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STABILIZING AND REBUILDING IRAQ

U.S. Ministry Capacity
Development Efforts
Need an Overall
Integrated Strategy to
Guide Efforts and
Manage Risk





Highlights of [GAO-08-117](#), a report to congressional committees

Why GAO Did This Study

Iraq's ministries were decimated following years of neglect and centralized control under the former regime. Developing competent and loyal Iraqi ministries is critical to stabilizing and rebuilding Iraq. The President received \$140 million in fiscal year 2007 funds and requested an additional \$255 million in fiscal year 2008 to develop the capacity of the Iraq's ministries.

This report assesses (1) the nature and extent of U.S. efforts to develop the capacity of the Iraqi ministries, (2) the key challenges to these efforts, and (3) the extent to which the U.S. government has an overall integrated strategy for these efforts. For this effort, GAO reviewed U.S. project contracts and reports and interviewed officials from the Departments of State (State), Defense (DOD), and the United States Agency for International Development (USAID) in Baghdad and Washington, D.C.

What GAO Recommends

GAO recommends that State, in consultation with the Iraqi government, complete an overall strategy for U.S. efforts to develop the capacity of the Iraqi government. Congress should consider conditioning future appropriations on the completion of the strategy. State recognized the value of such a strategy but expressed concern about conditioning further capacity development investment on completion of such a strategy.

To view the full product, including the scope and methodology, click on [GAO-08-117](#). For more information, contact Joseph A. Christoff at (202) 512-8979 or christoffj@gao.gov.

STABILIZING AND REBUILDING IRAQ

U.S. Ministry Capacity Development Efforts Need an Overall Integrated Strategy to Guide Efforts and Manage Risk

What GAO Found

Over the past 4 years, U.S. efforts to help build the capacity of the Iraqi national government have been characterized by (1) multiple U.S. agencies leading individual efforts, without overarching direction from a lead entity that integrates their efforts; and (2) shifting timeframes and priorities in response to deteriorating security and the reorganization of the U.S. mission in Iraq. First, no single agency is in charge of leading the U.S. ministry capacity development efforts, although State took steps to improve coordination in early 2007. State, DOD and USAID have led separate efforts at Iraqi ministries. About \$169 million in funds were allocated in 2005 and 2006 for these efforts. As of mid-2007, State and USAID were providing 169 capacity development advisors to 10 key civilian ministries and DOD was providing 215 to the Ministries of Defense and Interior. Second, the focus of U.S. capacity development efforts has shifted from long-term institution-building projects, such as helping the Iraqi government develop its own capacity development strategy, to an immediate effort to help Iraqi ministries overcome their inability to spend their capital budgets and deliver essential services to the Iraqi people.

U.S. ministry capacity efforts face four key challenges that pose a risk to their success and long-term sustainability. First, Iraqi ministries lack personnel with key skills, such as budgeting and procurement. Second, sectarian influence over ministry leadership and staff complicates efforts to build a professional and non-aligned civil service. Third, pervasive corruption in the Iraqi ministries impedes the effectiveness of U.S. efforts. Fourth, poor security limits U.S. advisors' access to their Iraqi counterparts, preventing ministry staff from attending planned training sessions and contributing to the exodus of skilled professionals to other countries.

The U.S. government is beginning to develop an integrated strategy for U.S. capacity development efforts in Iraq, although agencies have been implementing separate programs since 2003. GAO's previous analyses of U.S. multiagency national strategies demonstrate that such a strategy should integrate the efforts of the involved agencies with the priorities of the Iraqi government, and include a clear purpose and scope; a delineation of U.S. roles, responsibilities, and coordination with other donors, including the United Nations; desired goals and objectives; performance measures; and a description of benefits and costs. Moreover, it should attempt to address and mitigate the risks associated with the four challenges identified above. U.S. ministry capacity efforts to date have included some but not all of these components. For example, agencies are working to clarify roles and responsibilities. However, U.S. efforts lack clear ties to Iraqi-identified priorities at all ministries, clear performance measures to determine results at civilian ministries, and information on how resources will be targeted to achieve the desired end-state.

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Abbreviations

BBA	Bilingual, Bicultural Advisor
BSA	Board of Supreme Audit
CENTCOM	United States Central Command
CETI	Coordinator for Economic Transition in Iraq
CPA	Coalition Provisional Authority
CPI	Commission for Public Integrity
DFID	Department for International Development, United Kingdom
DOD	Department of Defense
EU	European Union
FMIS	Financial Management Information System
FMS	Foreign Military Sales
GRD	Gulf Region Division, U.S. Army Corps of Engineers
IRFFI	International Reconstruction Fund Facility for Iraq
IRMO	Iraq Reconstruction Management Office
IRRF	Iraq Relief and Reconstruction Funds
ISFF	Iraq Security Forces Fund
ITAO	Iraq Transition Assistance Office
ITF	United Nations Development Group Iraq Trust Fund
JACC	Joint Anti-Corruption Council
JTFCD	Joint Task Force on Capacity Development
MNF-I	Multinational Force-Iraq
MNSTC-I	Multinational Security Transition Command-Iraq
MOD	Ministry of Defense
MOI	Ministry of Interior
MPRI	Military Professional Resources, Incorporated
MSI	Management Systems International, Incorporated
NCCMD	National Center for Consultancy and Management Development, Iraq Ministry of Planning
OAT	Office of Accountability and Transparency
SME	Subject Matter Expert
UN	United Nations

UNDP
USAID

United Nations Development Program
United States Agency for International Development

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The development of competent and loyal government ministries is critical to stabilizing and rebuilding Iraq. Iraq's 34 ministries are responsible for ensuring security through the armed forces and police services and for providing basic government services including electricity, water, health care, education, and justice. The ministries are also Iraq's largest employer, with an estimated 2.2 million employees.¹ In 2005 and 2006, the United States provided funding of about \$169 million for programs to help build the capability of key civilian ministries and the Ministries of Defense and Interior. In January 2007, the President identified government capacity development as a core principle of the new strategy for Iraq—the New Way Forward—and sought an additional \$395 million funding for these efforts in fiscal years 2007 and 2008. The President received \$140 million in supplemental funding for fiscal year 2007 to continue these efforts and has requested an additional \$255 million in fiscal year 2008.² According to the New Way Forward, strengthening the Iraqi government is critical to transforming Iraq into a modern democratic state.

Ministry capacity development refers to efforts and programs to advise and help Iraqi government employees develop the skills to plan programs, execute their budgets, and effectively deliver government services such as electricity, water, and security. U.S. and international officials agree that developing Iraq's ministerial capacity requires long-term, sustained effort. In this report, we assess (1) the nature and extent of U.S. efforts to develop the capacity of the Iraqi ministries, (2) key challenges to capacity development efforts, and (3) the extent to which the U.S. government has an overall strategy for these efforts.

To accomplish our objectives, we reviewed and analyzed U.S., Iraqi, donor government, United Nations (UN), and World Bank reports and data. Although U.S. ministry capacity development activities have been ongoing since 2003, we focused on capacity development efforts initiated between

¹Government employment figures include national ministry employees and teachers.

²This includes \$25 million in the fiscal year 2008 budget request and \$230 million in the fiscal year 2008 request for the global war on terror.

late 2005 and mid-2007 as part of the U.S. embassy's attempt to launch a more focused and coordinated national capacity development program. During our fieldwork in Washington, D.C.; New York City; Baghdad, Iraq; and Amman, Jordan, we reviewed relevant U.S. and Iraqi government documents and met with officials and contractors working for the Departments of State (State), Defense (DOD), Treasury, Justice, and the U.S. Agency for International Development (USAID). During our trips to Iraq and Jordan, we met with officials from State; its Iraq Reconstruction Management Office (IRMO); the DOD-run Multinational Force-Iraq (MNF-I); its subcommand, the Multinational Security Transition Command-Iraq (MNSTC-I); and donor country representatives from the United Kingdom, Canada, and the European Union. We analyzed reports documenting these entities' capacity development efforts and results. We also analyzed data on Iraq's 2006 and 2007 budgets and 2006 budget expenditures. We conducted our review from August 2006 through August 2007 in accordance with generally accepted government auditing standards. A detailed description of our scope and methodology is included in appendix 1 of this report. Because of broad congressional interest in this issue, we performed our work under the authority of the Comptroller General of the United States to conduct reviews on his own initiative. The work performed for this review has also contributed to several related GAO products on Iraq.³

Results in Brief

The implementation of U.S. efforts to help build the capacity of the Iraqi national government over the past 4 years has been characterized by (1) multiple U.S. agencies leading individual efforts, without overarching direction from a lead entity or strategic approach that integrates their efforts; and (2) shifting timeframes and priorities in response to deteriorating security and reorganization of the U.S. mission in Iraq. First, no single agency is in charge of leading the overall U.S. capacity development effort as originally called for by State's late 2005 assessment. To address concerns raised by the assessment, the U.S. mission initiated

³GAO, *Securing, Stabilizing, and Rebuilding Iraq: Key Issues for Congressional Oversight*, [GAO-07-308SP](#) (Washington, D.C.: Jan. 9, 2007); *Securing, Stabilizing, and Rebuilding Iraq: GAO Audit Approach and Findings*, [GAO-07-385T](#) (Washington, D.C.: Jan. 18, 2007); *Stabilizing Iraq: Factors Impeding the Development of Capable Iraqi Security Forces*, [GAO-07-612T](#) (Washington, D.C.: Mar. 13, 2007); *Stabilizing Iraq: Preliminary Observations on Budget and Management Challenges of Iraq's Security Ministries*, [GAO-07-637T](#) (Washington, D.C.: Mar. 22, 2007); and *Rebuilding Iraq: Integrated Strategic Plan Needed to Help Restore Iraq's Oil and Electricity Sectors*, [GAO-07-677](#) (Washington, D.C.: May 15, 2007).

the National Capacity Development Program at the end of 2005 but left responsibilities for capacity development divided among State, DOD, and USAID. These three agencies individually have led separate efforts at key Iraqi ministries. While no lead entity provided overarching direction to integrate their efforts, the U.S. embassy in Baghdad has taken steps to improve coordination since early 2007. Together, these three agencies have conducted the most significant programs with funding allocations totaling about \$169 million as of the end of 2006.⁴ As of mid-2007, these agencies were providing 384 capacity development advisors to 12 key ministries; State and USAID were providing 169 advisors to 10 key civilian ministries and DOD was providing 215 to the Ministries of Defense and Interior. Second, the focus of U.S. capacity development efforts shifted from long-term institution building to an immediate effort to help Iraqi ministries overcome their inability to spend their capital budgets and better deliver essential services to the Iraqi people by September 2007.

U.S. efforts to develop Iraqi ministerial capacity face four challenges that pose a risk to success and long-term sustainability. First, Iraqi ministries have significant shortages of competent personnel with the skills necessary to formulate budgets, procure goods and services, and perform other vital ministry tasks. A September 2006 U.S. assessment concluded that the majority of staff at all but one of the ministries surveyed were inadequately trained for their positions. Second, Iraqi efforts to build a professional and nonpartisan civil service are complicated by partisan influence over the leadership and staffing of the ministries. A November 2006, DOD report notes that ministry personnel are frequently selected on the basis of political affiliation and that some ministries are infiltrated by sectarian militias. Third, corruption impedes the effectiveness of U.S. efforts to develop ministry capacity. Iraqi law and intimidation limit anti-corruption agencies' efforts to pursue prosecution of employees accused of wrongdoing. Fourth, poor security conditions challenge the ministries. The lack of security limits U.S. advisors' access to Iraqi ministries, threatens Iraqi government workers, and prevents Iraqis from attending

⁴Funding for State and USAID programs conducted in 2006 includes reallocated fiscal year 2004 Iraq Relief and Reconstruction Funds (IRRF2) provided in the Emergency Supplemental Appropriations Act for Defense and for the Reconstruction of Iraq and Afghanistan, 2004 (P.L. 108-106), and fiscal year 2006 emergency supplemental funds provided in the Emergency Supplemental Appropriations Act for Defense, the Global War on Terror and Hurricane Recovery, 2006 (P.L. 109-234). Funding for a DOD program contract awarded in 2005 came from IRRF2 and funding for a contract awarded in 2006 came from Iraq Security Forces Fund (ISFF), in the Emergency Appropriations Act for Defense, the Global War on Terror and Tsunami Relief, 2005 (P.L. 109-13).

planned training sessions or getting to work. The lack of security also contributes to the loss of ministry personnel as some join the 4.2 million Iraqis who have fled the country or have been internally displaced since 2003.

The U.S. government is just beginning to develop an overall strategy for ministerial capacity development, although agencies have been implementing separate programs since 2003. GAO's previous analyses of U.S. multiagency national strategies demonstrate that an overall strategy for capacity development should include (1) a clear purpose, scope, and methodology; (2) a delineation of U.S. roles, responsibilities, and coordination with other donors, including the UN; (3) desired goals, objectives, and activities, clearly linked to Iraqi government priorities; (4) performance measures; and (5) a description of the costs and resources needed. Moreover, it should attempt to address and mitigate the risks associated with the four challenges identified above. U.S. ministry capacity efforts to date have included some but not all of these components. For example, agencies are working to better define roles and responsibilities for capacity development and to ensure that the overall goals of these efforts are clearly defined. However, U.S. ministry capacity development goals do not include priorities identified by the Iraqis for all ministries. In addition, U.S. agencies have developed tools to assess the capacity of the Iraqi ministries but have not developed performance measures to determine whether U.S. ministry capacity efforts are achieving results at civilian ministries. Further, agencies have not identified the future costs and resources needed or provided information on how current or requested resources will be targeted to achieve the desired end-state. Moreover, they should attempt to address and mitigate the risks associated with the four challenges identified above. The three agencies leading capacity development efforts, particularly the U.S.-run MNSTC-I, have developed some of these elements for their individual programs at the ministries but not as part of a unified strategy for overall U.S. efforts.

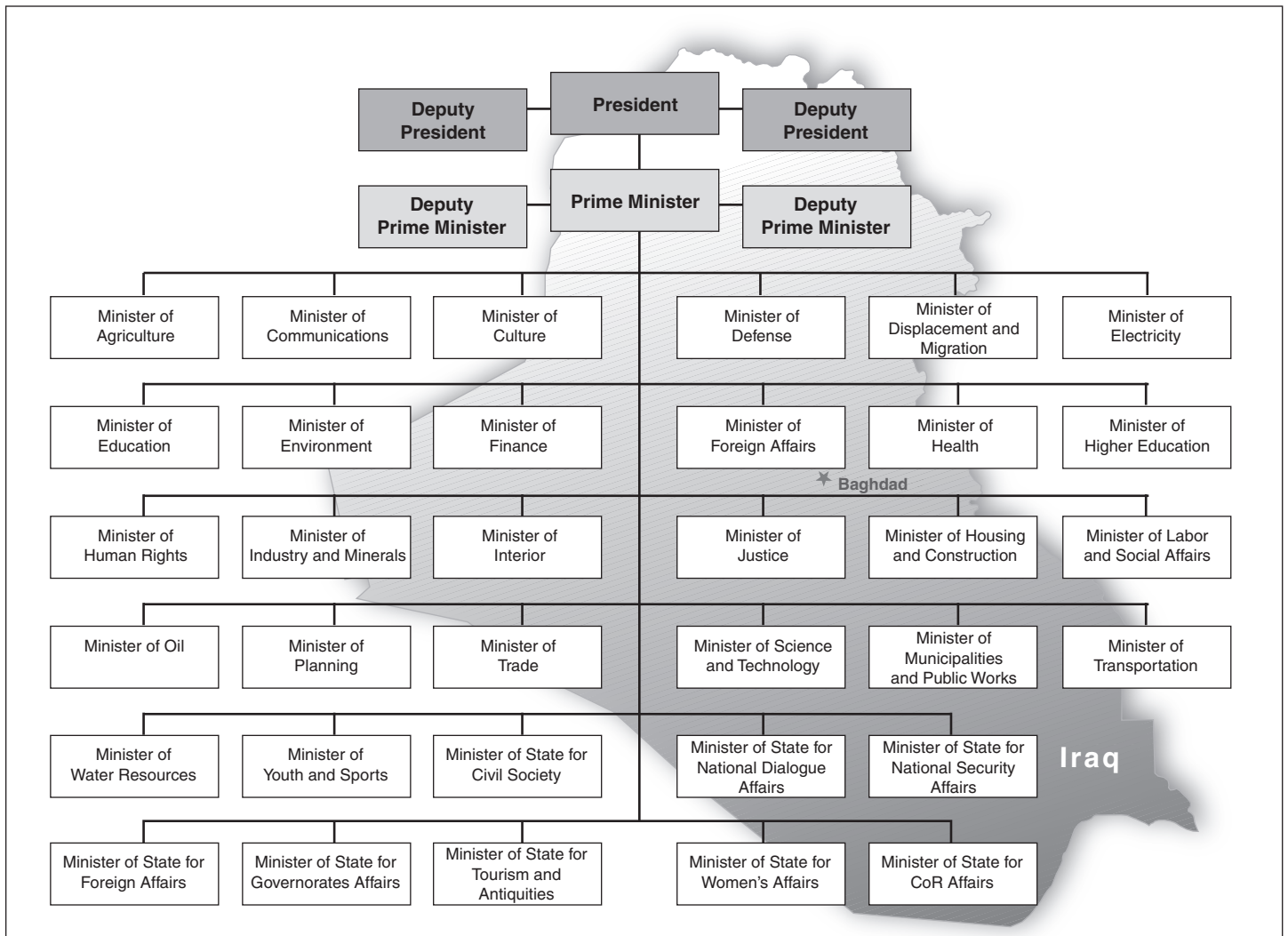
We recommend that State, in consultation with the Iraqi government, complete an overall integrated strategy for U.S. capacity development efforts in Iraq that, among other things, addresses the risks associated with these challenges and clarifies the roles and leadership responsibilities of those involved in the overall program. Moreover, given the absence of an integrated capacity development strategy, it is unclear how further appropriations of funding for ministry capacity development programs will contribute to the success of overall U.S. efforts in Iraq. Congress should consider conditioning future appropriations on the completion of a strategy incorporating these key components.

In commenting on a draft of this report, State noted (1) its concern over our recommendation to condition future appropriations for capacity development on the completion of a strategy; (2) the recent appointment of an ambassador to supervise all short- and medium-term capacity development programs; and (3) the need to tailor capacity development needs to each Iraqi organization. We do not recommend stopping U.S. investment in capacity development; the \$140 million in supplemental funding appropriated in fiscal year 2007 remains available for the agencies to continue their efforts. Rather, we recommend that Congress condition future funding on the development of an overall integrated strategy. We acknowledge that State named an ambassador to coordinate the Embassy's economic and assistance operations, including supervising civilian capacity development programs. However, this action occurred in July 2007, underscoring our point that U.S. capacity development efforts have lacked overall leadership and highlighting the need for an overall integrated strategy. Finally, our recommendation does not preclude U.S. agencies from tailoring capacity development efforts to meet each ministry's unique needs. A strategy ensures that a U.S.-funded program has consistent overall goals, clear leadership and roles, and assessed risks and vulnerabilities.

Background

The permanent national government of Iraq was established by a constitutional referendum in October 2005, followed by election of the first Council of Representatives (Parliament) in December 2005 and the selection of the first Prime Minister, Nuri Kamal al-Maliki, in May 2006. By mid-2006, the cabinet had been approved, and the government now has 34 ministries responsible for providing security and essential services including electricity, water, and education for the Iraqi people (see fig. 1).

Figure 1: Government of Iraq Executive Branch and Ministries



Sources: State Department and Map Resources (map).

Note: Ministry of Planning's full name is the Ministry of Planning and Development Cooperation.

The size of the ministries varies considerably in terms of staff numbers and budget. As of May 2007, the U.S. government ministry capacity development programs target 12 key ministries—10 civilian ministries are the focus of State and USAID programs, while the Ministries of Defense and Interior are targeted by DOD programs. These ministries contain 65 percent of the workforce and are responsible for 74 percent of the current budget (see table 1).

Table 1: Estimated Staff Numbers and 2007 Annual Budget for Key Iraqi Ministries

Key Ministries	Staff^a	Staff as percentage	2007 budget (dollars in millions)	Budget as percentage
Finance	9,802	<1	\$14,436 ^b	35
Interior	408,001	20	3,183	8
Defense	200,001	10	4,141	10
Health	151,143	7	1,818	4
Education	514,644 ^c	25	1,821	4
Agriculture	10,139	<1	108	<1
Water Resources	17,149	<1	353	1
Planning	1,825	<1	210	1
Oil	75,000 ^d	3	2,451	6
Electricity	84,000 ^e	4	1,474	4
Justice	16,319	<1	125	<1
Municipalities and Public Works	2,763	<1	370	1
Subtotal—Key ministries	1,491,000	67	30,490	74
Other ministries and entities	727,000 ^f	33	10,564	26
Total	2,218,000	100	\$41,054	100

Sources: Iraq National Budget 2007 and State Department Data.

Notes:

Numbers of employees are rounded to the nearest thousand.

^aStaff numbers include ministry estimates of funded staff positions. A census of ministry employees, required by the IMF Standby Agreement, has yet to be completed.

^bMinistry operations account for about 1 percent of this figure. The remainder is for general activities of the state, including food basket distribution, welfare, and pensions.

^cThis figure includes schoolteachers employed by the national government.

^dState estimate as of September 2007. This figure includes the employees of 15 publicly funded but independently operated oil companies.

^eState estimate as of September 2007.

^fThis figure includes staff at all other ministries and employees at the National Assembly, the Ministry Council, the President's Office, the Supreme Justice Council, and the national ministry staff located at the provincial level.

According to U.S., international, and Coalition Provisional Authority (CPA) assessments and officials, years of neglect, a highly centralized decision-making system under the former regime, and looting in 2003 decimated Iraq's government ministries. To address this problem, multiple

U.S. agencies have conducted capacity development efforts at individual Iraqi ministries since 2003.⁵

U.S. Efforts to Build Capacity of the Iraqi Government Lack Unified Direction

The implementation of U.S. efforts to help build the capacity of the Iraqi national government over the past 4 years has been characterized by (1) multiple U.S. agencies leading individual efforts without overarching direction from a lead entity or strategic approach that integrates their efforts with Iraqi government priorities and (2) shifting timeframes and priorities in response to deteriorating security and U.S. embassy reorganization. State, through the U.S. Embassy Baghdad's Iraq Reconstruction Management Office (IRMO)⁶ began implementing a number of 1-year projects intended to jump start capacity development in 2006 at the 10 civilian ministries designated as key to enabling the Iraqi government to sustain its reconstruction and deliver essential services to the Iraqi people. It also targeted other national level organizations, including the Prime Minister's office and anticorruption entities. USAID focused primarily on implementing a medium-term effort to improve the public administration capabilities of the Iraqi government. DOD conducted relatively intensive capacity development efforts at the ministries of Defense and Interior. However, the lack of a lead entity to provide direction and an overall plan contributed to the three agencies developing separate metrics to assess and track the capacity levels of ministry functions common to all ministries and blurred the distinction between the efforts of USAID and IRMO. Since January 2007, moreover, capacity development efforts have been subject to changes in focus, agency roles, and organization, with the U.S. embassy and MNF-I seeking immediate improvements in ministry performance and results in areas such as budget execution.

⁵In November 2003, Congress passed legislation encouraging U.S. organizations receiving U.S. reconstruction funds to provide significant financial resources, technical assistance and capacity building to counterpart organizations led by Iraqis. See *Emergency Supplemental Appropriations Act for Defense and Reconstruction of Iraq and Afghanistan* (P.L. 108-106).

⁶IRMO was a temporary organization established by National Security Presidential Directive 36 in May 2004 to facilitate the transition of reconstruction efforts in Iraq.

State, USAID, and DOD Lead Individual Efforts without Overall Direction

No single agency is in charge of leading and providing overall direction for U.S. ministry capacity development efforts. As of May 2007, six U.S. agencies were implementing about 53 projects at individual ministries and other national Iraqi agencies.⁷ State, USAID, and DOD are leading the largest number of programs with funding allocations totaling about \$169 million at individual ministries and other national Iraqi government agencies.⁸ As of May 1, 2007, about 384 U.S. military, government, and contractor staff from these 3 agencies were working with the ministries and were implementing or completing capacity development projects.

State advisory teams led by the embassy's senior consultants were assisting capacity development efforts at the 10 key civilian ministries—the Ministries of Oil, Electricity, Planning, Water, Health, Finance, Justice, Municipalities and Public Works, Agriculture, and Education. These teams, ranging in size from 20 positions for the Ministry of Oil and 18 each for the Ministries of Finance and Electricity to 3 for the Ministry of Agriculture, typically interact with the minister, deputy minister, or department director levels, according to State officials.⁹ State also leads efforts to strengthen the capacity of three national Iraqi anticorruption entities—the Commission for Public Integrity (CPI), the Board of Supreme Audit (BSA), and the government's 29 ministerial Inspectors General.

As of early May 2007, State, through IRMO and its successor organizations in the Baghdad embassy, had 23 capacity development projects worth over

⁷One of these agencies, the Gulf Region Division (GRD) of the U.S. Army Corps of Engineers, provides technical assistance to help Iraqi ministries manage and operate Iraqi infrastructure. GRD reported in October 2006 that it worked with 9 ministries on infrastructure project training and sustainment issues and had allocated \$60 million in fiscal year 2006 funds for project-level technical training and capacity development activities at 5 ministries. In April 2007, IRMO reported that GRD was conducting 22 projects related to project-level technical, management, and sustainment training. Other embassy offices, which include personnel from the Departments of Treasury and Justice, also contribute to State's ministry capacity development efforts.

⁸About \$165 million of this funding was for capacity development projects initiated in 2006. One DOD contract for about \$4 million provided specialized training for Ministry of Defense officials beginning in 2005.

⁹State had additional advisory teams working with the Ministries of Transportation, Communications, and Interior. The latter is under operational control of MNSTC-I.

\$50 million completed, contracted, or under way.¹⁰ These projects ranged from supplying and installing news media equipment in the prime minister's press center to providing subject matter experts to mentor, train, and assist Iraqi staff in their areas of expertise in the Ministries of Water and Electricity.¹¹ See Appendix II for the list of State-led capacity development projects.

USAID conducts a number of ministry capacity development efforts, primarily through its 3-year contract with Management Systems International, Inc. (MSI). For example, MSI's Arabic-speaking staff provide public administration training and other support to the Ministry of Planning's National Center for Consultancy and Management Development (NCCMD) and other regional civil service training centers, using a "train the trainer" approach. MSI has additional advisors working with the Council of Minister's Secretariat and six ministries, to create, among other things, capacity development plans that will guide the development of public administration skills within the ministries.¹² In addition to these medium-term projects, MSI trainers have supported USAID and embassy efforts to achieve more immediate improvements in ministry budgeting and procurement performance.

As of June 2007, MSI had 34 international staff providing training to Iraqi government staff, according to a USAID official. USAID reported that MSI was also working with the Ministry of Planning to develop a pilot self-assessment process for possible future use by other ministries to identify their own capacity development needs and priorities. By July 2007, USAID reported that 855 Iraqi national government employees, including staff from all 10 key civilian ministries and the Ministry of Interior (MOI), had attended MSI-sponsored courses at Iraqi government training centers. They had been instructed in, among other things, budgeting, procurement, leadership and communications, information management, and anticorruption policies. Officials from three other ministries, the Prime

¹⁰Until early May 2007, the U.S. embassy's Iraq Reconstruction Management Office (IRMO) led State's capacity development efforts. On May 8, 2007, the Iraq Transition Assistance Office (ITAO) replaced IRMO as the manager of these projects. According to an embassy official, responsibility for some of IRMO's other capacity development functions were transferred to other embassy offices.

¹¹The United Kingdom's Department for International Development is implementing two additional projects.

¹²As of June 2007, the six ministries are Health, Electricity, Oil, Agriculture, Water Resources, and Municipalities and Public Works.

Minister's Office and the Council of Ministers' Secretariat were also attending MSI courses.

USAID also has had a governance program contract with BearingPoint since 2003, which includes a project worth about \$8 million to implement the system and train government staff on the use of an electronic ledger to record government payment and revenue transactions called the Financial Management Information System (FMIS). FMIS is intended to serve as the primary financial transaction system for the entire Iraqi government. According to USAID and BearingPoint officials, BearingPoint's Iraq staff had trained approximately 500 Iraqi government employees, as of February 2007, on how to use FMIS.¹³

The coalition's Multinational Security Transition Command-Iraq (MNSTC-I) is leading a substantial effort to develop the capacity of the two security ministries. As of March 2007, the U.S.-led coalition had assigned 215 military, civilian, and contracting personnel to the Ministry of Defense (MOD) and MOI to advise Iraqi staff about establishing plans and policies, budgeting, and managing personnel and logistics, among other things. According to MNSTC-I advisors, they work with their Iraqi counterparts on a daily basis to develop policies, plans, and procedures. For example, a senior advisor to the joint staff worked with MOD staff to develop the counterinsurgency strategy. He provided them with a planning template, reviewed their work, and suggested they add details such as the source of the threat, the risk level, and the forces required to counter threats. The advisors are embedded with MOD staff from a number of offices, including Plans and Policies and the Iraqi Joint Staff. According to the senior U.S. budget advisor at MOD, he and his team work directly with the budget director and his staff to prepare budget spreadsheets and ensure that the departments justify their funding requests.

MNSTC-I advisors were also working with Iraqi officials at MOI at all levels in the ministry, although they are not embedded in the ministry to the same degree as MNSTC-I's MOD advisors. Among other efforts, these advisors are helping MOI develop processes for vetting Iraqi security forces, including collecting and storing biometric data; establishing an identification card system; and establishing a personnel management

¹³In addition, two of State's capacity development projects on budget preparation and procurement include training staff on the use of FMIS in the Ministries of Planning, Finance, and other ministries. The system is also referred to as the Iraqi Financial Management Information System (IFMIS).

database that will house inventory, payroll, human resource, financial, and budget data. Table 2 provides additional details on State, USAID, and DOD efforts.

Table 2: Key U.S. Capacity Development Efforts as of Mid-2007

Dollars in millions

Agency	U.S. advisory staff	Funding ^a	Description of key efforts	Examples of programs
State/ IRMO	135 ^b	\$61.5	<p>Implement and coordinate ongoing 1-year capacity development projects at key civilian ministries, the Prime Minister's Office, and anticorruption institutions.</p> <p>Coordinate with other U.S. agencies, international organizations, and Iraqi government.</p> <p>Provide senior consultants and advisory teams to give technical and policy advice and to assist key civilian ministries and other national organizations in the development of</p> <ul style="list-style-type: none"> • budget planning and contracting skills; • policies, procedures, and regulations; and • information technology. 	<ul style="list-style-type: none"> • Build a press office for the Prime Minister's Office; • Develop financial information systems; • Provide international consultants and subject matter experts to mentor, train and assist Iraqi staff in their areas of expertise, and advise ministries on a range of public administration functions, including legal and regulatory reforms, developing planning documents, and business practices; • Design and conduct training for ministries, including <ul style="list-style-type: none"> • international water law and treaties, • Iraqi budget law and procedures, and • English language.
USAID/MSI	34 ^c	\$65	<p>Reestablish and update government civil service training institutes.</p> <p>Help ministries identify capacity needs and create plan to meet them.</p> <p>Conduct budgeting and procurement courses for ministry managers.</p>	<ul style="list-style-type: none"> • Develop and implement training on core public administration functions for ministry staff, including procurement and budgeting. • Public management advisors and teams of experts assist ministry staff with identified capacity development needs. • Train Iraqi instructors to teach ministry staff how to conduct capacity development assessments. • Scholarship program to study public administration.

Dollars in millions

Agency	U.S. advisory staff	Funding ^a	Description of key efforts	Examples of programs
DOD/MNSTC-I	215	\$43 ^d	Embedded U.S. and coalition military and civilian advisors work with Iraqi staff to build skills in planning, budgeting, personnel, and contracting.	Assist the Ministries of Defense and Interior <ul style="list-style-type: none"> • implement personnel management databases, • develop vetting processes for security forces, • develop a counter-insurgency strategy.

Source: GAO analysis of State, USAID, and DOD data.

^aFunding as of the end of calendar year 2006. Funding for State/IRMO and USAID includes fiscal year 2004 Iraq Relief and Reconstruction Funds (IRRF2) provided in the Emergency Supplemental Appropriations Act for Defense and for the Reconstruction of Iraq and Afghanistan and fiscal year 2006 emergency supplemental funds provided in the Emergency Supplemental Appropriations Act for Defense, the Global War on Terror and Hurricane Recovery, 2006 (P.L. 109-234).

^bThe total number includes senior and deputy IRMO consultants, other U.S. government staff, and U.S. and other expatriate contract personnel working with or for the advisors, and translators. The total includes advisory team staff positions vacant as of May 1, 2007.

^cInternational professional staff under contract with Management Systems International, Inc. (MSI) as of mid-June 2007, according to a USAID official. Forty Iraqis are also under contract with MSI.

^dFunded from IRRF2 and from the Iraq Security Forces Fund (ISFF), fiscal year 2005 emergency supplemental (P.L. 109-13, H.R. 1268/H.Rept.109-72) through two contracts with Military Professional Resources, Inc. (MPRI).

Two factors help explain the lack of overall direction and a lead agency for U.S. capacity-development efforts. First, from their inception in 2003, U.S. efforts evolved without a plan for capacity development or the designation of a lead entity. Instead, U.S. agencies individually provided assistance to four successive governments in response to immediate needs, according to former CPA officials and senior advisors.¹⁴ In 2003, for example, the first programs at the ministries were initiated by the CPA's senior advisors, who ran the ministries using U.S. funds and made personnel and budgetary decisions.¹⁵ According to State and former CPA officials, each senior advisor operated their ministries without an overall plan or overarching

¹⁴The four governments are the Coalition Provisional Authority (April 2003 to June 2004); the interim government (June 2004 to May 2005); the transitional government (May 2005 to May 2006); and the permanent government (May 2006 to the present).

¹⁵CPA allocated more than \$10.5 billion for operations and operating expenses of Iraq's government ministries by the end of April 2004, including about \$1.2 billion in U.S. funds. See GAO, *Rebuilding Iraq: Resource, Security, Governance, Essential Services, and Oversight Issues*, [GAO-04-902R](#) (Washington, D.C.: June 28, 2004).

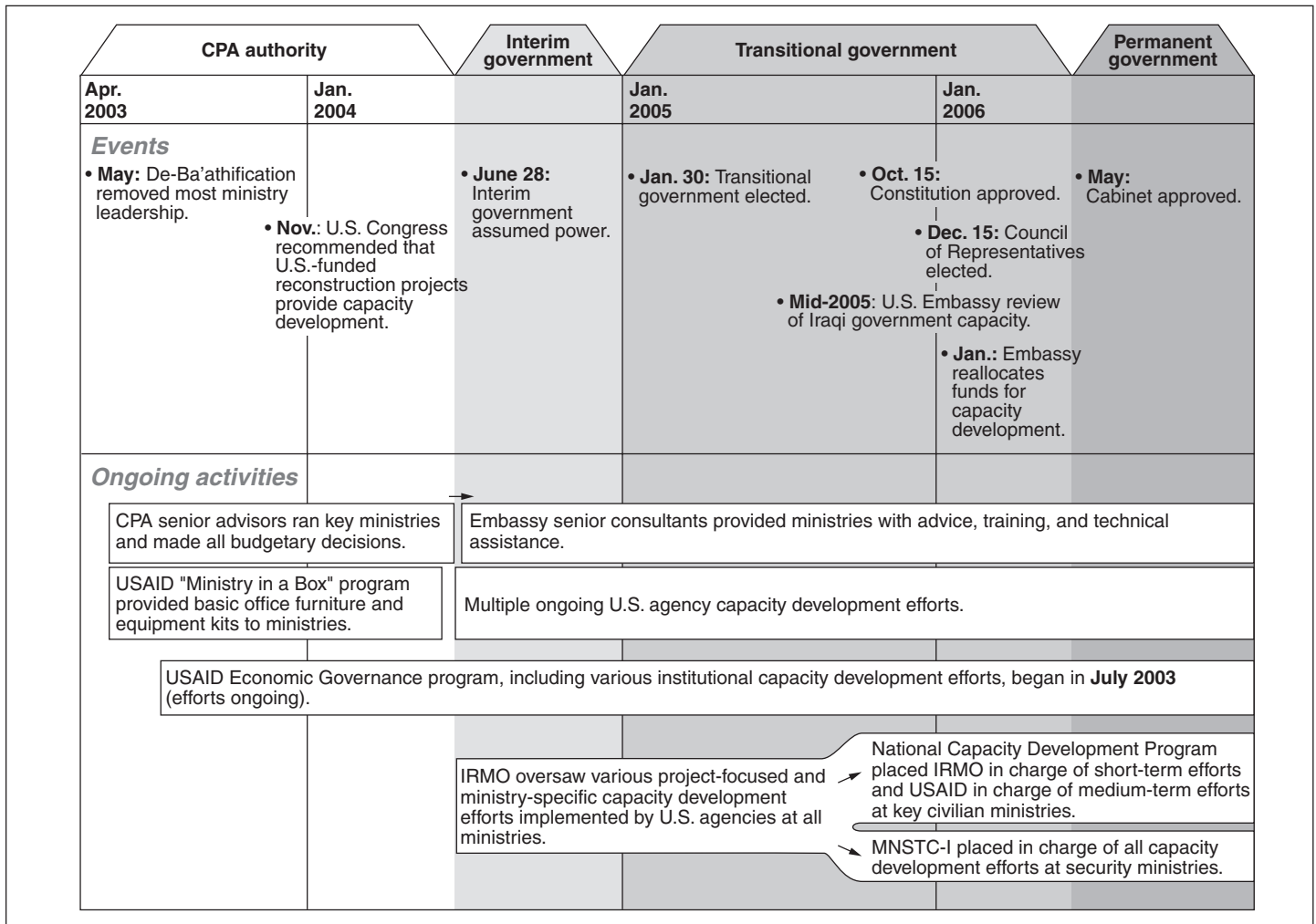
guidance; efforts to create an overall plan in late 2003 were dropped after the United States decided to transfer control of the ministries to a sovereign Iraq by mid-2004.

In May 2004, the President issued National Security Presidential Directive 36, which delineated State and DOD responsibilities for the U.S. effort in Iraq. The directive made State, through Embassy Baghdad, responsible for all U.S. civilian activities in Iraq, but gave DOD's Central Command (CENTCOM) responsibility for security and military operations. However, the directive indicated that, at an appropriate time, overall leadership for all U.S. efforts to support the organizing, training, and equipping of Iraqi security forces would be transferred to a security assistance organization under State's authority.

A second factor has been the delay in acting on recommendations from a 2005 State assessment of U.S. efforts in Iraq. That assessment reported that an integrated approach was essential for the success of U.S. efforts in Iraq. The assessment noted that programs had been implemented in an uncoordinated and sometimes overlapping fashion and that their efforts had been fragmented, duplicative, and disorganized. In addition, this implementation had taken place without a clear understanding of the programs' objectives or their contribution to the larger goal of transferring responsibility for reconstruction to the Iraqi government, according to USAID officials. Embassy documents and officials also stressed that the success of the program required the Iraqi government to take ownership of the capacity development effort. The assessment recommended a unified effort among State, DOD, and USAID, with the latter ultimately providing overall coordination and leadership.

In late 2005, the U.S. mission initiated the National Capacity Development Program to address these concerns. However, instead of placing one agency in charge, the program divided responsibilities for capacity development among State, DOD, and USAID, with IRMO providing coordination. In particular, responsibility for building the capacity of MOI and MOD was given to the Multinational Security Transition Command-Iraq (MNSTC-I), which had previously taken action to advise and strengthen the MOI and help rebuild the MOD from scratch after the coalition disbanded it in 2003. Figure 2 illustrates the evolution of U.S. efforts to develop the Iraqi government over four successive governments.

Figure 2: Key U.S. Efforts to Improve Ministerial Capacity, 2003 to Mid-2006



Sources: GAO analysis of relevant documents and interviews with U.S. government officials.

Since early 2007, the U.S. mission has made efforts to improve coordination among State, USAID, and DOD, such as the creation of the Joint Task Force on Capacity Development, the increased emphasis on efforts to help stabilize Iraq in the New Way Forward Strategy, and the creation of a joint State-DOD-USAID procurement action program to help the Iraqi government better execute its budgets. Nonetheless, the lack of a lead entity to provide direction and an overall plan contributes to the following issues:

-
- The agencies have developed separate sets of metrics. State, USAID, and DOD participated in an effort in late 2005 to develop a common set of metrics to measure the capacity of 10 key civilian and the 2 security ministries. The agencies completed an initial draft assessment and, according to USAID officials, planned to conduct a comprehensive survey to regularly track progress. However, this effort was abandoned, according to State and USAID officials, and State and DOD developed their own metrics. In mid-2006, MNF-I began monthly assessments of the capacity of the security ministries to perform nine key functions, such as planning, logistics, and budgeting. IRMO completed a baseline assessment of the key civilian ministries in August 2006, using a new, more detailed ministry capacity assessment that gauges a similar list of nine core functions, including the ministries' ability to plan, budget, and stem corruption. IRMO officials stated that they intended to update this assessment quarterly to gauge Iraqi progress in developing this capacity. However, State officials noted that questions about the usefulness of this assessment delayed efforts to update it prior to the IRMO's termination in May 2007, and the embassy subsequently dropped plans to continue this effort in July 2007.
 - The distinction between the efforts of USAID and IRMO became blurred. IRMO began implementing short-term efforts to jump start capacity development in 2006 using reallocated money from the fiscal year 2004 Iraq Relief and Reconstruction Fund (IRRF2) and the fiscal year 2006 emergency supplemental fund. In the meantime, USAID identified longer-term capacity development needs and beginning in 2007 helped the Iraqi ministries devise a strategic plan to meet their capacity development needs, according to a USAID official. Most of State's short-term efforts did not begin until the end of October 2006, after USAID began its capacity development programs under its medium-term contract, because of delays in the formation of the Iraqi government and in receiving fiscal year 2006 funding. Moreover, USAID officials stated that they began implementing a number of short-term efforts earlier than originally planned to address more immediate shortfalls in the Iraqi government's capacity to plan and execute ministry budgets.

U.S. Capacity Development Program Refocused and Reorganized in 2007

Since January 2007, the emphasis of U.S. capacity development efforts has shifted in response to continued security problems and the reorganization of the embassy's reconstruction and assistance offices. The President's January 2007 strategic review called upon the United States and the coalition to "refocus efforts to help the Iraqis build capacity in areas vital to the success of the government" during the 2007 surge of additional U.S.

forces into Baghdad and Iraq. Moreover, according to embassy officials, the new commander of MNF-I placed greater emphasis on ways to help the Iraqi government immediately demonstrate that it can perform key functions to help stabilize Iraq and deliver essential services. Finally, the expiration of IRMO has diffused responsibility for conducting and overseeing the capacity development program.

In early 2007, the U.S. mission refocused their capacity development efforts as part of the surge strategy associated with the President's New Way Forward proposal. Rather than focusing on 12 civilian and security ministries, IRMO and MNSTC-I began targeting vital functions requiring more immediate improvement—such as budget execution, procurement and contracting—at 6 ministries (MOI, MOD, Planning, Finance, Oil, and Electricity), plus the Prime Minister's office and the Council of Ministers' Secretariat. Furthermore, USAID's contracted trainers at the Iraqi government's NCCMD also attempted to address more immediate government needs by directly training middle- and upper-level ministry staff. In May 2007, the U.S. embassy established a procurement assistance program at the Ministry of Planning to address pressing procurement problems, assisted by a DOD-provided team of U.S. civilian procurement and contracting officials and Iraqi contractors.¹⁶ By June 2007, the U.S. embassy had identified efforts that could improve ministry performance by September 2007.

The U.S. government's efforts also have been affected by recent changes in the leadership and organization of the U.S. mission in Iraq. In February, the embassy created a new office of the Coordinator for Economic Transition in Iraq (CETI) to work with the deputy prime minister and other senior officials to improve budget execution and to coordinate U.S. capacity development efforts to improve ministry performance immediately. In addition, on May 8, 2007, the Iraq Transition Assistance Office (ITAO) succeeded IRMO. According to an embassy official, many of IRMO's senior consultants now report directly to other embassy offices or working groups, while ITAO coordinates senior consultants at four ministries delivering essential services (Oil, Water, Electricity, and Communications). This official also noted that ITAO is not expected to

¹⁶MNF-I made an attempt to provide coalition budget assistance teams directly to civilian ministries early in 2007. According to U.S. embassy officials, this effort has yet to be initiated because concerns were raised about the political sensitivities associated with coalition military personnel working in civilian ministries.

manage any additional capacity development projects.¹⁷ In July, the U.S. government appointed an ambassador to oversee the embassy's economic and assistance operations. This includes responsibility for supervising and coordinating all U.S. short and medium-term capacity development programs except for the training and security functions of MNSTC-I at the Ministries of Defense and Interior, and the Rule of Law Coordinator's Office (which provides capacity development training for justice and law enforcement functions). State noted that he now oversees USAID, ITAO, and attachés from the Departments of Treasury, Energy, Agriculture, Health, Commerce and the embassy's economic section.

Low Capacity of Iraq Ministries and Other Challenges Pose Risks to the U.S. Ministry Capacity Development Program

U.S. efforts to develop Iraqi ministerial capacity face four key challenges that pose a risk to their success and long-term sustainability. First, Iraqi ministries have significant shortages of personnel who can formulate budgets, procure goods and services, and perform other vital ministry tasks. Second, Iraqi efforts to build a professional and nonpartisan civil service are complicated by partisan influence over the leadership and staffing of the ministries and infiltration by sectarian militias or political parties hostile to the U.S. government. Third, although the Iraqi government has taken measures to improve the capacity of its anti-corruption entities with U.S. assistance, pervasive corruption impedes the effectiveness of U.S. efforts to develop ministry capacity. Fourth, numerous U.S. and coalition officials stated that the security situation remains a major obstacle to their efforts to help the Iraqis develop capacity in areas vital to the government's success.

Iraq Ministries' Lack of Trained Personnel Hinders Capacity Development

Iraqi government institutions suffer from significant shortages of competent personnel with the skills to perform the vital tasks necessary to provide security and deliver essential services to the Iraqi people. According to State, CPA, and other U.S. government reports and officials, Iraq's governing capacity has suffered from years of centralized control that led to the decay of core functions, such as strategic and policy planning, financial management, information technology, and human resources management. In neglecting the civil service for almost 30 years,

¹⁷IRMO documents and officials noted that IRMO's Office of Accountability and Transparency (OAT) had been expected to manage a number of new anticorruption capacity development efforts to be funded with fiscal year 2007 supplemental funding. However, according to State documents, OAT now reports to the embassy's Rule of Law Coordinator and USAID will manage these anticorruption efforts.

the central government fostered poor management practices through incompetent staffing and leadership. Moreover, in 2003, the CPA removed Ba'athist party leaders from government and provided for the investigation and removal of even junior party members from upper-level management in government, universities, and hospitals. As a result, most of Iraq's technocratic class was pushed out of government, according to the Iraq Study Group report.¹⁸ In 2005, a U.S. embassy document noted that the ministries lacked skilled mid-level managers who could make decisions.

The dearth of skilled personnel complicated U.S. and international efforts to engage Iraqis in capacity development efforts, according to a number of State, DOD, USAID and international officials. On the other hand, the coalition's involvement in their budgeting and procurement processes may have hindered the ministries' capacity to improve their own procurement and contracting systems and perform other vital services, according to MNSTC-I and embassy officials. A September 2006 U.S. embassy assessment¹⁹ noted that the government had significant human resource shortfalls in most key civilian ministries. The majority of staff at all but one of the ministries surveyed were inadequately trained for their positions and a quarter of them relied heavily on foreign support to compensate for their human and capital resource shortfalls.²⁰ According to a senior IRMO advisor, the Minister of Planning had only one of the three deputies he needed and did not delegate authority or tasks because the ministry lacked skilled staff. This lack of trained staff made it difficult for coalition personnel to find ministry staff to work on capacity development. For example, officials from USAID and its implementing partner for capacity development stated that one of the key challenges to their program's success was the small pool of Iraqi government employees from which to draw willing or qualified participants. Moreover, UN officials stated that one key ministry had few staff available with whom to meet when they visited. Furthermore, U.S. advisors in the defense ministry stated that most Iraqi staff lacked basic computer and information

¹⁸GAO, *Securing, Stabilizing, and Rebuilding Iraq: Iraqi Government Has Not Met Most Legislative, Security, and Economic Benchmarks*, GAO-07-1195 (Washington, D.C.: Sept. 4, 2007).

¹⁹IRMO, *Baseline Assessment of Core Functions at Key Civilian Ministries*, (September 2006).

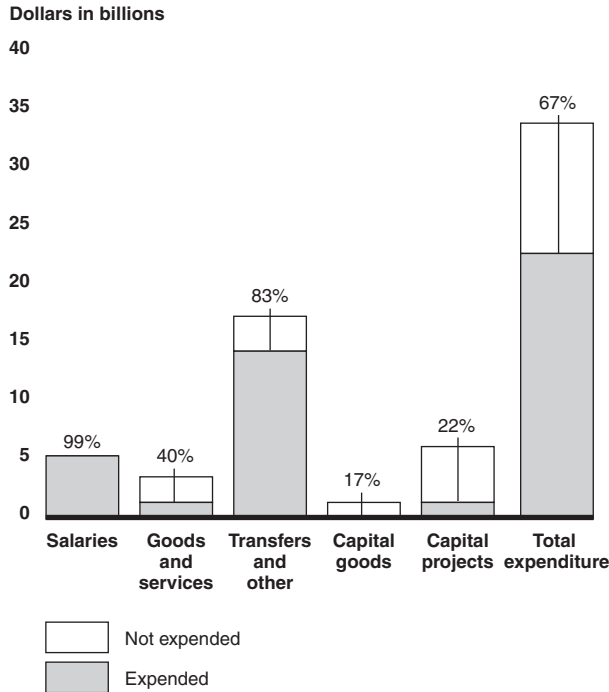
²⁰Moreover, these ministries are not necessarily understaffed in terms of numbers. For example, the same survey indicated that two thirds of the ministries were overstaffed.

technology skills and often avoided making decisions by referring problems to higher levels.

The lack of trained staff has particularly hindered the ability of the key government ministries to develop and execute budgets. U.S. and international officials noted that the lack of competent staff contributed to poor budget execution rates among some of the key civilian ministries. While a U.S. Treasury assessment reported that 8 of 12 key ministries had spent more than half of their 2006 budgets by the end of December 2006, the entire national government had executed just 17 percent of its projected 2006 capital goods expenditures by the end of the year (see fig. 3).²¹

²¹The survey included budget performance figures for 28 ministries, the National Assembly, the President's Office and Council of Ministers, the Board of Supreme Audit, the Council of Judges, and the Kurdish region.

Figure 3: Government of Iraq Budget and Actual Expenditures for January to December 2006



Source: GAO analysis of government of Iraq budget data as reported by the U.S. Treasury.

Notes: The percentage represents actual expenditures as a percentage of the budget for the indicated category.

Transfers include \$2 billion provided to the provinces.

The Ministry of Finance transferred \$2 billion in funds to the provinces in 2006 but these monies were not recorded as being expended.

The Ministries of Defense and Interior established foreign military sales accounts of \$1.55 billion and \$0.169 billion, respectively, to purchase goods, services, and capital goods. If the budget expenditure figures were restated to include foreign military sales (FMS) figures, then total spending would increase to \$26.5 billion or 78 percent of the budget. Similarly, the unexpended budget surplus would be reduced from \$11.2 billion to \$7.5 billion.

U.S. and coalition officials noted that the inability of the Iraqi government to execute its budget jeopardized the U.S. transition strategy and capacity development objectives and prompted U.S. officials to bypass ineffective Iraqi government procurement systems in order to procure equipment and supplies more quickly. In December 2006, U.S. advisors began assisting the

Ministries of Defense and Interior in procuring needed equipment for their security forces from the United States through the foreign military sales (FMS) program.²² While available data from the government of Iraq and analysis from U.S. and coalition officials show that spending has increased compared with spending in 2006, a September 2007 GAO report noted that a large portion of Iraq's \$10 billion capital projects and reconstruction budget in fiscal year 2007 will likely go unspent.²³

Iraqi Ministries Are Affected by Partisan Influence and Militia Infiltration

Iraq's government confronts significant challenges in staffing a professional and nonpartisan civil service and addressing militia infiltration of key ministries. Moreover, U.S. officials noted that affected ministries are less responsive to U.S. government capacity development efforts. A DOD report notes that many Iraqi ministry staff were selected because of their partisan affiliation.²⁴ We further reported in January 2007 that the Iraqi civil service remains hampered by staff whose political and sectarian loyalties jeopardize the civilian ministries' ability to provide basic services and build credibility among Iraqi citizens, according to U.S. government reports and international assessments.²⁵ The DOD report further stated that government ministries and budgets are sources of power for political parties, staff ministry positions rewarded to party cronies for political loyalty. According to U.S. officials, this use of patronage can hinder capacity development because it leads to instability in the civil service as many staff are replaced whenever the government changes or a new minister is named. As of early August 2007, for example, 15 of the 37 Iraqi cabinet members had withdrawn from Prime Minister Maliki's government. Six Sadrist ministers announced their resignation as

²²Under FMS, the U.S. government agrees to sell or lease defense articles or services (including training) to countries or international organizations only if the President, in accordance with the Arms Export Control Act, as amended, determines that the country or organization is eligible. The articles or services usually come from DOD stocks or through purchase under DOD-managed contracts. The President determined that Iraq was eligible to participate in the FMS program on July 21, 2004.

²³GAO, *Securing, Stabilizing, and Rebuilding Iraq: Iraqi Government Has Not Met Most Legislative, Security, and Economic Benchmarks*, [GAO-07-1195](#) (Washington, D.C.: Sept. 4, 2007).

²⁴DOD, *Measuring Stability and Security in Iraq: Report to Congress in Accordance with The Department of Defense Appropriations Act 2007, Section 9010, Public Law 109-289* (Washington, D.C., November 2006).

²⁵GAO, *Securing, Stabilizing, and Rebuilding Iraq: Key Issues for Congressional Oversight*, [GAO-07-308SP](#) (Washington, D.C.: Jan. 9, 2007).

a protest against the continued presence of coalition forces in April 2007, and five of their seats remain vacant as of August 2007. In early August, six Sunni ministers resigned and three additional ministers announced they would boycott cabinet meetings.

Some Iraqi ministries under the authority of political parties hostile to U.S. goals use their positions to pursue partisan agendas that conflict with the goal of building a government that represents all ethnic groups. Moreover, U.S. military advisors to one of the security ministries note that Iraqi intelligence organizations are particularly hindered by infiltration because their officials believe they cannot execute intelligence operations for fear of betrayal by their colleagues. For instance, DOD reports that militia influence affects every component of the Ministry of Interior. In particular the Ministry has been infiltrated by members of the Supreme Islamic Council of Iraq²⁶ or its Badr Organization and Muqtada al-Sadr's Mahdi Army. The Mahdi Army often operates under the authority or approval of Iraqi police to detain, torture, and kill Sunni civilians. Until late April 2007, the Ministries of Agriculture, Health, Civil Society, Transportation, Governorate Affairs, and Tourism were led by ministers loyal to al-Sadr, who provided limited access to U.S. officials. U.S. embassy officials noted that the effectiveness of U.S. programs is hampered by the presence of unresponsive or anti-U.S. officials.

Several U.S. embassy officials noted that one of the key ministries targeted by U.S. capacity development and budget execution efforts was particularly unresponsive to U.S. efforts to reform and improve its processes. For example, a USAID official stated that no staff from this ministry had attended USAID-sponsored budgeting, procurement, and other public management training at the National Training Center as of February 2007. Furthermore, while a senior U.S. advisor noted his frequent contacts with this minister, he is affiliated with the Supreme Council for Islamic Revolution in Iraq and his level of cooperation with U.S. capacity development efforts remains limited.

²⁶This organization changed its name from Supreme Council for Islamic Revolution in Iraq in May 2007.

U.S. and Iraqi Efforts to Address Impact of Pervasive Government Corruption on Capacity Development Programs Yielding Mixed Results

According to a State document, widespread corruption undermines efforts to develop the government's capacity by robbing it of needed resources, some of which are used to fund the insurgency; by eroding popular faith in democratic institutions seen to be run by corrupt political elites; and by spurring capital flight and reducing economic growth. In addition, an IRMO document noted that corruption is affecting the ability of critical ministries to deliver essential services. According to an IRMO assessment, one-third of the civilian ministries surveyed had a problem with "ghost employees" (i.e., nonexistent staff listed on the payroll).

In addition, the procedures to counter corruption adopted at all but one of the civilian ministries surveyed were either assessed as only partly effective or ineffective. Similar problems existed in the security ministries, according to two 2007 DOD reports.²⁷

Efforts to help the Iraqi government develop the capacity of its anticorruption entities have had mixed results. On the one hand, the government has made progress in developing its three main anticorruption bodies—the Commission for Public Integrity (CPI), the Board of Supreme Audit (BSA), and the inspector generals assigned to each ministry. According to U.S. officials, the government also has made progress developing the courts necessary to investigate and prosecute government corruption with the assistance of the U.S. government and its coalition and international partners.²⁸ Moreover, the Ministry of Finance approved funding to increase the number of inspector general staff at the Ministry of the Interior by 1,000 during 2007. The U.S. embassy also created the Office of Accountability and Transparency (OAT) to help the Iraqis develop a national anticorruption strategy, identify capacity development needs, and combat money laundering. It also helped the government initiate its Joint

²⁷DOD, *Measuring Stability and Security in Iraq: Report to Congress in Accordance with The Department of Defense Appropriations Act 2007, Section 9010, Public Law 109-289* (Washington, D.C., March 2007); and *Measuring Stability and Security in Iraq: Report to Congress in Accordance with The Department of Defense Appropriations Act 2007, Section 9010, Public Law 109-289* (Washington, D.C., June 2007).

²⁸CPI is an independent commission that, under Article 102 of the Iraqi Constitution, is subject to monitoring by the Council of Representatives (Parliament). While CPI staff do not have arrest powers, the commission investigates accusations of corruption and refers cases to the Central Criminal Court of Iraq established by CPA Order 13 in April 2004. BSA is an independent audit body under Section 103 of the Iraqi constitution. The offices of the inspector generals were established by CPA Order Number 57 and are responsible for conducting internal investigations within their ministries and can refer cases either to CPI or law enforcement agencies.

Anti-Corruption Council (JACC) in February 2007, which brings together the primary anticorruption entities under the leadership of the Prime Minister.²⁹

On the other hand, Iraq's anticorruption entities face challenges. For example, in October 2007, the head of Iraq's Commission for Public Integrity, testified that violence, intimidation, and personal attacks were a main obstacle to the Commission's work. He stated that 31 of his staff had been assassinated since the establishment of the Commission and some of the staff and their family members had been kidnapped or detained. Another challenge is the existing legal structure. According to the Special Inspector General for Iraq Reconstruction, Article 136(b) of Iraq's Criminal Code is a structured obstacle impeding Iraq's anti-corruption efforts. This provision allows any Iraqi minister to grant by fiat complete immunity from prosecution to any ministry employee accused of wrongdoing. The Inspector General also stated that an order issued by the Prime Minister this past spring requires Iraq law-enforcement authorities to obtain permission from the Prime Minister's Office before investigating current or former ministers.

Violence and Sectarian Strife Impede and Undermine Capacity Development Efforts

Numerous U.S. and coalition officials stated that the security situation remains a major obstacle to their efforts to help Iraqis develop capacity in areas vital to the government's success. The high level of violence hinders U.S. advisor access to their counterparts in the ministries, directly affects the ability of ministry employees to perform their work, and hinders the effectiveness of U.S. capacity development programs, according to these officials. State and USAID efforts are affected by the U.S. Embassy security restrictions imposed on their movement.³⁰ Embassy security rules limit, and in some cases bar, U.S. civilian advisors from visiting the ministries outside the Green Zone. For example, the senior IRMO finance advisor noted that that his team has regular access to the Finance Minister, who is located in the Green Zone. However, his team cannot visit the Ministry of Finance outside the Green Zone and has limited contact

²⁹Special Inspector General for Iraq, *Quarterly Report to Congress* (Washington, D.C., April 2007).

³⁰While USAID and MSI officials noted that MSI's Arabic speaking staff are based outside the Green Zone and have fewer constraints on their ability to conduct capacity development program activities, they stated that the security situation makes it difficult to implement projects and provide contract oversight.

with ministry officials. Moreover, efforts to complete the installation of the FMIS system stopped after a British BearingPoint contractor and his security team were kidnapped from the Ministry of Finance in May 2007. Nevertheless, according to a State cable, an embassy organizational and staffing review concluded in late May 2007 that the embassy's security rules were overly restrictive for embassy staff to perform their work, leading the ambassador to recommend the embassy adopt less restrictive military security standards.

The security situation also complicates the capacity development efforts of the MNSTC-I advisors to the security ministries. A U.S. MNSTC-I advisor noted that the MOI headquarters is 20 minutes from the Green Zone and is particularly unsafe because sectarian militias control different floors of the building and differ in the degree to which they are hostile to the coalition forces. As a result, U.S. advisors have to be accompanied by two armed U.S. guards while visiting their Iraqi counterparts and must leave certain offices and departments no later than 10 p.m. The MOD, which is in the Green Zone, is a comparatively safe work environment for the embedded DOD advisors.

International officials noted that about half of Iraqi government employees are absent from work daily; at some ministries, those who do show up only work between 2 to 3 hours a day for security reasons. U.S. and UN officials stated that, while the Ministry of Planning has a relatively skilled workforce, the security situation seriously hinders its ability to operate. These officials noted that 20 director generals (department heads or other senior officials) in the ministry have been kidnapped, murdered, or forced to leave the ministry in the 6 months prior to February 2007. One international official stated that violence is also affecting their effort to build capacity in the university system from which the government draws some of its expertise. She noted that about 360 university professors have been killed since 2003.

The violence is also contributing to a brain drain within the Iraqi ministries as staff join growing numbers of refugees and internally displaced persons. According to a UN report, between March 2003 and June 2007, about 2.2 million Iraqis left the country and 2 million were internally displaced. According to U.S. and international officials, the flow of refugees exacerbates Iraqi ministry capacity shortfalls because those fleeing tend to be disproportionately from the educated and professional classes, thereby reducing the pool of qualified personnel from which the ministries can recruit. For example, according to international officials, the Iraqi medical association estimated that half of Iraq's 34,000 registered doctors had left

the country by November 2006 and over 2,000 of the remainder had been killed. Moreover, a November 2006 UN report stated that it was estimated that at least 40 percent of Iraq's professional class had left since 2003. The exodus of employees from the ministries limits U.S. efforts to develop ministry capacity. One Iraqi official complained that the skilled personnel selected for international capacity development training were more prone to leave government employment.

United States Is Beginning to Develop a Strategy for Capacity Development Efforts

The U.S. government is just beginning to develop an overall strategy for its capacity development efforts. GAO's previous analyses of U.S. multiagency national strategies have found that an integrated strategy should include a clear purpose, scope, and methodology; delineation of U.S. roles, responsibilities, coordination, and integration; desired goals, objectives, and activities; performance measures; and a description of costs, resources needed, and risk.³¹ The three agencies leading capacity development efforts in Iraq, particularly MNSTC-I, have developed some of these elements for their individual programs at the ministries, but not as part of a unified strategy for all U.S. efforts.

United States Has Yet to Create a Strategy for Capacity Development Efforts

U.S. officials reported in January 2007 that the conditions and challenges facing U.S. capacity development efforts in Iraq have impeded a structured, traditional approach to capacity development. This makes it difficult to develop an overall strategy. Nonetheless, the need for an overarching capacity development strategy is clear given that the President has identified ministry capacity development as a key to the success in Iraq, has called for greater integration of U.S. civilian and military efforts to develop Iraqi government capacity, and has requested at least \$255 million in additional funding in fiscal year 2008 for these

³¹GAO has identified desirable characteristics of a national strategy and assessed the extent these characteristics were applied to other U.S. national strategies in previous reports. See GAO, *Combating Terrorism: Evaluation of Selected Characteristics in National Strategies Related to Terrorism*, [GAO-04-408T](#) (Washington, D.C.: Feb. 3, 2004); *Rebuilding Iraq: More Comprehensive National Strategy Needed to Help Achieve U.S. Goals*, [GAO-06-788](#) (Washington, D.C.: July 11, 2006); *Rebuilding Iraq: More Comprehensive National Strategy Needed to Help Achieve U.S. Goals and Overcome Challenges*, [GAO-06-953T](#) (Washington, D.C.: July 11, 2006); *Intellectual Property: Initial Observations on the STOP Initiative and U.S. Border Efforts to Reduce Piracy*, [GAO-06-1004T](#) (Washington, D.C.: July 26, 2006); and *Intellectual Property: Strategy for Targeting Organized Piracy (STOP) Requires Changes for Long-Term Success*, [GAO-07-74](#) (Washington, D.C.: Nov. 8, 2006).

efforts.³² Moreover, a January 2007 report by the Iraqi National Security Council took steps to identify the critical efforts and coordination needed at key civilian ministries to support the Ministries of Defense and Interior.³³ The report also indicated that Iraqi ministries depend on each other and need to function as a unified government.

In February 2007, State Department officials provided GAO with a three-page, high-level outline proposing a U.S. strategy for strengthening Iraqi ministerial capacity. This document was a summary with few details, and State officials have not provided GAO with a timeline for completing this overall strategy. A senior USAID official indicated that it is uncertain whether the high-level summary will be developed into a strategy, although the President has received \$140 million in additional funding for these efforts for fiscal year 2007.

The summary noted that the capacity development strategy would be guided by the April 2006 Joint Campaign Plan issued by Embassy Baghdad and the MNF-I. In addition, it stated that the U.S. government would assist the Iraqi government in strengthening the ministries' capacity to perform core functions, such as developing sufficient long-term plans and policies, proper legal and regulatory frameworks, transparent financial systems, and effective technology. The summary also called for U.S. agencies to coordinate efforts and approaches. Finally, it called for U.S. agencies to plan these efforts in consultation with the Iraqi ministries and work with the ministries to determine their needs and priorities.

U.S. Ministry Capacity Efforts Include Some Key Elements of an Overall Strategy

GAO has previously identified the desirable elements of a strategy: a clear purpose, scope, and methodology; a delineation of U.S. roles, responsibilities, and coordination with other donor nations and international organizations, including the UN; desired goals, objectives, and activities; performance measures; and a description of costs, resources needed, and risk. U.S. agencies have developed some of these elements in their programs for individual ministries but not as part of an

³²See National Security Council, *Highlights of the Iraq Strategy Review*, (Washington, D.C.:January 2007).

³³This report was completed by a subcommittee of MNF-I's Joint Committee for Accelerating the Transfer of Iraqi Security. The subcommittee for ministerial capacity, which developed the January 2007 report, was led by the Iraqi National Security Council and IRMO.

overall U.S. strategy. Table 3 summarizes and describes the key elements of a strategy and provides examples of the status of the U.S. approach thus far and cites practices by some agencies at individual ministries that could be incorporated into an overall U.S. strategy.

Table 3: Status of U.S. Capacity Development Strategy

Key component	Description	Status of efforts
Clear purpose, scope, and methodology	Addresses why the strategy was produced, the scope of its coverage, and the process by which it was developed.	<ul style="list-style-type: none"> Limited discussion of purpose and methodology for overall strategy. Scope of capacity development efforts has shifted.
Delineation of U.S. roles, responsibilities, and coordination	Addresses who will be implementing the strategy, what their roles will be compared with others, and the mechanisms for coordinating their efforts.	<ul style="list-style-type: none"> Roles not clearly delineated between USAID, MNSTC-I, and embassy. Limited documentation on how efforts are to be integrated, such as a security cooperation office and a lead agency. Interagency task force helping to clarify roles, responsibilities, and coordination.
Desired goals, objectives and activities	Addresses what the strategy is trying to achieve, priorities, and steps to achieve those results, consistent with Iraqi priorities.	<ul style="list-style-type: none"> U.S. Embassy-Baghdad defined overall end-state: assist Iraq's transition to self-sufficiency. MNSTC-I priorities and objectives for the MOD, consistent with Iraqi priorities. Overall, Iraqi government priorities not clearly identified.
Performance measures	Performance measures to gauge results.	<ul style="list-style-type: none"> Status of efforts to develop performance measures is unclear. U.S. embassy is using process or output measures at civilian ministries; uncertain about future assessments. MNSTC-I is in process of developing outcome and results measures at the security ministries.
Description of costs, resources needed, and risk	Addresses what the strategy will cost; what sources and types of resources are needed; and where resources and investments should be targeted, balancing benefits, costs, and risks.	<ul style="list-style-type: none"> No assessments of risk provided with agency funding requests for fiscal years 2007-2008 No estimates of long-term costs and resources needed to achieve program results.

Source: GAO.

Clear purpose, scope, and methodology. We found little evidence that the U.S. government has clearly defined the purpose, scope, and methodology for developing an overall strategy. Agencies have provided some limited information on why an overall strategy is needed, what it will cover, and how it will be developed. Although the high-level outline for the overall capacity development strategy provided bullets about the purpose of U.S. capacity development efforts, it did not define capacity development or other key terms. Furthermore, it did not provide the context for such a

program, such as whether it drew upon lessons learned from previous USAID, World Bank or other capacity development efforts. In terms of scope, the high-level summary indicated that the strategy would guide U.S. efforts to build capacity at the Prime Minister's Office and the Iraqi Ministries, but did not identify specific ministries or determine which ministries were priorities or how those priorities had shifted in 2007. In addition, in terms of methodology, U.S. officials indicated only that an interagency task force would develop the strategy but not how they would do so.

U.S. roles, responsibilities, and coordination. The multi-agency Joint Task Force on Capacity Development (JTFC-D), established in October 2006, has helped U.S. agencies better delineate roles and responsibilities for ministry capacity development and to better coordinate efforts. However, the high-level outline and other potential strategy documents we reviewed do not address how overall efforts are to be integrated and unified. The JTFC-D began cataloguing all U.S. capacity development efforts in late 2006. According to USAID officials, this effort helped inform U.S. agencies of each other's work and helped identify responsibilities. The JTFC-D has also helped coordinate efforts. For example, to avoid potential overlap, during a February 2007 JTFC-D meeting, USAID worked out a way to allow officials from the security ministries to participate in budget training courses that were previously limited to the civilian ministries. However, the high-level outline and other planning documents we identified do not specify how the Embassy, USAID, and MNSTC-I capacity development efforts will be unified and integrated, such as how MNSTC-I's security cooperation office will be transitioned into an office within the embassy. Nor do they discuss a potential lead agency to continue overall capacity development efforts, as was proposed in 2005. Moreover, other efforts to improve cooperation with the UN and other international donor nations and organizations have encountered difficulties. For example, the outline states that U.S. efforts are to be coordinated with the Iraqi government and the international donor community through the Capacity Development Working Group. Chaired by the Minister of Planning, this group was intended to secure Iraqi government input and commitment to U.S., coalition, and other donor partner capacity development objectives at the civilian ministries, but the group did not meet for about a year after forming in late 2005 and has not met since February 2007. Appendix III provides more information on the UN, other donor partners, and international organizations that have conducted efforts to build the capacity of the Iraqi government since 2003.

Desired goals, objectives and activities. U.S. agencies have clearly identified the overall goals of capacity development at the Iraqi ministries, but most U.S. efforts lack clear ties to Iraqi priorities for all ministries. According to a February 2007 U.S. embassy briefing, the desired end-state for capacity development efforts is clearly defined: to assist Iraq's transition to self-sufficiency by enabling the government to provide security and rule of law, deliver essential services, and develop a market-driven economy through democratic processes. The U.S. embassy and MNSTC-I have also identified overall goals for Iraqi ministry capacity development, such as improving service delivery, improving accountability, and reforming leadership and management skills. Moreover, MNSTC-I has taken clear steps to incorporate Iraqi priorities for its efforts at MOD. MOD's national defense priorities are stated in the Policy of the Ministry of Defense 2006-2011. This document, which was approved and signed by the Minister of Defense, specifies MOD's mission, values, and priorities in areas such as finance, personnel, training, and logistics. According to U.S. advisors and documents, the Ministries of Health, Electricity and Municipalities and Public Works have also demonstrated their commitment to U.S. objectives by developing capacity development organizations within each ministry to identify their specific needs and priorities.

However, not all U.S. capacity development efforts are as clearly linked to Iraqi-identified needs and priorities, which may affect the sustainability of key U.S. capacity development efforts once they are turned over to the Iraqis.³⁴ USAID's capacity development plans were to help the Iraqis develop and administer ministry self-assessments to identify Iraqi needs and priorities. However, USAID officials stated in May 2007 that it was unclear when implementation of this critical effort would begin. Moreover, other efforts to secure greater Iraqi input beyond an ad hoc basis, such as the Capacity Development Working Group, have not succeeded. A January 2007 SIGIR report found that ministry capacity efforts were being conducted "based upon individual understandings reached between the Iraqi ministers and U.S. agency officials," raising questions about whether

³⁴In March 2007, Iraq produced a National Development Strategy that identified a number of broad government capacity development goals to achieve by 2010, including implementing a system of government internal controls and audit policies, and instituting a comprehensive civil service reform program.

the U.S. had obtained adequate input and commitment from the Iraqi government.³⁵

Performance measures. U.S. agencies implementing capacity development projects have not developed performance measures for all of their efforts, particularly outcome-related performance measures that would allow them to determine whether U.S. efforts at the civilian ministries have achieved both U.S. and Iraqi desired goals and objectives.³⁶ The U.S. embassy did conduct a baseline assessment in August 2006 of the civilian ministries to gauge their capacity to plan, prepare an operating budget, and conduct key tasks rather than the progress or impact of ministry capacity efforts. The assessment was completed by U.S. senior advisors and included indicators such as whether a ministry had a strategic plan and the percentage of budgeted funds disbursed in the previous year. U.S. officials stated that an updated State assessment of the civilian ministries was scheduled for completion at the end of June 2007, but the embassy decided in July not to continue this effort, according to embassy officials.

In comparison, MNSTC-I is developing metrics to measure the progress and impact of efforts at the security ministries. MNSTC-I began conducting monthly assessments of MOD and MOI in mid-2006.³⁷ However, in April 2007, MNSTC-I officials stated that the Commanding General decided to retool the assessment in consultation with the Iraqi government to better gauge the results of U.S. efforts. Officials stated that monthly assessments are being conducted at the field level to determine whether the MOD and MOI are ensuring Iraqi security forces units are sufficiently manned, have required weapons, and are being paid. MNSTC-I officials stated that they also recently began conducting quarterly assessments to determine what tasks or processes at the ministries may need to be adjusted to achieve results in the field. For example, the new assessment might determine whether capacity development efforts help MOD recruit and retain enough

³⁵SIGIR, *Status of Ministerial Capacity Development in Iraq*, SIGIR-06-045 (Jan. 30, 2007).

³⁶The World Bank defines *outputs* as the short term achievements that result from activities undertaken to implement a program (e.g., the number of public servants trained). *Outcomes* are the medium term changes that result from achieving the outputs (e.g., the improved skills of employees). *Impacts* are the long term changes that result over time from achieving the program's outputs and outcomes (e.g., improved program delivery).

³⁷MNSTC-I has conducted monthly Transition Readiness Assessments of the Iraqi security ministries and Iraqi security forces (army and police) since mid-2006.

troops to maintain manning requirements. Officials were not able to share the new assessments with us because they are still being developed.

Future costs, resource needs, and risk. The overall strategy should also address costs, priorities, and resources needed to achieve the end-state and how the strategy balances benefits, costs, and risks. Guidance on costs and resources needed using a risk management approach would assist Congress and implementing organizations to make resource decisions.³⁸ Although U.S. agencies have provided data on U.S. funding for current capacity development efforts at the Iraqi civilian and security ministries, agencies have not identified the costs and resources needed beyond the budget requests for fiscal years 2007 and 2008. Moreover, they have not determined how much funding overall is necessary to achieve the stated long-term goal of a self-sufficient Iraqi government. Without these cost data, neither U.S. agencies nor Congress can reliably determine the cost of capacity development, which U.S. and international officials have noted is a long-term process. In addition, agencies have not provided information on how future resources will be targeted to achieve the desired end-state or, given the challenging situation in Iraq, how allocations balance benefits, costs, and efforts to address risks, such as addressing the risks associated with the four challenges identified above.

Conclusions

U.S. programs to improve the capacity of Iraq's ministries must address significant challenges if they are to achieve their desired outcomes. U.S. efforts lack an overall strategy: No lead agency provides overall direction, and U.S. priorities have been subject to numerous changes. In addition, U.S. efforts confront shortages of competent personnel at Iraqi ministries and sectarian Iraqi ministries contending with pervasive corruption. The risks are further compounded by the ongoing violence in Iraq as U.S. civilian advisors have difficulties meeting with their Iraqi counterparts and skilled Iraqi professionals leave the country. U.S. agencies have provided \$169 million to improve the capacity of Iraq's ministries as of the end of 2006. Congress appropriated \$140 million more in May 2007 and the Administration wants up to \$255 million for fiscal year 2008. We believe that future U.S. investments must be conditioned on the development of a

³⁸For example, a strategy might include a discussion of the types of resources required, such as budgetary, human capital, information technology, or contract services. It might also discuss how implementing organizations will use risk management, taking into consideration both internal risks (e.g., potential changes in cost, schedule, objectives, or focus) and external risks (e.g., increase in violence or increase in the influence in the Iraqi government of parties or militias less supportive of U.S. capacity development objectives in Iraq) to aid in prioritizing and allocating resources.

unified U.S. strategy that clearly articulates agency roles and responsibilities, delineates the total costs needed, addresses risks, and establishes clear goals and measurements.

Recommendations for Executive Action

Given the risks U.S. agencies face in implementing capacity development in Iraq and the funds being requested, GAO recommends that State, in consultation with the Iraqi government, complete an overall integrated strategy for U.S. capacity development efforts. Key components of an overall capacity development strategy should include a clear purpose, scope, and methodology; a clear delineation of U.S. roles, responsibilities, and coordination, including the designation of a lead agency for capacity development; desired goals, objectives, and activities, based on Iraqi-identified priorities; performance measures based on outcome metrics; and a description of how resources will be targeted to achieve the desired end-state balancing benefits, costs, and both internal risks (such as potential changes in cost, schedule, or objectives) and external risks (such as an increase in violence or militia influence).

Matters for Congressional Consideration

Given the absence of an integrated capacity development strategy, it is unclear how further appropriations of funding for ministry capacity development programs will contribute to the success of overall U.S. efforts in Iraq. Congress should consider conditioning future appropriations on the completion of an overall integrated strategy incorporating the key components identified above.

Agency Comments and Our Evaluation

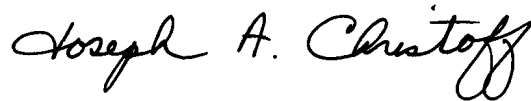
We provided a draft of this report to the Departments of Defense and State, and USAID. DOD did not provide comments. State provided written comments, which are reprinted in appendix IV. State also provided technical comments, which we incorporated where appropriate. USAID noted that its comments were incorporated into State's written response.

In commenting on a draft of this report, State commented that it recognized the value of a unified strategy. However, it noted its concern over our recommendation to condition future appropriations for capacity development on the completion of a strategy. State also noted the recent appointment of an ambassador to supervise all short- and medium-term capacity development programs. Moreover, it stated that a strategy is only one element in a complex process that needs to be tailored to the needs and priorities of each Iraqi ministry or government organization.

We do not recommend stopping U.S. investment in capacity development; the \$140 million in supplemental funding appropriated in fiscal year 2007 remains available for the agencies to continue their efforts. Rather, we recommend that Congress condition future funding on the development of an overall integrated strategy. We acknowledge that State named an ambassador to coordinate the embassy's economic and assistance operations, including supervising civilian capacity development programs. However, this action occurred in August 2007, underscoring our point that U.S. capacity development efforts have lacked overall leadership and highlighting the need for an overall integrated strategy. Finally, our recommendation does not preclude U.S. agencies from tailoring capacity development efforts to meet each ministry's unique needs. A strategy ensures that a U.S.-funded program has consistent overall goals, clear leadership and roles, and assessed risks and vulnerabilities.

We are sending copies of this report to interested congressional committees. We will also make copies available to others on request. In addition, this report is available on GAO's Web site at <http://www.gao.gov>.

If you or your staffs have any questions about this report, please contact me at (202) 512-8979 or christoffj@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. Key contributors to this report are listed in appendix V.



Joseph A. Christoff
Director, International Affairs and Trade

List of Congressional Committees

The Honorable Robert C. Byrd
Chairman
The Honorable Thad Cochran
Ranking Member
Committee on Appropriations
United States Senate

The Honorable Carl Levin
Chairman
The Honorable John S. McCain
Ranking Member
Committee on Armed Services
United States Senate

The Honorable Joseph R. Biden, Jr.
Chairman
The Honorable Richard G. Lugar
Ranking Member
Committee on Foreign Relations
United States Senate

The Honorable Joseph I. Lieberman
Chairman
The Honorable Susan M. Collins
Ranking Member
Committee on Homeland Security
and Governmental Affairs
United States Senate

The Honorable Daniel Inouye
Chairman
The Honorable Ted Stevens
Ranking Member
Subcommittee on Defense
Committee on Appropriations
United States Senate

The Honorable Patrick J. Leahy
Chairman
The Honorable Judd Gregg
Ranking Member
Subcommittee on State, Foreign Operations,
and Related Programs
Committee on Appropriations
United States Senate

The Honorable David Obey
Chairman
The Honorable Jerry Lewis
Ranking Member
Committee on Appropriations
House of Representatives

The Honorable Ike Skelton
Chairman
The Honorable Duncan L. Hunter
Ranking Member
Committee on Armed Services
House of Representatives

The Honorable Tom Lantos
Chairman
The Honorable Ileana Ros-Lehtinen
Ranking Member
Committee on Foreign Affairs
House of Representatives

The Honorable Henry A. Waxman
Chairman
The Honorable Tom Davis
Ranking Member
Committee on Oversight and Government Reform
House of Representatives

The Honorable Joseph P. Murtha
Chairman
The Honorable C.W. Bill Young
Ranking Member
Subcommittee on Defense
Committee on Appropriations
House of Representatives

The Honorable Nita M. Lowey
Chairman
The Honorable Frank R. Wolf
Ranking Member
Subcommittee on State, Foreign Operations,
and Related Programs
Committee on Appropriations
House of Representatives

The Honorable John F. Tierney
Chairman
The Honorable Christopher Shays
Ranking Member
Subcommittee on National Security
and Foreign Affairs
Committee on Oversight and Government Reform
House of Representatives

Appendix I: Comments from the Department of State and USAID

Note: GAO comments supplementing those in the report text appear at the end of this appendix.



United States Department of State

*Assistant Secretary for Resource Management
and Chief Financial Officer*

Washington, D.C. 20520

SEP 10 2010

Ms. Jacquelyn Williams-Bridgers
Managing Director
International Affairs and Trade
Government Accountability Office
441 G Street, N.W.
Washington, D.C. 20548-0001

Dear Ms. Williams-Bridgers:

We appreciate the opportunity to review your draft report, "STABILIZING AND REBUILDING IRAQ: U.S. Ministry Capacity Development Efforts Need an Overall Integrated Strategy to Guide Efforts and Manage Risk," GAO Job Code 320424.

The enclosed Department of State comments are provided for incorporation with this letter as an appendix to the final report.

If you have any questions concerning this response, please contact Maryz Habib, Iraq Desk Officer, Bureau of Near Eastern Affairs, at (202) 647-6389.

Sincerely,

A handwritten signature in black ink that reads "S. Kaplan".

Sid Kaplan (Acting)

cc: GAO – Tetsuo Miyabara
NEA – C. David Welch
State/OIG – Mark Duda



USAID
FROM THE AMERICAN PEOPLE

SEP 13 2007

Mr. Joseph A. Christoff
Director
International Affairs and Trade
U.S. Government Accountability Office
441 G Street, N.W.
Washington, D.C. 20548

Dear Mr. Christoff:

I am pleased to provide U.S. Agency for International Development's (USAID) formal response on the draft GAO report entitled "**Stabilizing and Rebuilding Iraq: U.S. Ministry Capacity Development Efforts Need an Overall Integrated Strategy to Guide Efforts and Manage Risk**" (GAO 07-903).

In an effort to address the report with one voice, the Department of State and USAID worked together to combine remarks and comments into one cohesive response document.

Thank you for the opportunity to respond to the GAO draft report and for the courtesies extended by your staff in the conduct of this review.

Sincerely,

Mosina H. Jordan
Counselor to the Agency

Enclosure:
State/USAID Comments

U.S. Agency for International Development
1300 Pennsylvania Avenue, NW
Washington, DC 20523
www.usaid.gov

STATE/USAID Comments

**Stabilizing and Rebuilding Iraq: U.S. Ministry Capacity
Development Efforts Need an Overall Integrated Strategy to Guide
Efforts and Manage Risk (GAO-07-903, GAO Code 320424)**

Thank you for the opportunity to review and comment on the draft GAO report *Stabilizing and Rebuilding Iraq: U.S. Ministry Capacity Development Efforts Need an Overall Integrated Strategy to Guide Efforts and Manage Risk*. In our view, these programs will play an important part in ensuring the long-term success of our engagement in this country, and the success of Iraq as a nation long after our presence has been reduced. Thus we welcome GAO's attention to them.

See comment 1.

However, we were naturally concerned by the GAO's conclusion that no further US investments be made in capacity development unless there is a "unified strategy that clearly articulates agency roles and responsibilities, delineates total costs needed and establishes clear goals and measurements."

See comment 2.

Regarding the issue of coordination, recently and since the time period covered by the GAO Report, Ambassador Crocker has asked that Ambassador Charles Ries assume responsibility for coordinating all economic and assistance operations at Embassy Baghdad. Amb. Ries thus oversees USAID, ITAO, Treasury, ECON, Energy, Health, Agriculture, and Commerce sections of the Embassy. Programmatically, he supervises all of the capacity development programs of a short and medium term nature, except for the training and security functions of Multinational Security Transition Command – Iraq (which handles capacity development for the Defense and Interior Ministries) and the Rule of Law Coordinator's Office (which provides capacity development training for justice and law enforcement functions). The Joint Task Force on Capacity Development, referred to in the report and chaired at the working level by USAID, involves both MNSTC-I and the Rule of Law Coordinator. Amb. Ries also coordinates our significant and growing Ministerial Performance activities and our cadre of senior advisors for many Iraqi ministries. We very much appreciate the opportunity to discuss this issue during a follow-on conference call on August 31 with GAO auditors, during which the GAO auditors indicated greater comfort with the Embassy's management of this program and acknowledged that the program has demonstrated some success.

The draft GAO report describes the challenges of working in Iraq (shortages of competent personnel, lack of a career civil service, partisan influence, corruption and poor security). These very challenges make it all the more important that we undertake the capacity development so critical to Iraq's ability to govern itself in the future. These challenges also mean that we must maintain the flexibility to adapt our approach to the circumstances of each ministry and provincial government setting in which we find ourselves. Providing training, advice and motivation in the face of frequent death threats, instances of kidnapping, and emigration of qualified staff, requires creativity and occasionally personal courage on the part of our implementers, embedded senior consultants and Embassy officers.

See comment 3.

We recognize the value of a "unified strategy," the report's principal recommendation, although it can only be one element for the complex process of engagement tailored to the diverse Capacity Development needs and priorities of each GOI government organization. During the conference call, we reviewed the consistent goals the USG has had for this Capacity Development program since its inception. While specific elements have changed, the overall direction and scope of the program has remained focused on the most important Iraqi ministries and organizations. We believe that the additional information we provided during the conference call further illustrates the benefits of having different partners implementing specific capacity development programs at various levels. Further, given the history of Iraqi civil service and public administration, ministerial capacity efforts must be tailored to Iraq's specific needs, not a model applied in other countries. At the same time, it should be noted (and was not considered in the report) that Capacity Development strategies exist at the project level (e.g., USAID's Tatweer Project). A team or project does not go into a ministry without knowing what the problems are and what they're trying to accomplish. This process of information gathering and analysis also provides an opportunity, unacknowledged by the GAO report, for GOI input into the technical assistance to be delivered. The GAO report's premise is that the lack of an overarching strategy is the major obstacle to improving capacity in Iraq, yet it does so without providing examples of patterns of failure or poor performance in which a strategy could have altered outcomes.

See comment 4.

See comment 5.

See comment 6.

At the same time, the draft report does not include illustrations of Capacity Development success. The GAO's own 2006 assessment confirmed Embassy assessments that budget execution and procurement procedures were the two greatest capacity challenges across GOI ministries.

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See comment 7.

Addressing these shortcomings has been a very high priority of State, USAID, DOD and other agency programs. Reflecting our joint efforts in Capacity Development, thus far in 2007 Iraqi ministries and provincial authorities have committed budget resources to capital projects at twice the rate of 2006, and have done so in most cases while following detailed procurement regulations.

See comment 8.

This performance also highlights GOI recognition of the need for action despite ongoing problems, the severity of which would tax the most developed of civil services. Budget execution, a very broad and comprehensive metric, is arguably one of the best measures of effectiveness of capacity development. Coordinated USG capacity development efforts in budget execution have had a highly significant impact over a broad range of GOI ministries. In the context of the International Compact for Iraq, moreover, the government has set for itself an ambitious reform program and has recently conducted a fair self-assessment.

See comment 9.

On the subject of coordination within the US Mission, moreover, the report does not convey the extent to which coordination occurs, and enables each USG agency to draw on its comparative advantage. Numerous meetings and significant levels of coordination occur with respect to ministry capacity development, not only with reference to coordination among the security ministries on one hand, and the non-security ministries on the other, but overall. Groups such as the Joint Task Force on Capacity Development (JTFCD), the Ministerial Performance and Capacity Development Working Group, and the Ministerial Engagement Teams all perform useful roles (the latter two groups are not even referenced in the report).

Capacity development is a long-term process comprised of short-term steps. The report alludes several times to short-term activities as though these represent a negative outcome. We would suggest that short-term activities should not be viewed as negative; agencies work assiduously to ensure that the leading edge of long-term activities respond to short-term priorities. Some 'short-term' initiatives are entirely appropriate given the urgency of US objectives in Iraq, the fragility of Iraqi agencies, and the fluctuating conditions faced by both US and Iraqi officials. The efforts involved to improve budget execution, for instance, contribute directly to other Capacity Development needs identified across almost all ministries (e.g., communications, planning, and procurement procedures).

4

See comment 10.

See comment 11.

The report also failed to note that prioritization on certain key obstacles and ministries did not preclude other efforts addressing human resources, IT, leadership development, and longer-term approaches to Capacity Development such as masters degree scholarship programs -- efforts not discussed in the draft report. These areas were neither discontinued nor neglected. One emphasis of the US Capacity Development approach in Iraq is on a systems perspective: as a crucial component of Capacity Development, this provides the link to bond together other interventions. Nonetheless, such systems change requires time to establish, reform, or revive; we must have a long-term horizon on Capacity Development work with the GOI.

We hope that these brief comments are clear and useful. Please do not hesitate to contact us if we can be of further assistance and can provide more information in order to assist you in capturing a complete picture of USG Capacity Development efforts in Iraq.

The following are GAO's comments on the Department of State's letter dated September 10, 2007, and USAID's letter dated September 13, 2007.

GAO Comments

1. We do not recommend stopping U.S. funds investment in capacity development. In fact, the President received an additional \$140 million for capacity development efforts in May 2007 from the fiscal year 2007 supplemental funds. However, we recommend that Congress consider conditioning the administration's request for up to \$255 million in additional funds for fiscal year 2008 on the completion of an overall integrated strategy incorporating the key components identified in the report. Without these key components, Congress may lack the critical information needed to weigh risks and judge U.S. costs, progress, and results of the current capacity development programs.
2. We changed our draft report to acknowledge this July 2007 change in the U.S. Embassy Baghdad's organizational arrangements for the conduct of capacity development programs. However, this initiative is relatively new; it is too soon to evaluate whether this action has helped address coordination and leadership. This recent action underscores our point that U.S. capacity development efforts have lacked overall leadership and highlights the need for an overall integrated strategy. This is particularly so since capacity development efforts for rule of law and the security ministries are under separate leadership.
3. Our recommendation does not preclude U.S. agencies from tailoring capacity development efforts to meet each ministry's unique needs. A strategy ensures that a U.S.-funded program has consistent overall goals, clear leadership and roles, and assessed risks and vulnerabilities.
4. We did not discuss project-level capacity development efforts at length as the focus of this engagement was on the ministry-level efforts deemed critical by State; however, we did note the substantial contributions made at the project level by the U.S. Army Corps of Engineers' Gulf Region Division.
5. This report notes that various U.S. agencies pursued separate ministry-level capacity development efforts at various Iraqi ministries between 2004 and 2005 without the benefit of an overall strategy. We also note in this report that the U.S. embassy itself advocated in 2005 that an integrated strategy be adopted with a lead agency in charge, using as a justification its finding that capacity development efforts up to that

time had been implemented in an uncoordinated and sometimes overlapping fashion and that its efforts had been fragmented, duplicative, and disorganized.

6. We note the comparative success MNSTC-I has achieved with its relatively intensive efforts at the security ministries. For example, we note that a senior MNSTC-I advisor worked with MOD staff to develop its counterinsurgency strategy. We also note in table 3 and elsewhere MNSTC-I's comparative success in developing some aspects of a unified, integrated strategy.
7. We have acknowledged the importance of addressing the shortcomings in Iraqi budget execution and procurement procedures in this and previous reports and testimonies. For example, our September 2007 report on whether Iraq had met 18 key benchmarks stated that the government of Iraq has had difficulty spending its resources on capital projects and that some of the reported improvements in budget execution stem from funding releases to the provinces. Our September 2007 report also noted that a "commitment" in Iraq is similar to an obligation under the U.S. budget process. These commitments are not expenditures and may not be reliable indicators of future spending by ministries and provinces. Moreover, the government of Iraq's official expenditure data, as reported by the Ministry of Finance, does not include commitments or obligations. Finally, the report notes that it is unclear whether government funds committed to contracts are a reliable indicator of actual spending.
8. We contend that budget execution rates may not be one of the best measures of effective capacity development. Our September 2007 report noted that, given the capacity and security challenges currently facing Iraq, many contracts that have government funds committed to them may not be executed and thus would not result in actual expenditures. Moreover, until more complete data on actual capital project expenditures become available, it may be premature to conclude that U.S. efforts to improve budget execution have had a "highly significant impact" on ministry capacity. We are currently conducting a review of U.S. efforts to help Iraq spend its budget and will issue a report at a later date.
9. This report acknowledges the contributions of the JTFCD to coordinating and cataloging all U.S. capacity development efforts in late 2006. However, the draft planning documents we identified do not specify how the JTFCD or other coordination groups will integrate Embassy, USAID, and MNSTC-I capacity development efforts. Further, we noted in the report that the Capacity Development

Working Group, chaired by the Minister of Planning, was intended to secure Iraqi government input and commitment to U.S. and coalition capacity development objectives at the civilian ministries. However, the group did not meet for about a year after forming in late 2005 and has not met since February 2007. The Ministerial Engagement Teams are a coordinating arrangement introduced in mid-2007; it is too soon to evaluate their activities or results.

10. This report does not view short-term activities as a negative outcome. We do note that IRMO originally justified conducting short-term efforts in an attempt to jump-start capacity development in 2006 using more readily available funding. These programs would complement and support a follow-on USAID effort to conduct longer-term capacity development programs. Most of State's short-term efforts did not begin until after USAID began its capacity development programs under its medium-term contract because of delays in the formation of the Iraqi government and in receiving fiscal year 2006 funding. Moreover, USAID officials stated that they began implementing a number of short-term efforts earlier than originally planned to address more immediate shortfalls in the Iraqi government's capacity to plan and execute ministry budgets.
11. We addressed these elements as they were among the core ministry functions identified as common to all the key ministries. GAO reviewed how these common functions were defined and what metrics were used by State and DOD to track these elements in their assessments of the status of key ministries' capacity development. We also noted the existence of the scholarship program as an example of a USAID capacity development program in table 2 but did not otherwise discuss it.

Appendix II: Scope and Methodology

In this report, we (1) assess the nature and extent of U.S. efforts to develop the capacity of the Iraqi ministries, (2) assess the key challenges to these efforts, and (3) assess the extent to which the U.S. government has an overall strategy for these efforts that incorporates key elements. For the purposes of this review, which we undertook under the Comptroller General's authority to conduct reviews on his own initiative, we focused on key U.S. capacity development efforts initiated or ongoing in fiscal years 2006-2007, primarily those efforts begun after the start of the National Capacity Development Program in late 2005, the U.S. Mission Baghdad's attempt to focus and better coordinate U.S. efforts.

To describe these programs, we reviewed U.S. government documents including the Department of State's (State) quarterly section 2207 reports to Congress from October 2004 to April 2007 on the use of Iraq Relief and Reconstruction Funds; State's quarterly section 1227 reports to Congress¹ from April 2006 to April 2007 on current military, diplomatic, political, and economic measures undertaken to complete the mission in Iraq; the U.S. Agency for International Development (USAID) contract awarded in July 2006 to Management Systems International, Inc., Building Recovery and Reform through Democratic Governance National Capacity Development Program; reports on USAID's implementation of the Iraqi Financial Management Information System under the Economic Governance Project II; the U.S. Embassy-Baghdad Joint Task Force for Capacity Development's catalogue of U.S. capacity development efforts from April 2007; the Department of Defense's (DOD) quarterly reports to Congress, *Measuring Security and Stability and Iraq*, from July 2005 to June 2007; and Multi-National Security Transition Command-Iraq's 2007 Campaign Action Plan. We reviewed the results of the Iraq Reconstruction Management Office's (IRMO) September 2006 Ministerial Capacity Metrics Assessment and deemed the results sufficiently reliable to provide a broad indication of the strengths and weaknesses of the ministries surveyed. We found the procedures followed by IRMO in creating the assessment, compiling the results, and assessing data reliability to be reasonable. However, the data had significant limitations. For example, a number of subquestions were not answered for all ministries. We also examined the federal government's fiscal years 2006, 2007, and 2008 regular and supplemental budget requests for State, USAID, DOD for capacity development efforts for the Iraqi government. Moreover, we reviewed

¹State's quarterly 1227 reports are submitted pursuant to Section 1227 of the National Defense Authorization Act for Fiscal Year 2006 (P.L. 109-163).

previous GAO reports and reviews and periodic reporting from the Office of the Special Inspector General for Iraq Reconstruction (SIGIR), including its January 2007 report *Status of Ministerial Capacity Development in Iraq*.² We also interviewed key U.S. government officials from State, USAID, DOD, and relevant contractor officials in Washington, D.C.; Iraq; and Jordan. We conducted interviews over the telephone and made site visits to Iraq and Jordan in February 2007.

To assess key challenges to U.S. capacity development efforts, we reviewed and analyzed the documents mentioned above and other relevant plans, reports, and data from the Iraqi government. We designated the identified challenges as key, based on evidence presented in previous GAO reports, the frequency they were cited by U.S. officials and documents, and the importance they accorded their impact on U.S. capacity development objectives. We interviewed U.S. government officials from the Departments of State, Defense, Treasury, Justice and the Agency for International Development in Washington D.C., Iraq, and Jordan; and the Multinational Forces-Iraq (MNF-I); and other donors, including officials from the United Nations and its associated relief and development agencies, the World Bank, the European Union, the United Kingdom's Department for International Development (DFID), and the Canadian International Development Agency.

We also analyzed data on Iraq's 2006 and 2007 budgets and 2006 budget execution through December 2006, which were provided to us by the U.S. Treasury from Iraq's Ministry of Finance, and found that these data were sufficiently reliable for our purposes.³ We also interviewed relevant U.S. government officials or contractor officials working with BearingPoint; Management Systems International, Incorporated (MSI); and Military Professional Resources, Incorporated (MPRI).

Finally, to examine the extent to which the U.S. government has an overall strategy for these efforts that incorporate key elements, we reviewed and analyzed, in addition to the abovementioned documents, the July 2007

²SIGIR-06-045 and quarterly reports.

³We corroborated our analysis and findings with information from other U.S. agencies, the Iraqi government, and the International Monetary Fund. While we did not independently verify the precision of the data on Iraq's budget execution, we found that the data are sufficiently reliable to show the relative differences in budget execution across Iraq's ministries and budget categories (e.g., capital projects versus salaries).

Joint Campaign Plan issued by Embassy Baghdad and the Multinational Force-Iraq (MNF-I); the Multi-National Security Transition Command- Iraq 2007 Campaign Action Plan; the November 2005 National Strategy for Victory in Iraq; the President's February 2007 New Way Forward strategy for Iraq; Iraqi government's National Development Strategies for 2005-2007 and for 2007-2010; State's February 2007 strawman (a three page, high-level summary) for a U.S. government strategy to strengthen Iraqi ministerial capacity; and the September 2006 U.S. Embassy-Baghdad assessment of the capacity of key Iraqi civilian ministries to perform core functions. We interviewed key U.S. officials from State, USAID, DOD, and other relevant agencies. We reviewed previous GAO reports that identified the desirable characteristics of a national strategy, including *Combating Terrorism: Evaluation of Selected Characteristics in National Strategies Related to Terrorism*, *Rebuilding Iraq: More Comprehensive National Strategy Needed to Help Achieve U.S. Goals*, *Rebuilding Iraq: More Comprehensive National Strategy Needed to Help Achieve U.S. Goals and Overcome Challenges*, *Intellectual Property: Initial Observations on the STOP Initiative and U.S. Border Efforts to Reduce Piracy*, and GAO, *Intellectual Property, Strategy for Targeting Organized Piracy (STOP) Requires Changes for Long-term Success*. We analyzed the information we obtained on U.S. capacity development efforts to identify components of an overall strategy that the three agencies leading these efforts—State, USAID, and MNSTC-I—have developed to date.

We conducted our work from August 2006 through August 2007 in accordance with generally accepted government auditing standards.

Appendix III: State-Led Capacity Development Programs as of May 2007^a

Dollars in millions					
	Program	Description of program	Estimated cost	Time frame	Targeted ministry or agency
1	Prime Minister's Media Center	Supply and install news media equipment in the prime minister press center	\$1.6	N/A ^b	Prime Minister's Office
2	Visual Teleconference Facilities and Internet Telephone Capabilities for the Ministries	Increase the ability of the Iraqi Government Ministries and Prime Minister's Office to conduct business between each other on an immediate basis.	3.6	Apr. '07 to Apr. '08	Prime Minister's Office / various ministries
3	Legislative Coordination Committee	Help PMO staff develop the capacity to initiate research, coordinate new legislative initiatives, and to track legislation.	4.7	Feb. '07 to Feb. '08	Prime Minister's Office
4	Bilingual, Bicultural Advisors (BBA) / Technical assistance /Subject Matter Experts (SME) for Key Ministries	Provide specialists to help develop and implement appropriate policies, strengthen core public administration functions, and create training systems to improve delivery of services.	2.5	Nov. '06 to Aug. '07	Key ministries
5	Economic Reform and Transparency	Support efforts to reform and improve the investment climate and tax policies, develop a national anticorruption strategy, and promote citizen participation in government.	2	N/A	Prime Minister's Office / Council of Ministers' Secretariat
6	National English Training Program — English and Business Skills	To provide approximately 200 training modules to each of the 10 key ministries.	0.3	Oct. '06 to Aug. '07	All 10 key civilian ministries
7	CPA Order 87 Initiative — Procurement Office	Establish office in Ministry of Planning to facilitate budget procurement across all Iraqi ministries.	6.1	N/A	Planning
8	Capital Budget Formulation/ Implementation and Procurement Reform	Help Ministry of Planning implement capital budget and reform procurement in coordination with the international community and subject matter experts.	2.7	Oct. '06 to Apr. '07	Finance, Planning
9	Budget Execution Monitoring Support Unit	Help Iraqi ministries execute budgets and provide metrics for leadership.	1.1	Mar. '07 to Apr. '08	Various ministries
10	Budget Preparation, FMIS IT, and Inter-Governmental Fiscal Relations	Enable Ministry of Finance staff to perform better by strategic budget development, organizational modernization, regulation development, and future sector privatization.	4.5	Oct. '06 to Apr. '07	Finance
11	Subject Matter Experts (SMEs) for Ministry of Planning	Provide 10 SMEs to help the ministry develop policies, especially for budget execution.	0.7	N/A	Planning

**Appendix III: State-Led Capacity
Development Programs as of May 2007PaP**

Dollars in millions					
	Program	Description of program	Estimated cost	Time frame	Targeted ministry or agency
12	National Procurement Reform and FMIS Procurement Implementation	Enable the Ministries of Finance, Planning, and other ministries' staffs to perform core ministerial functions and tasks better through strategic budget development, future year budgeting, modernization, and development of regional automation, and regional fiscal accounting commonalities.	3.3	Oct. '06 to Apr. '07	Finance, Planning and various ministries
13	Two SMEs to design Sector Master Plans for Water Resources and Public Works	Produce Sector Master Plans for the ministries to better focus resources on medium-to-long-term production, sustain outputs, and meet the goals necessary to deliver essential services to the public.	0.8	Apr. '07 to Apr. '07	Water, Municipalities and Public Works
14	Ministry of Justice Legal Reform	Develop the ministry's capacity to provide advice and technical support for draft legislation that promotes individual freedoms, human rights, and the rule of law within the context of the Iraqi constitution.	1.5	N/A	Justice
15	Commission for Public Integrity (CPI) Investigative Analysis Package	Provide software to increase CPI capability to organize and cross-reference investigative data, making working practices more efficient and anti-corruption investigations more effective.	1.1	N/A	Commission for Public Integrity
16	Core Functions Capacity Development assessment to the Board of Supreme Audit (BSA) and Inspector Generals	Develop a tool for the BSA and each of the 29 ministerial Inspector Generals to assess core needs.	0.5	N/A	Board of Supreme Audit, Inspector Generals
17 and 18	Five Electricity SMEs (Critical Infrastructure Management - Improve Business Continuity) - Phase I and Phase II	Provide Subject Matter Experts to build Ministry of Electricity capacity in: budget execution and procurement, legal and tariff reform, regulatory reform, and sector strategic planning.	Phase I 1.4 Phase II 1.4	Oct. '06 to Apr. '07 May '07 to May '08	Electricity
19	Ministry of Water Ministry Classes	Provide specific training on international and domestic water laws and policies to ministry employees responsible for formulating, negotiating, interpreting, or applying water laws and policies.	2	May '07 to May '08	Water
20	Essential Skills Development Courses	Provide training in essential skills, such as strategic and contingency planning; contracting management; and human resource management.	2	May '07 to May '08	Municipalities and Public Works

**Appendix III: State-Led Capacity
Development Programs as of May 2007PaP**

Dollars in millions					
	Program	Description of program	Estimated cost	Time frame	Targeted ministry or agency
21	Supply Chain Management to Reduce Corruption and Improve Supply	Increase the organizational, accountability, inventory management, and technology capacities of Kimadia, (a state company for marketing medical appliances and equipment in Iraq).	2.8	Feb. '07 to Feb. '08	Health
22	Education Management Business Process Reengineering	Install a computer network within the ministry to help it manage educational activities, improve accountability, and capture and report educational data.	2	Feb. '07 to Feb. '08	Education
23	Executive Program Management Office for the Director of Airports and Ports Oversight Management Office (Strategic Plan Support Phase II)	Provide nine staff with a mixture of skills to assist a variety of national-level programs, including: establishing guidelines for transport sector development; addressing information technology standards requirements; national identity card requirements; and mentor program for management staff in order to build sustainable Iraqi expertise.	1.5 ^c	N/A	Transportation
Total			\$50.1		

Source: GAO analysis of State data.

^aIncludes only programs contracted, under way, or completed as of April 2007.

^bN/A = not available

^cUnited Nations Development Program contributed an additional \$1.5 million to this project, and the government of Iraq provided \$1.5 million in-kind assistance.

Appendix IV: Other Donor Partner Capacity Development Efforts

The United Nations, the European Union, the United Kingdom, and the Canadian government also have conducted efforts to develop the capacity of the Iraqi government since 2003.

The United Nations Assistance Mission for Iraq coordinates and oversees projects with capacity development components implemented by over a dozen UN agencies in Iraq. Most of these projects are funded through the International Reconstruction Fund Facility for Iraq (IRFFI)/United Nations Development Group Iraq Trust Fund (ITF).¹ One effort implemented by the UN Development Program (UNDP) governance program provided basic management skills training for Ministry of Municipalities and Public Works employees at a cost of \$3 million in February 2007. The UN International Organization for Migration in Iraq began implementing the Capacity Building in Migration Management Project in August 2004 with support of the Australian government. This ongoing project includes helping the Ministry of Interior establish a training center for immigration officers, with an information technology lab and a library with resource materials.

The European Union (EU) provided about 16 million euro through the IRFFI/ World Bank ITF from 2003 to 2005 for two World Bank capacity-development projects. These two projects included efforts to train Iraqi staff at 19 ministries in topics such as policy reform, World Bank procurement policies, and basic training in MS Excel. The EU also provided about 42 million euro through the IRFFI/UN ITF from 2003 to 2006 for governance and civil society projects, including efforts to train Iraqi government officials in reconstruction management.

The United Kingdom's Department for International Development (DFID) has conducted capacity development efforts including a \$23 million project that began in 2005 to provide consultants for the Ministry of Interior to provide training and assistance for MOI staff in such areas as procurement and legal and regulatory frameworks. Another \$25 million effort that began in 2005 aims to provide technical and policy advice for the Ministry of Finance in areas such as subsidy reform and budget and expenditure management. DFID has coordinated its efforts with U.S.

¹The International Reconstruction Fund Facility for Iraq (IRFFI) was launched in early 2004 by the UN and the World Bank to help donor nations channel resources and coordinate their support for reconstruction and development in Iraq. IRFFI has two trust funds for donor contributions: the United Nations Development Group Iraq Trust Fund and the World Bank Iraq Trust Fund.

efforts by participating in meetings of the U.S. Joint Task Force for Capacity Development.

The Canadian government has funded about \$14 million worth of ministry capacity efforts for implementation from 2005-2008, including human and minority rights training for Ministry of Human Rights employees and assistance for a marshland restoration project with the Ministry of the Environment, the Ministry of Water Resources, and an Iraqi university.

As of February 2007, trainers from 11 nations, including Iraq, provided basic instruction and more advanced administrative courses to develop the capacity of the Iraqi police at the Jordan International Police Training Center. Between October 2003 and February 2007, 50,300 Iraqi police graduated from the center, according to the training center director. Nations contributing instructors included Australia, Austria, Belgium, Canada, Croatia, Finland, Jordan, Slovenia, the United Kingdom, and the United States.

Appendix V: GAO Contact and Staff Acknowledgments

GAO Contact

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Staff Acknowledgments

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