TAL signed 8 Mar 04
Iraq Interim Government 30 Jun 04
Elections 31 Dec. 04 NLT 31 Jan 05
Formation of Iraqi Transitional Government
NLT 15 Aug 05 Draft Constitution
NLT 15 Oct 05 Popular Ratification of the Constitution
NLT 15 Dec 05 Elections Under the Constitution
NLT 31 Dec 05 Government Takes Office

Law of Administration for the State of Iraq for the Transitional Period

HUMAN RIGHTS

Freedom of religion
Freedom of expression
Freedom of the press
Freedom of assembly
Freedom of movement
Presumption of innocence
Speedy trial
Search warrants
(Articles 13 through 15)

EQUALITY UNDER LAW

Discrimination by religion, ethnicity, gender, race, or nationality prohibited (Article 12)

INDEPENDENT JUDICIARY

CIVILIAN CONTROL OF THE MILITARY

A goal of the election law:
One-quarter of the National Assembly should be women

RESPONSES OF HON. ANDREW S. NATSIOS TO ADDITIONAL QUESTIONS FOR THE RECORD SUBMITTED BY SENATOR RICHARD G. LUGAR

Question 1. Will the U.N. have the resources to tackle the enormous election task or will USAID or its partners take primary responsibilities? Can we ask you to speak for IRI and IFES?

Answer. The United Nations has accepted the lead responsibility for assisting the Government of Iraq in establishing the infrastructure needed for free, fair, and transparent electoral processes. The first step in this process, the formation of the Independent Electoral Commission of Iraq (IECI), is reported to have been enormously successful with the nomination of 1,878 candidates for 9 positions. The IECI has approximately $235 million in Iraqi funds that is supposed to be transferred from the Iraqi Ministry of Finance. The International Foundation for Electoral Systems (IFES) is currently assisting the IECI in establishing its office, hiring a staff and implementing a work plan through a grant issued previously by the Coalition Provisional Authority (CPA). This grant is set to expire at the end of August. The IECI has a huge task in front of it, and it will need substantial help. The U.N.'s Electoral Assistance Division has not indicated a shortage of U.N. resources for activities through the first election although it has indicated a need for election monitoring, civic education, and voter education to complement its program.

USAID plans to award an $18 million grant to a consortium of IFES, NDI, and IRI for voter education, training of domestic monitors, and election-related conflict mitigation. In addition, following a full and open competition, USAID will support civic education as part of its broader program of strengthening Iraqi civil society and media. USAID has also reserved $9 million to support international election monitors.

Question 2. Can you describe the status of the Oil-for-Food Program and the situation with food security for the mid-term? I understand many of the OFF contracts will expire in June?

Answer. The majority of Oil-For-Food Program contracts related to food (there are also contracts other than food related) have been completed. Beginning in January 2004, the United Nations World Food Program was asked to procure and deliver approximately 3 months worth of food for the Public Distribution System (PDS) stock piles. The majority of this procurement has been delivered and is due to be completed by September, 2004. This food was originally earmarked as buffer stock; however, WFP reports that the food is actually being distributed to meet current PDS requirements. WFP states that there is no current buffer stock, and projects that there will be no buffer stock by September 1.

For the short term (1-3 months), the WFP procured deliveries plus current PDS supplies should supply most of the food commodities in the ration, with predicted shortages of infant formula, weaning cereals, pulses (beans) and soap. For the medium term, (4-6 months), WFP projects additional shortages in these and other commodities (based on their figures and recent delays in Iraq ministry procurements for future food supplies). It is unclear at this time whether the Iraqi Interim Government concurs with the WFP projections. It is also unclear how much the local wheat harvest for 2004 will contribute to the PDS flour ration.

USAID continues to monitor the situation in cooperation with WFP and the Iraqis, but difficulties in obtaining complete and accurate food information from the Iraqi Interim Government and discrepancies between the Iraqi information and the WFP information do not allow us to make confident projections on food security for the mid-term at this time.

Question 3. What has been the effect of recent violence on USAID staff and your partners' abilities to get the job done?

Answer. Security concerns have caused USAID contractors to expend more resources and time on security management. There have been very few instances of staff leaving Iraq, and progress on most projects has continued with minimal delays. One potential area where violence may impact our work is the recruitment of expatriate and Iraqi employees. While there has been no indication to date of any difficulty, USAID is tracking this issue as new procurements begin to require heavy recruiting.

Question 4. In the 2207 report, responsibility for several projects is listed as "Department of Defense and/or USAID." As we look forward to a transition to State, why would we continue to put programs under DOD management? Won't this create conflicts down the line?

Answer. Prior to the transition, the Coalition Provisional Authority coordinated all development activities in Iraq. USAID, State and DOD have cooperated effectively in the past to establish and run programs with relatively clear lines of responsibility. Since the establishment of the U.S. Embassy, USAID is continuing to coordinate with other implementing agencies, including the Department of Defense, but reports to Chief of Mission on USAID activities. In addition, USAID works closely with the Iraq Reconstruction Management Office (IRMO), which plays a central role in the coordination of reconstruction activities in Iraq.

In this context, USAID will continue to manage its projects and follow all appropriate reporting chains within the Embassy.

Question 5. It still looks like much of the investment we are making in Iraq is in construction or public works. Are we investing enough in people? (e.g., health clinics versus health care professionals).

Answer. Initial requirements in Iraq meant that a heavy focus on infrastructure was critical. It is appropriate at this point in the reconstruction process to review the balance of capital and human investments in Iraq. Economic activities which create long-term, sustainable employment for Iraqis, investments in a democratic tradition that will shape Iraq's internal and external relations for decades, and the essential services in health and education that provide the human building blocks of that future will have an increasing weight with critical infrastructure in the future.

USAID has developed the following critical challenge areas to guide its project development:

- Focusing on the next generation in Iraq, their needs and potential;
- Developing the leadership required to shape a new Iraqi democracy;
- Critical components of building a participatory democracy, beyond elections;
- Building capacity for sustainable provision of key economic and social services; and
- Agriculture.

Question 6. What has been the impact of Coalition and USAID efforts on jobs and the economy? Are there any transparent independent measures in place?

Answer. According to the CPA, 350,000 jobs have been generated since January 2004. Of this, specific USAID support for employment generation includes our role in the National Employment Program that generated about 77,000 short-term jobs, and coordination of micro-lending programs for $21 million. USAID's contractors and grantees, and their specific project activities have employed 6,606,776 person-days of Iraqis to deliver and manage reconstruction assistance at all levels and throughout Iraq. USAID tracks the number of people hired by its implementing partners and maintains a data for reporting on program activity status and progress (including numbers employed). Although the data base has its gaps of information, and we continue to steadily improve it, it is by far the most extensive and reliable data and information on the entire reconstruction program in Iraq. The Information Management Unit of the Projects and Contracting Office relies heavily on the USAID data base which composes about 80 percent of the total data.

In addition, USAID support for monetary, fiscal and regulatory policy reforms (including electric power and telecommunications) is building the foundations for generating sustainable economic growth and longer-run employment. Since employment depends on security, these USAID-supported commercial, legal and institutional reforms are expected to lead to even further increases over time in investment and employment.

With regard to transparent independent measures, the normal International Monetary Fund statistics are not available because the IMF staff has not been allowed to enter Iraq since September 2003. However, USAID has worked closely with the Ministry of Finance to provide its Central Statistical Office with technical assistance in developing the statistics that the IMF needs to measure economic growth and employment. However, much additional support is needed to statistically measure the impact of Coalition and USAID efforts on jobs and the economy.

Question 7. What percentage of your Iraq spending is being passed through the PMO? Will that continue after the transition? Is this required? Is it necessary?

Answer. Prior to the transition to a U.S. Embassy, all USAID funding was coordinated by the PMO. Since the transition, coordination of reconstruction is a function of the Iraq Reconstruction Management Office (IRMO). USAID reports to the Chief of Mission, as does the Projects and Contracting Office (PCO) and the IRMO. There will continue to be a need for coordination so long as multiple agencies are required

to organize and implement the enormously complex reconstruction work in Iraq, and USAID will be an integral part of that coordination at all levels.

At the same time, USAID has over 30 years experience in bilateral assistance programs and in donor coordination. The transfer of sovereignty and the increased presence of international donors means that both of these traditional USAID skills will become increasingly critical. USAID will retain the flexibility under a traditional relationship with the Chief of Mission and its coordination with IRMO to capitalize on that experience as it moves the U.S. Government agenda for reconstruction forward.

Question 8. Of the more than $3 billion that USAID has spent on Iraq programs thus far, how much has IG audits called into question?

Answer. The Office of the Inspector General (OIG) has audited the contracting procurement process for 11 contracts with a value of $3.3 billion. Additionally, the OIG has coordinated with the Defense Contract Audit Agency (DCAA) in the issuance of 38 audit reports covering $193 million in USAID funds.

These 38 audits reviewed the various internal controls of contractors, recommended corrective actions, where appropriate, and identified $14 million in questioned costs. Those costs are currently being reviewed to see which will ultimately be allowed.

RESPONSES OF HON. PETER W. RODMAN TO ADDITIONAL QUESTIONS FOR THE RECORD SUBMITTED BY SENATOR RICHARD G. LUGAR

IRAQ TRANSITION III—OBSTACLES AND OPPORTUNITIES

Question 1. Troops on the ground, diplomats and private U.S. citizens must have clear legal protections to work in any sovereign nation. It was indicated that a SOFA is not needed because of existing provisions under the TAL, UNSCR 1511 and CPA Order 17. Is this satisfactory to the Iraqis?

Answer. The Iraqis, in developing the Transitional Administrative Law, decided they did not want their Interim Government to make long-term agreements such as SOFAs. However, the Prime Minister of the Iraqi Interim Government, Ayad Allawi, has endorsed UNSCR 1546, which specifically gives the Multinational Force the mandate "to take all necessary measures to contribute to the maintenance of security and stability in Iraq in accordance with the letters annexed to their resolution."

This indicates that the new Iraqi government believes this resolution, in conjunction with the TAL, UNSCR 1511, and CPA Order #17, provides an appropriate legal framework for the presence of international forces within Iraq after June 30.

TRANSITION IN IRAQ

Question 2. Plans indicate the MNF-I will continue to provide security for the Green Zone and other mission activities. How will this and troop actions be coordinated with the Embassy? How about the rest of the Coalition?

Answer. The 1st Cavalry Division has the security mission for the city of Baghdad. The 3rd Brigade Combat Team is responsible for security in the International Zone. The Joint Area Support Group (JASG) has the responsibility for U.S. Mission support. The 2-82 Field Artillery Battalion provides security for the U.S. Mission. A U.S. Marine Company and other U.S. State Department assets (under the supervision of the Regional Security Officer) are responsible for the physical security of the Mission grounds and the movement of VIPs.

Any movements that cannot be handled by 2-82 FA are forwarded to the JASG. The JASG then requests additional assets from MNC-I. These missions are usually outside Baghdad or are complex and require higher unit planning and coordination.

Question 3. Will the MNF-I Headquarters be co-located with the Embassy or at a separate facility?

Answer. Offices of MNF-I are currently split between Camp Victory at the Al Faw Palace and the U.S. Embassy Annex. The MNF-I Operations Center and the majority of the staff agencies will remain in the U.S. Embassy Annex.

Question 4. General Joulwan suggested yesterday that the troop-to-task analysis was unclear. The mission of U.S. forces in Iraq needs to be clarified to include stabilization, and this will be an enormous task. Will the Multi-National Force provide security for elections?

Answer. Yes, the Multinational Force will provide security for elections. The Iraqi Interim Government (IIG) has committed to an aggressive plan that calls for the conduct of four iterations of national elections over the next 18 months. To implement this plan, the IIG has agreed to an Iraqi electoral law and has sanctioned the selection of the Independent Electoral Commission of Iraq (IECI). This commission is empowered with exclusive authority for the conduct of all Iraqi elections and has initiated planning and coordination for the conduct of national elections to select the Transitional Legislative Assembly (TLA), scheduled to occur no later than 31 January 2005.

The United Nations Security Council adopted UN Security Council Resolution (UNSCR) 1546, 8 June 2004, which affirms the UN mandate set out in UNSCR 1483 (2003) and UNSCR 1511 (2003). This resolution further mandates that the Special Representative of the Secretary General and UN Assistance Mission of Iraq advise and provide technical support to the IECI and the IIG on the process for holding initial national elections for the selection of the TLA.

UNSCR 1546 also authorizes the MNF-I commander to take "al1 necessary measures" to contribute to the maintenance of security and stability, to include preventing and deterring terrorism.

Support for the conduct of this initial iteration of national elections remains solely an IECI responsibility. In consideration of the MNF-I mandate set out in UNSCR 1546, IECI shortfalls may be identified and formal requests for support will be made to coalition, international, and interagency partners as IECI planning for conducting the national election proceeds. IIG requests for technical election assistance have already been extended and agreed to by the United Nations. MNF-I expects that Iraqi requests for election support will materialize as identified. MNF-I is strictly in support of the IECI and United Nations for this operation and must remain completely neutral with respect to all Iraqi election issues.

Question 5. Every witness over the past two days of hearings indicated establishing security on the street in Iraq was a prerequisite for the success of the political transition in Iraq. How can we accelerate police training and the delivery of equipment to the Iraqi police forces? Have we asked the Germans, the French and others to train and equip the police forces? How much of our assistance has gone to support police training and equipment? Do we have the right programs and experts and enough resources?

Answer. MNF-I continues to increase not only the number of police academies across the provinces of the nation, but also the capacity of existing police academies, both in Iraq and at the Jordan International Police Training Center.

MNF-I can currently graduate over 3,000 police officers per month and will expand that to 5,550. MNF-I is also conducting a series of specialty courses, for police forces, border security forces, emergency response units, SWAT teams, and diplomatic protective services.

Equipment deployment is being carefully prioritized and managed to ensure it is delivered as fast as it can be acquired to the right organization and location. Some acceleration could be facilitated by relaxing some of the applicable strict peacetime acquisition regulations. These regulations tend to hinder the ability to rapidly procure some police-related items. These items are readily available at reasonable prices on the world market.

The European Union (EU) recently sent a fact-finding team to Baghdad to study contributions they might make to police training in Iraq. This team has subsequently briefed the EU Council and proposed providing some advanced police training geared toward more senior Iraqi officers. A decision is pending by the Council. If they elect to go forward, training could begin as early as February 2005.

In addition to the above mentioned academies and special courses that have been established, there are currently over 500 international police liaison officers and 85 international police trainers serving in Iraq, teaching, coaching, mentoring and providing expertise. Programs are constantly reviewed to ensure they are providing optimal output and relevancy to the constantly evolving security situation. Additional resources would certainly allow expansion and, to some degree, acceleration of the effort.

Question 6. According to contracting experts, whom ever signs a contract (Army, PMO or USAID) must manage it to the end. Will the Army continue to oversee contracts given to USAID? If so, why?

Answer. The Army has not awarded any contracts to USAID or on behalf of USAID. USAID is responsible for the execution and complete contract management, including all facets of contract administration, for all contracts they award as specified in Federal Acquisition Regulations Part 42.

Question 7. According to the most recent 2207 report, only $2.2 billion of the $18.4 billion in the Supplemental has been obligated to date.

Question 7a. Have any of these contractors begun work yet?

Answer 7a. No, the contractors are currently still staffing and mobilizing their teams that will be conducting the reconstruction effort.

Question 7b. What has been the hold up?

Answer 7b. We believe that we have executed the IRRF as fast as possible according to U.S. Government laws and regulations. Partial funds were released to the Program Management Office starting in December 2003, when we completed the first round of requirements needed for. Request for Proposals (RFPs) across the Electricity, Public Works and Water, Communications and Transportation, Buildings and Health and Security and Justice Sectors. We worked to ensure compliance with full and open competition procedures and the terms of the IRRF and the Federal Acquisition Regulations. Once the solicitation, bidding, and the award process was completed (totaling $5 billion in 90 days—an unprecedented contracting feat), we committed and obligated to the projects identified across the sectors described. Award notifications went out to 17 contractors in mid-to-late March and mobilization is firmly underway with task orders having already been issued. As mentioned above, it is normal for contractors to take 30-60 days to mobilize their teams, especially in light of the size and scope of the operations they will be conducting.

Question 7c. Do you have any recommendations so that the remaining $16 billion can have the impact that Congress and Ambassador Bremer envisioned last fall?

Answer 7c. Last fall, specifically following the November passage of the legislation creating the Iraq Relief and Reconstruction Fund (IRRF), the U.S. Government had to address the necessary preliminary work to start this contracting effort, e.g., establishing an operation with the capacity of overseeing the $18.4 billion in the IRRF funds; developing the detailed requirements for contracts, identifying eligibility requirements for prime and sub-contractors, and maintaining the integrity of full and open competition, as required by Congress. We have done this and are executing the plan that was developed following the passage of the legislation.

Question 8. The 2207 report describes a $30 million Rule of Law program. $15 million will be handled by USAID and the other $15 million by DOD to "provide grants to the NGO's, the American Bar Association, Harvard and law schools" to do rule of law training. Why is DOD involved in this, and not the State Department's INL Bureau?

Answer. The Rule of Law program is a joint project between USAID and Iraqi Ministry of Justice. The Ministry of Justice asked the Coalition Provisional Authority (CPA), which as you know is a part of the Department of Defense, to administer the $15 million dollar program on its behalf.

Question 9. What will happen with the $4 billion that has not yet been programmed from the second Supplemental? Your latest 2207 report did not provide any details, simply indicating that this was remaining for 2005. Do you plan to reprogram this to meet military needs?

Answer. The $4 billion in Iraq Relief and Reconstruction Funds will be expended against projects that are on the approved CPA project list and any new projects that are identified as urgent needs from the field and we do not plan to reprogram these funds to meet military needs.

Question 10. The latest 2207 did not specifically program the 10% of the $18.4 that was authorized for the administering the contracts, nor did it detail how this was being spent. Is this the funding that is being used for the contract management contracts? Can we presume that it will come out of the $4 billion for 2005?

Answer. Public Law 108-106 provides amounts for the operating expenses of those agencies that administer the IRRF appropriation. Like the operating expenses identified for the Coalition Provisional Authority, the legislation permits that up to 10% of the appropriated funds that are obligated, managed or administered by a U.S. Government agency may be used by that agency to pay its full administrative expenses as they relate to the Iraq Reconstruction efforts. When the Program Management Office (PMO) was established in April 2004, we submitted a proposed operating budget to the Office of Management and Budget (OMB). We are working with OMB to determine the amount that the Program Management Office (PMO) will be allowed to spend in FY04 on administrative costs and that amount will be generated from the portion of the $18.4 billion that PMO now manages. As funds have been

released, a portion has been set aside for this purpose. Therefore, the PMO FY04 operating budget will not be charged against the $4 billion available for projects in FY2005.

Question 11. How big is the PMO staff? What level of international development or reconstruction expertise does the average contracting officer or CTO have? In your view, is this sufficient?

Answer. Current staffing for the Program Management Office (PMO) is approximately, 105 persons. This includes military, civilian, and contractor support employees. The PMO's Contracting Activity in Iraq has approximately 52 persons (25 military of which 14 are borrowed), 6 GS/3161 civilians, and 21 contractor support personnel).

The PMO Iraq's Contracting staff is comprised of a wide breadth of joint military and civilian contracting expertise from various DOD acquisition and contracting offices supporting areas such as, major/minor construction, major joint service acquisition systems, Program/Product Management Offices, logistics, commodities/services, and government property. Most have significant international contracting and acquisition skills as well as previous overseas deployment experience.

The Contracting Activity in Iraq is staffed, partially, under a Joint Manning Document that includes representation from all military services, civil servants and contract support specialists. In addition, civilians assigned to the staff represent several Army or DOD major commands and include acquisition experts re-hired under 3161 authority. The Contracting Activity also supplements its staff in Iraq with highly skilled former government contracting officers and specialists under its current support contract.

Currently, the Head of the Contracting Activity is an Army Program Executive Officer (BG) and the Principal Assistant Responsible for Contracting (PARC) is an established senior career civil servant and former or current PARC. All Contracting Officers and staff are DAWIA certified with the majority of Contracting Officers and all senior staff being Level III DAWIA certified in Contracting.

Question 12. How many detainees are being held in Iraq? How many are Iraqi citizens? Will these remain under U.S. control after the transition? Under what authority will we be holding these Iraqis?

Answer. According to the National Detainee Reporting Center (NDRC), Combined Joint Task Force-7 (CJTF-7) was holding a total of 6,791 detainees on April 22, 2004. Of those, 6,665 were Iraqi nationals. 3,841 members of the Mojahedeen-e Khalq (MeK) were also being detained by CJTF-7.

Many of the detainees held by CJTF-7 in Iraq for imperative reasons of security will likely remain under Coalition Forces control after the transition to Iraqi authority because it is likely that the security situation will require their continued detention. We will work, however, in partnership with the new Iraqi government not only to establish a more secure Iraq but also to develop further effective Iraqi criminal justice processes to address the cases of persons who have committed criminal offenses. The Iraqi Correction Service, for example, already has substantial responsibility for detaining individuals charged with crimes under Iraqi law.

The authority to conduct continued detention operations will derive from several sources. UN Security Council Resolution 1511 provides authority pursuant to Chapter VII of the UN Charter for the Multinational Force "to take all necessary measures to contribute to the maintenance of security and stability in Iraq." This authority necessarily includes the authority to detain those individuals who threaten the security of the Multinational Force and the Iraqi people. We also anticipate additional authority will be contained in a follow-on UN Security Council resolution prior to the transition of governance authority to an Iraqi interim government. Further, authority to detain persons held for security reasons could derive from agreement with the Iraqi government and also exists under the law of war (e.g., the ability to hold prisoners of war until the cessation of active hostilities). We anticipate sufficient authority to detain persons in Iraq after June 30, as necessary for imperative reasons of security.

RESPONSE OF HON. MARC GROSSMAN TO AN ADDITIONAL QUESTION FOR THE RECORD SUBMITTED BY SENATOR CHRISTOPHER J. DODD

Question. Provide detailed information on: the intended purpose and nature of the Transitional Administrative Law (TAL) Annex; where the TAL Annex drafting process stands and who is leading that process; and the respective roles therein of the

Iraqi Governing Council, the Coalition Provisional Authority (CPA), and the United Nations.

Answer. The TAL provides for an Annex that, together with the TAL itself, will set forth the authorities of the Iraqi Interim Government. The intent is for both the TAL and the Annex to come into effect on June 30.

The Annex would cover only the duration of the Iraqi Interim Government—that is until elections are held no later than January 31, 2005. The TAL would remain in effect until a government formed pursuant to a permanent constitution assumes power.

As we meet today, the TAL Annex has not yet been drafted. Its content will reflect the results of the ongoing Special Envoy Brahimi-led consultations with Iraqis on forming the Iraqi Interim Government. Both the Iraqi Governing Council and the CPA are involved in these ongoing consultations.

RESPONSE OF HON. MARC GROSSMAN TO AN ADDITIONAL QUESTION FOR THE RECORD SUBMITTED BY SENATOR RUSSELL D. FEINGOLD

Question. What will become of the Coalition Provisional Authority's Inspector General (CPA/OIG) and it's responsibility for Iraq reconstruction funds that have already been appropriated? Will it be subsumed into the Department of State's IG or is some other arrangement anticipated?

Answer. As we meet today, we expect the CPA/OIG to remain in place for six months following June 30, 2004, focusing on all CPA activities and obligations from the Iraq Relief and Reconstruction Fund (IRRF) made on or before June 30. We are presently developing a plan for tracking any expenditures of those obligated funds after the current CPA/OIG's December 31, 2004 sunset date, in accordance with § 3001(o) of P.L. 108–106. The Department of State's Inspector General (DOS/IG) has detailed six people to the CPA/OIG, both in Iraq and Washington. The DOS/IG has planned for its own oversight work to be initiated after June 30 in coordination with the CPA/OIG and other agency OIGs.

As to the oversight responsibility for Iraq reconstruction funds obligated after June 30, it is our understanding that each Inspector General (for the Department of State, U.S. Agency for International Development, Department of Defense, and others) will acquire oversight responsibility as each parent agency succeeds to responsibility for programs previously under the purview of the CPA. From July 1, the Secretary of State will assume responsibility for the continuous supervision and general direction of assistance for Iraq.

RESPONSES OF HON. MARC GROSSMAN TO ADDITIONAL QUESTIONS FOR THE RECORD SUBMITTED BY SENATOR CORZINE

Question 1. Will the Iraqi Interim Government have control over Iraq's foreign policy? Will it be free to establish whatever kind of relationships it wishes with its neighbors? If it wants to have favorable relationships with Iran, on any basis, will it have such an ability? What will we do if they start doing things that contradict U.S. policies?

Answer. Iraq will be fully sovereign. Iraqis are discussing now, in the context of the Special Envoy Brahimi-led process, what the particular powers of the Iraqi Interim Government will be.

We believe that the Iraqi Interim Government should have the authority to conduct foreign relations, including establishing diplomatic relations with other countries, and expect that this will be reflected in the Transitional Administrative Law (TAL) Annex. The United States intends to re-establish diplomatic relations with Iraq after June 30. The Iraqi Ministry of Foreign Affairs is already very active—for example, successfully pressing for Iraqi participation in a number of important multilateral fora (including the United Nations, the Arab League, the Gulf Cooperation Council, the Organization of the Islamic Conference, and the Organization of Petroleum Exporting Countries).

Ambassador Negroponte and his staff will represent U.S. interests to the Iraqi Interim Government, which would include conveying concerns we may have about regional political developments. We expect to forge a highly cooperative bilateral relationship.

Question 2. You've said the Iraqi Interim Government will not have a lawmaking body. Does this also apply to election law? What constitutes acceptable campaigning? What if Iraqi candidates are anti-American? How are we going to respond to this? What if they disseminate untruths? Are we going to have the ability to take over newspapers or shut them down? And who is going to make those decisions?

Answer. A U.N. elections assistance team has been in Iraq since early April working with Iraqis and the Coalition Provisional Authority (CPA) to establish the legal and regulatory framework needed to hold elections. This includes establishing an independent election commission and promulgating regulations governing elections, political parties, and the media.

After June 30, it will be the responsibility of the Iraqi Interim Government and the election commission to address actions that might violate regulations governing elections and campaigns. It is in their interest, as much as ours, to ensure that these elections are free, fair, and nonviolent. Iraqis are discussing now, in the context of the Brahimi-led process, what the particular powers of the Iraqi Interim Government will be. While those discussions have not concluded, we expect that the Iraqi Interim Government will have the authorities to issue binding rules and regulations necessary to carry out elections.

We cannot speculate further on what actions the Iraqis might take since the election commission is still being formed and the regulations have yet to be adopted. The United States will have a large Mission and an Ambassador who will advocate and defend U.S. interests in Iraq.

Question 3. If Muqtada al-Sadr were to incite the kind of insurgency that we have seen recently in a world where the Iraqi Interim Government did not find it appropriate to respond militarily, and we thought our men and women were at risk, we thought that there was a reason to respond, what's the deciding factor with regard to the use of military force?

Answer. U.S. military forces in Iraq will report to the U.S. commander of the Multinational Force. We will develop coordination and consultation mechanisms that will appropriately reflect the partnership we will have with the Iraqi Interim Government and Iraqi security forces.

We also expect that the Iraqi Interim Government—as the sovereign government of Iraq—will have a significant interest in ensuring that forcible challenges to the rule of law and central authority are appropriately handled.

The United States has the right, the obligation, and the means to protect U.S. military and civilian personnel in Iraq and we will exercise this right if they are threatened.

Question 4. Will the Iraqi Interim Government have the right of review of the recently announced structure of the Iraq Special Tribunal? What about the Property Claims Commission or the De-Ba'athification Commission?

Answer. The Iraqi Special Tribunal is an Iraqi organization, established last December with the full support of the Iraqi Governing Council. The international community, and the Department of Justice, will provide support to ensure a fair and impartial process. We have adopted this approach based on the views of Iraqis who want to oversee the Iraqi Special Tribunal. We expect that Iraqi lawyers and judges who have already been identified to support the Iraqi Special Tribunal will continue their work to preserve evidence, conduct investigations, and prepare cases.

The Property Claims Commission and the De-Ba'athification Commission are both Iraqi-run and Iraqi-led. With support from the Iraqi Governing Council, the CPA established these entities to help Iraqis in their process of reconciliation.

After June 30, the Iraqi Interim Government will have the responsibility, consistent with the TAL, to oversee the continuing process of addressing the legacy of Saddam Hussein's misrule.

Question 5. Will this transfer of sovereignty allow for the Iraqi Interim Government to contract with U.S. funds in the economic sphere? Will they be able to select to whom a contract will go in expending the reconstruction resources authorized by Congress.

Answer. U.S. authorities will continue to control, contract, and disburse U.S.-appropriated funds. The Chief of Mission will provide policy direction and oversight for all U.S. assistance programs. The Iraqis will be consulted at every stage of the process, as is normal with a bilateral assistance relationship in a sovereign country.

Question 6. Would the Iraqi Interim Government have the ability to contract for the development of their oil fields? The Russians had previously negotiated an

agreement for the development of Iraqi oil fields. Will they have the authority to be able to commit to those kinds of contracts?

Answer. As we meet today, there has been no decision yet on possible limitations on the authority of the Iraqi Interim Government. In the context of the consultative process led by Mr. Brahimi, Iraqis are considering carefully whether the Iraqi Interim Government should be limited in its ability to bind a future elected government by, for example, making long-term commitments regarding Iraq's oil reserves. Some in Iraq have expressed the view that these types of commitments must be reserved for an elected government. Any limitations on the authority of the Iraqi Interim Government will be determined by Iraqis through the consultative process led by Mr. Brahimi and will be codified in the TAL Annex.

Question 7. Can you make a comment about the budget of the Iraqi Interim Government? Could you fill in the blanks about the budget of the Iraqi Government itself, its sources of revenue, and how that will be established?

Answer. The Iraqi Interim Government will have the authority to disburse and receive funds while it governs Iraq. Oil sales will constitute its primary revenue source. Iraqi ministries are developing budgets and budgeting processes. Although the Iraqi Interim Government will clearly have to consider budget issues, the extent to which it will have the authority to make long-term financial commitments will be decided through the Brahimi-led consultative process.

There have been public budgets for Iraq over the past year, established by the CPA in coordination with the individual ministries. In the 12 ministries that have transitioned to sovereignty, the relevant Iraqi minister already has full budgetary authority for funds allocated to that ministry.

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