The seal of the Office of the Special Inspector General for Iraq Reconstruction is a large, circular emblem in the background. It features an eagle with wings spread, perched on a shield with vertical stripes. Above the eagle is a sunburst with stars. The text "SPECIAL INSPECTOR GENERAL" is written in English and Arabic around the top half of the circle, and "FOR IRAQ RECONSTRUCTION" is written around the bottom half. The Arabic text "مفتش العام" is at the top and "إعادة إعمار العراق" is at the bottom.

**COMMANDER'S EMERGENCY
RESPONSE PROGRAM FOR 2011
SHOWS INCREASED FOCUS ON
CAPACITY DEVELOPMENT**

**SIGIR 11-020
JULY 29, 2011**



SIGIR

Special Inspector General for IRAQ Reconstruction

July 29, 2011

COMMANDER'S EMERGENCY RESPONSE PROGRAM FOR 2011 SHOWS INCREASED FOCUS ON CAPACITY DEVELOPMENT

Summary of Report: SIGIR 11-020

Why SIGIR Did This Study

The 2008 Security Agreement between the United States and the Government of Iraq (GOI) requires that all U.S. combat forces withdraw from Iraq by December 31, 2011. In June 2009, U.S. Forces–Iraq repositioned U.S. combat brigades from Iraqi cities, villages, and localities in compliance with the Security Agreement, and began transitioning to an advise, train, and assist role. As the mission changed, U.S. forces began their gradual withdrawal. The Special Inspector General for Iraq Reconstruction (SIGIR) initiated this review to determine how CERP is being used in support of this changing mission and to determine if there are lessons learned that can be applied to other environments.

What SIGIR Recommends

SIGIR recommends that the Office of the Secretary of Defense (1) clarify the military's role in civil capacity development efforts where counterinsurgency is not a primary focus, and (2) re-evaluate performance metrics and measures of effectiveness for CERP projects with particular attention on eliminating broad metrics.

Matter for Congressional Consideration

If Congress intends for DoD to undertake civil capacity-development efforts where counterinsurgency is not a primary focus, it may wish to consider providing clarifying instructions or codifying that mission in U.S. statutes.

Management Comments and Audit Response

DoD partially concurred with SIGIR's recommendation to clarify the military's role in civil capacity development efforts. DoD also generally concurred with SIGIR's recommendation to re-evaluate their CERP performance metrics.

What SIGIR Found

The United States Forces-Iraq (USF-I) Commanding General issued Fiscal Year 2011 CERP guidance explicitly directing that CERP projects assist the Government of Iraq's (GOI) civil capacity development. The guidance encourages commanders to fund quickly-implementable, small-scale projects that can be completed prior to the troop withdrawal deadline. SIGIR interviewed more than 30 U.S. government officials responsible for CERP management who stated that they are implementing the program in accordance with the Commanding General's guidance.

SIGIR found some civil capacity-development projects that do not appear to conform to DoD's counterinsurgency mission. Furthermore, some Provincial Reconstruction Teams (PRTs) are deeply involved in identifying, planning, and implementing CERP projects. Department of State (DoS) representatives at the PRTs stated that USF-I relies on them, in part, because of frequent military deployment rotations, reduced troop presence, limited subject-matter expertise, and little experience in the management of capacity-development projects. While SIGIR supports the involvement of DoS in coordinating projects, this heavy DoS involvement raises questions about whether the projects undertaken support DoD's counterinsurgency mission or whether CERP has evolved into another U.S. development program, similar to those run by the U.S. Agency for International Development (USAID) and DoS.

The authoritative guidance for the CERP in Iraq is USF-I's *Money As A Weapon System* (MAAWS). Congress and the Army Audit Agency have raised similar questions about funding projects that appear to go beyond MAAWS's intent and do not focus on counterinsurgency objectives. Adding to the problem is that MAAWS guidance contains little direction on how projects should be selected to support military counterinsurgency objectives.

The MAAWS states that performance metrics are essential to ensure funds are applied to projects that will yield the greatest benefit to the Iraqi people. However, SIGIR found that the data underlying these metrics are not well-supported, resulting in output measures of limited usefulness. USF-I often relies on imprecise testimonial evidence from subject matter experts and local Iraqi contacts as the basis for the data. A USF-I official stated that as a result of the subjective data, the effect and impact of CERP projects are largely unknown. The CERP Management Cell in the Office of the Secretary of Defense recognizes this problem and is working to develop better metrics. Additionally, CERP project sustainability is uncertain as monitoring projects will largely cease following the withdrawal of U.S. forces, removing the ability to determine whether the GOI is sustaining the projects.



SPECIAL INSPECTOR GENERAL FOR IRAQ RECONSTRUCTION

July 29, 2011

MEMORANDUM FOR U.S. SECRETARY OF DEFENSE
COMMANDING GENERAL, U.S. FORCES-IRAQ

SUBJECT: Commander's Emergency Response Program for 2011 Shows Increased Focus on Capacity Development (SIGIR 11-020)

We are providing this audit report for your information and use. The report discusses the implementation of the Fiscal Year 2011 Commander's Emergency Response Program (CERP). We performed this audit in accordance with our statutory responsibilities contained in Public Law 108-106, as amended, which also incorporates the duties and responsibilities of inspectors general under the Inspector General Act of 1978. This law provides for independent and objective audits of programs and operations funded with amounts appropriated or otherwise made available for the reconstruction of Iraq, and for recommendations on related policies designed to promote economy, efficiency, and effectiveness and to prevent and detect fraud, waste, and abuse. This audit was conducted as SIGIR Project 1101.

We considered comments from the Office of the Secretary of Defense when preparing this final report. We also obtained technical comments from the U.S. Forces-Iraq Joint Staff and addressed them in the report as appropriate.

We appreciate the courtesies extended to the SIGIR staff. For additional information on the report, please contact Glenn Furbish, Assistant Inspector General for Audits (Washington, D.C.), (703) 604-1388/ glenn.furbish@sigir.mil or Jason Venner, Principal Deputy Assistant Inspector General for Audits (Washington, D.C.), (703) 607-1346/ jason.venner@sigir.mil.

A handwritten signature in black ink, appearing to read "Stuart W. Bowen, Jr.".

Stuart W. Bowen, Jr.
Inspector General

cc: U.S. Secretary of State
U.S. Ambassador to Iraq
Commander, U.S. Central Command
Mission Director, U.S. Agency for International Development

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Commander's Emergency Response Program for 2011 Shows Increased Focus on Capacity Development

SIGIR 11-020

July 29, 2011

Introduction

Since 2004, the Congress has authorized almost \$4.0 billion for the Department of Defense's (DoD) Commander's Emergency Response Program (CERP) in Iraq, including \$100 million for fiscal year (FY) 2011. The CERP's purpose is to enable commanders to respond to urgent humanitarian relief and reconstruction requirements within their areas of responsibility by carrying out programs that will immediately assist the Iraqi people. Over the years, commanders have used CERP funds for reconstruction projects such as the building of schools, roads, health clinics, sewers, as well as non-construction projects such as micro grants for economic development and condolence payments, among other uses.

The 2008 Security Agreement between the United States and the Government of Iraq (GOI) requires that all U.S. combat forces withdraw from Iraq by December 31, 2011. U.S. Forces–Iraq (USF-I) repositioned U.S. combat brigades from Iraqi cities, villages, and localities in June 2009 in compliance with the Security Agreement and began transitioning to an advise, train and assist role. As the mission changed, U.S. forces began their withdrawal. The Special Inspector General for Iraq Reconstruction (SIGIR) initiated this review to determine how CERP is being used in support of this changing mission and to determine if there are lessons learned that can be applied to other environments.

Background

The Coalition Provisional Authority established the CERP in 2003 to allow commanders to respond to urgent humanitarian relief and reconstruction requirements in their areas of responsibility.¹ DoD defines urgent as “any chronic or acute inadequacy of an essential good or service that, in the judgment of the local commander, calls for immediate action.” The U.S. military has used CERP as what it calls a “combat multiplier” whose projects help improve and maintain security in Iraq through non-lethal means. DoD reports and memoranda describe the CERP as “critical to supporting military commanders in the field in executing counterinsurgency operations.” The program is intended for small-scale projects that can be sustained by the local population or government, generally costing less than \$500,000 per project, and providing significant employment opportunities for the Iraqi people. From FY 2004 through FY 2011, Congress authorized almost \$4.0 billion for the CERP in Iraq (see Table 1).

¹ Originally funded with seized Iraqi assets, CERP was called the Brigade Commander's Discretionary Recovery Program to Directly Benefit the Iraqi People, until the Coalition Provisional Authority renamed it in June 2003.

Table 1—Funding for the CERP in Iraq from FY 2004–FY 2011

Year	Public Laws Establishing Final Appropriation	Total Allocation for Iraq
2004	P.L. 108-106	\$140,000,000
2005	P.L. 108-287, P.L. 108-375, P.L. 108-447, P.L. 109-13	\$718,000,000
2006	P.L. 109-148, P.L. 109-163, P.L. 109-234	\$707,500,000
2007	P.L. 109-289, P.L. 110-28, P.L. 110-161	\$750,400,000
2008	P.L. 110-181, P.L. 110-252, P.L. 110-417	\$995,909,000
2009	P.L. 111-32	\$339,050,000
2010	P.L. 111-118	\$239,850,829
2011	P.L. 112-10	\$100,000,000 ²
Total		\$3,990,709,829

Note: Numbers are affected by rounding.

Source: Army Budget Office and SIGIR’s analysis of Public Laws.

The CERP is managed and implemented by USF-I commanders who determine the projects to be funded and are ultimately responsible for the program’s outcomes. Several documents provide commanders with guidance on the use and management of the CERP, including United States Forces–Iraq’s (USF-I) DoD’s *Money As A Weapon System* (MAAWS) guidance and the USF-I Commanding General’s guidance.³

Money As A Weapon System

The authoritative guidance for the CERP in Iraq is the MAAWS⁴, which provides the policies and procedures for administering the program. MAAWS applies the tenets of the U.S. military’s counterinsurgency strategy to non-lethal programs that support combat operations. MAAWS states that CERP projects are to be quickly executable and highly visible, and lists the 20 authorized and 15 unauthorized uses of CERP funds.⁵ Examples of projects categories authorized for CERP funding include:

- water and sanitation
- education
- healthcare
- transportation
- agriculture
- economic, financial, and management improvements
- battle damage repair
- condolence payments

² As discussed later in this report, \$33.5 million of the \$100 million allocation has been returned, reducing the FY 2011 funding amount to \$66.5 million.

³The DoD Financial Management Regulation Volume 12, Chapter 27 also provides guidance, as well as USF-I’s quarterly narratives and fragmentary orders that further clarify the Commanding General’s guidance.

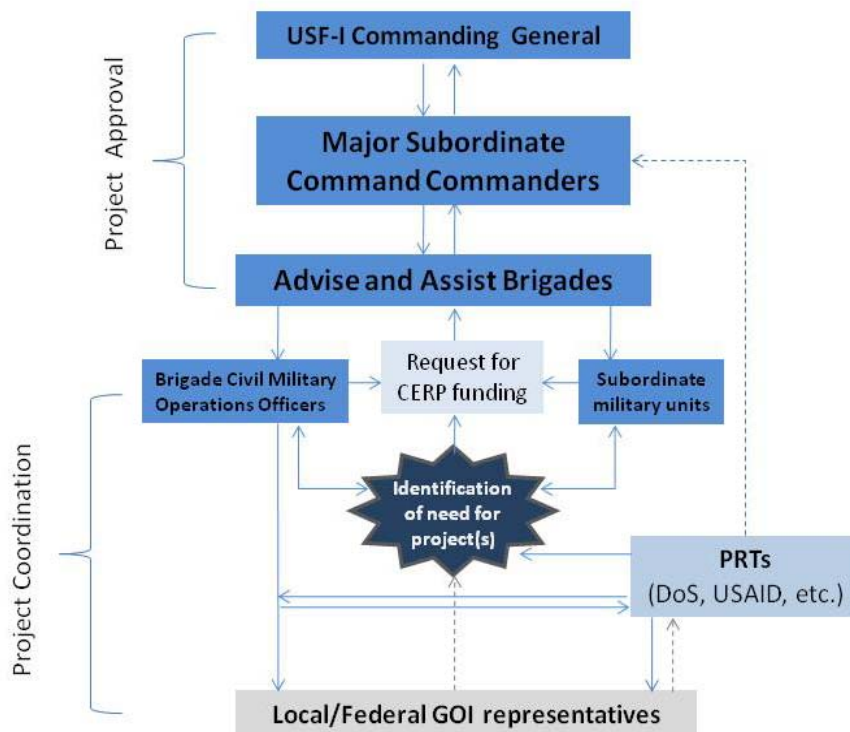
⁴ USF-I updates the MAAWS periodically. The most current MAAWS was issued March 1, 2011.

⁵ For a complete list of the authorized and unauthorized uses of CERP funds, see Appendix B.

MAAWS requires that project data be entered into a database called the CERP Project Tracker once funds are committed to a project. The data is updated to track obligation and disbursement amounts and project completion status, among other items.

MAAWS also requires that commanders coordinate and determine project needs with the Department of State (DoS), Provincial Reconstruction Teams (PRTs), U.S. Agency for International Development (USAID), and the GOI to gain the greatest effect and coordinate reconstruction efforts. PRTs were initiated in 2005 to help improve stability by increasing Iraq’s capacity to govern, enhancing economic viability, and strengthening local government’s ability to deliver public services, such as security and health care. The PRTs often include representatives from USAID, the U.S. Army Corps of Engineers, and the U.S. Department of Agriculture, among others. PRTs are a means of coordinating interagency diplomatic, economic, reconstruction, and counterinsurgency efforts among various U.S. agencies. A DoD review of the CERP issued in July 2010 stated that the Department is working to enhance coordination with other U.S. government agencies, the GOI, and other partners to ensure that CERP projects are appropriately designed and implemented, and meet key criteria including a requirement that they be sustainable. Figure 1 shows how CERP projects are identified and how DoS, USAID, and GOI are involved in the process.

Figure 1—CERP Project Identification Process Flow



Source: SIGIR rendition based on analysis of MAAWS, conversations with USF-I Joint Staff, and PRT Representatives.

In addition to administrative guidance, MAAWS describes reporting requirements and performance metrics that are to be used to capture how CERP projects benefit the Iraqi people. Specifically, MAAWS requires performance metrics to be included on a letter of justification for individual projects costing \$50,000 or more.

USF-I Commanding General's Guidance

In addition to MAAWS, the USF-I Commanding General issues annual guidance that clarifies his priorities for the use of CERP funds. The Commanding General's guidance details how CERP funds should be spent and emphasizes specific project areas commanders should address to achieve fiscal year goals. For example, in 2005, the then-Commanding General directed that CERP support "labor intensive and urgent humanitarian relief and reconstruction efforts." In 2011, the current Commanding General issued guidance that emphasized building GOI's civil capacity through quickly implementable, small-scale projects.

Objectives

SIGIR's objectives for this report were to 1) assess how the USF-I was using its FY 2011 CERP funding, 2) determine the extent that USF-I coordinates CERP projects with Department of State, and 3) assess how USF-I is measuring CERP's impact.

For a discussion of the audit scope and methodology and a summary of prior coverage, see Appendix A. For list of authorized uses of CERP funds, see Appendix B. For a list of acronyms used, see Appendix C. For the audit team members, see Appendix D. For the Department of Defense's management comments, see Appendix E. For the SIGIR mission and contact information, see Appendix F.

FY 2011 CERP Emphasizes Civil Capacity Development Rather than Counterinsurgency Goals

The USF-I Commanding General's FY 2011 CERP guidance explicitly directs that new projects assist the GOI's civil capacity development by focusing on providing essential services, developing local and provincial economies, and supporting rule of law initiatives. Furthermore, the guidance encourages commanders to fund quickly implementable, small-scale projects that can be completed prior to the troop withdrawal deadline of December 31, 2011. SIGIR interviewed more than 30 U.S. government officials responsible for CERP management who stated that they are implementing the program in accordance with the Commanding General's guidance. USF-I reports that it will obligate about \$66.5 million of the \$100 million authorized to implement CERP projects in 2011. USF-I officials stated that U.S. Army Central⁶ has already transferred the remaining \$33.5 million to Afghanistan.

The Commanding General Directs CERP 2011 Funds Be Used for Civil Capacity Development

On November 6, 2010, the USF-I Commanding General issued guidance that established program priorities for the CERP in 2011 and allocated funds to the four Major Subordinate Commands to implement the program.⁷ Unlike the 2005 guidance in which the then-Commanding General emphasized "labor intensive" brick-and-mortar construction projects to meet the needs of the Iraqi people, the current Commanding General emphasized civil capacity development for the CERP in 2011. Since March 2003, USAID has largely been responsible for capacity development in Iraq, having invested approximately \$6.6 billion on programs designed to stabilize communities, foster economic and agricultural growth, and build the capacity of the national, local, and provincial governments to represent and respond to the needs of the Iraqi people. With the impending December 31, 2011 troop withdrawal deadline, the Commanding General directed his commanders to move away from funding large construction projects and focus on quickly implementable efforts that enhance GOI's civil capacity development, particularly in essential services, rule of law, and economic development.⁸ The guidance stated if construction projects were undertaken, the projects were to be small-scale, short in duration, and concentrate on filling "gaps" in Iraqi capacity development capabilities.

The Commanding General's Guidance also laid out a timeline and identified risk factors for project completion. High-risk projects were those that have completion dates that extend past troop redeployments or approached the December 31, 2011 withdrawal date. Based on the Commanding General's Guidance, the U.S. Divisions issued follow-on guidance that emphasized closing out CERP projects rather than initiating new efforts. For example, U.S.

⁶ U.S. CENTCOM allocates CERP funding authority to its Army component, United States Army Central, which then allocates funding to USF-I.

⁷ The Major Subordinate Commands in Iraq are the Joint Special Operations Task Force and U.S. Divisions—North, Center and South.

⁸ Among other items, these areas respectively include projects in agricultural development, court house construction and repair, and micro grants for small businesses.

Division–North’s guidance cautioned soldiers that leaving “monuments of incompleteness” could have more detrimental effects than having no projects at all. U.S. Division–North officials stated that CERP projects are largely closed out in most provinces, and with few exceptions, projects are no longer being initiated.

CERP Project Selection Adheres to Commanding General’s Guidance and Focuses on Capacity Development

SIGIR spoke with more than 30 USF-I and PRT officials involved in the CERP process who said that, in accordance with the Commanding General’s guidance, they are identifying and implementing projects that emphasize capacity development and can be completed quickly. USF-I Civil Military Operations Officers who facilitate CERP coordination with the GOI and other U.S. government agencies and are involved in implementing projects stated that in some provinces, the military has not been involved in large-scale CERP project development. In some cases these officials added that CERP funds have preponderantly been used to create, rather than restore, capacity for the provincial governments to provide essential services.

In Diyala province, for example, a DoS PRT representative acknowledged that CERP filled a provincial capacity development gap where, because of a lack of funding, GOI officials have been unable to implement many infrastructure reconstruction and economic development projects in the area. USF-I and PRT officials said they engaged in three “suq surges,”⁹ where CERP-funded micro grants were provided to individual Iraqis to help revitalize economic markets in areas that had been heavily targeted by insurgent violence. Figure 2 shows before and after photos of some of Diyala’s markets where CERP funds were used to restore services.

Figure 2—Diyala Province Markets Before and After CERP Projects

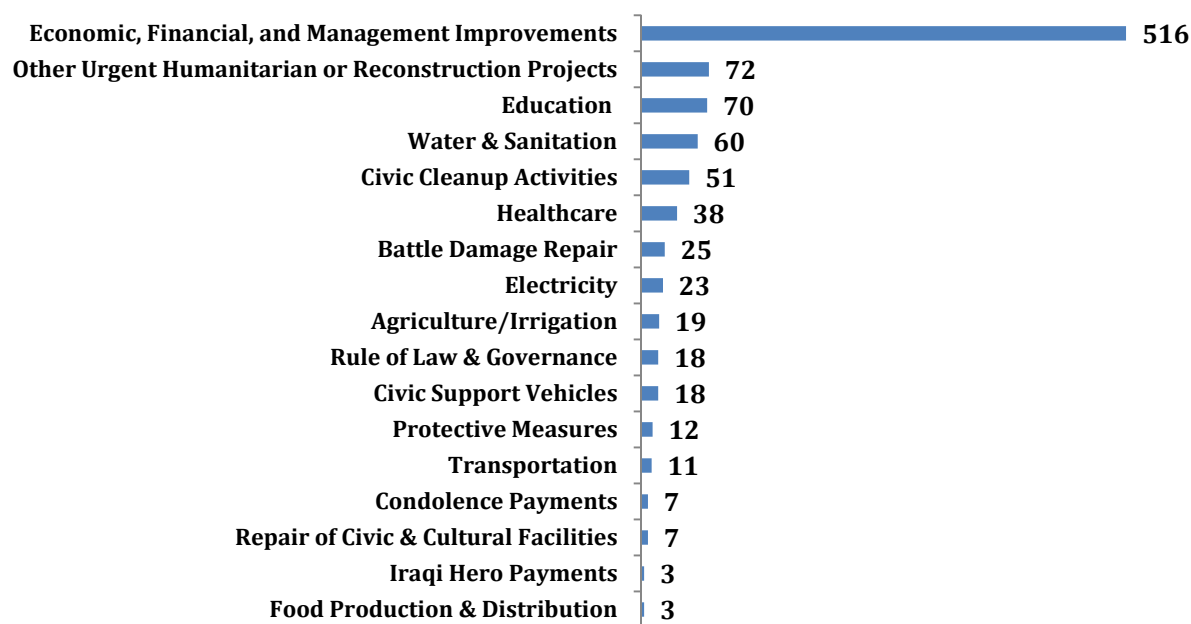


Source: Diyala province, PRT Representative.

⁹ “Suq” is Arabic for market.

MAAWS states that micro grants “provide financial assistance to disadvantaged entrepreneurs engaged in small and micro business activities that can support humanitarian relief and reconstruction.” Micro grants fall under the economic, financial management improvements category in MAAWS, which is one of the areas the Commanding General’s 2011 CERP Guidance prioritized. From 2008 through May 2011, micro grants represent 51% of the total number of CERP projects undertaken.¹⁰ For FY 2011, micro grants make up 54% of the 953 projects, and 5% of the total funds obligated to date. Figure 3 provides a breakdown of FY 2011 funds by project category through May 2011.

Figure 3—Graph of FY11 Funds per Category through May 2011



Source: USF-I CERP Project Tracker as of May 31, 2011.

MAAWS Provides Flexibility, but Updated Guidance on USF-I’s Implementation of Capacity Development Projects Is Needed

The USF-I Commanding General’s FY 2011 guidance refers to the MAAWS as the authoritative guidance regarding the appropriate uses of CERP funds. The MAAWS provides commanders with much flexibility by providing 20 different authorized categories of CERP projects. Given this flexibility, projects completed often support both counterinsurgency and capacity-development goals, and categorizing them as clearly counterinsurgency or capacity development is difficult. U.S. government officials told SIGIR however, that MAAWS guidance remained counterinsurgency-focused and has not evolved to capture the program’s shift to capacity

¹⁰ In this report SIGIR uses data from the USF-I CERP Project Tracker as of May 31, 2011. Subsequent to receiving a draft of this report, USF-I reported that it transferred more than 200 CERP projects to I-CERP in accordance with recommendations made in SIGIR *Audit 11-021*.

development. For example, the 2011 guidance does not provide information on capacity development initiatives that do not support the counterinsurgency objectives of the CERP.

Congress and the Army Audit Agency have raised questions about funding projects that appear to go beyond MAAWS's intent and do not focus on counterinsurgency objectives. In July 2009, the Chairman of the House Appropriations Defense Subcommittee wrote a letter to the Secretary of Defense that addressed this concern. The letter stated:

Today, a majority of CERP funds are spent on...projects that, while important, far-exceed the intended scale and scope of urgent projects CERP was intended to support...Over the last five years, CERP has grown from an incisive [counterinsurgency] tool to an alternative U.S. development program with few limits and little management.

The Army Audit Agency report stated that CERP “showed some projects identified as urgent humanitarian in nature may have fallen outside of permissible CERP criteria.”¹¹ The Agency report further stated that the projects looked more like “civil works and quality of life projects that probably qualify for other funding sources.”

Similarly, despite SIGIR's analysis which demonstrated that FY 2011 CERP-funded projects generally adhered to the FY 2011 Commanding General's guidance, SIGIR found some projects that did not appear to conform to the stated goals for the CERP. For example:

- About \$900,000 is being spent to upgrade the Najaf International Airport in the Najaf province under the transportation category. The stated purpose of these projects is to provide a satellite communication platform, and weather monitoring, reporting, and forecasting technology to bring Najaf to the same level as other modern airports across the globe.
- About \$144,000 is being spent to upgrade the Tikrit City cemetery in Salah al-Din province under the protective measures category. The goal of the project is to improve the appearance and security of the cemetery, to include repairing the perimeter wall, installing solar panel light fixtures at the entrance, and to clear debris in the cemetery.

\$33.5 Million of CERP 2011 Not Obligated

For FY 2011, the Secretary of Defense was authorized to spend up to \$100 million for CERP in Iraq. USF-I received a partial allocation of \$75 million from U.S. Army Central to fund CERP projects. However, USF-I determined it would not need all \$75 million and returned \$8.5 million.¹² Thus, USF-I's CERP budget for FY 2011 became \$66.5 million, \$33.5 million less than authorized.

¹¹ The Army Audit Agency report of CERP in Afghanistan was issued on November 16, 2010. The Army Audit Agency reviewed 229 projects and compared them to the criteria outlined in MAAWS. The Agency identified 213 (93%) of 229 projects as “questionable” on whether they fell within permissible CERP criteria.

¹² A USF-I official said that priorities in the field led commanders to determine that they did not need \$8.5 million, thus they returned the funds to U.S. Army Central.

USF-I has obligated about \$44.8 million of the \$66.5 million it received for 953 projects as of May 31, 2011. This leaves about \$21.7 million unobligated as of May 2011. Table 2 provides projects funded in each province and their value (i.e., amount obligated with CERP funds).

Table 2—CERP FY 2011 Projects and Funds Obligated by Province, as of May 2011

Province	Number of Projects	Funds Obligated¹
Anbar	69	\$10,085,421
Babylon	73	\$2,421,093
Baghdad	146	\$10,166,879
Basrah	15	\$1,565,927
Diyala	133	\$2,099,321
Erbil	1	\$70,330
Kerbala	61	\$386,647
Missan	59	\$1,431,228
Muthanna	18	\$1,199,719
Najaf	10	\$1,614,562
Ninewa	34	\$1,687,099
Qadissiya	124	\$1,426,331
Salah Al-Din	32	\$5,272,695
Sulaymaniyah	5	\$454,460
Tameem	72	\$2,018,702
Thi-Qar	27	\$1,466,984
Wassit	74	\$1,394,173
Totals	953	\$44,761,570

Note: Numbers are affected by rounding.

Source: USF-I CERP Project Tracker as of May 31, 2011.

USF-I issued a command-wide order on February 19, 2011 that required all CERP reconstruction projects be completed no later than July 1, 2011.¹³ This means that USF-I would likely have obligated the majority of the remaining CERP 2011 funds before July 1, 2011. Given that USF-I has been able to obligate only \$44.8 million in about nine months since the fiscal year began, it may not be able to obligate the remaining \$21.7 million in the three months remaining (i.e., July, August, and September).

Given that there is already at least \$33.5 million of CERP for FY 2011 that is not needed, U.S Army Central already transferred these funds to the CERP in Afghanistan. At the same time, DoD has requested \$25 million for CERP in Iraq for FY 2012.

¹³ In instances where the project completion deadline of July 1, 2011 will not be met, USF-I required that commanders provide risk mitigation plans for project completion by March 5, 2011.

Further, another SIGIR report issued this quarter, SIGIR 11-021, found that \$24.4 million in I-CERP funds remain unobligated as of April 30, 2011.¹⁴ That audit also noted that criteria to use I-CERP and CERP funds are similar, albeit I-CERP projects are a little more narrowly focused, and the MAAWS requires that whenever projects appear to meet the I-CERP criteria, they should be considered for funding under that program, rather than CERP. In that report, SIGIR is recommending that the DoD identify planned CERP projects that could be funded with I-CERP and, where appropriate and feasible, use I-CERP funds to pay for these projects so U.S. funds can be put to better use elsewhere. DoD could also use I-CERP funds to pay for eligible projects in FY 2012. Doing so would make more CERP funding available for either transfer to the CERP in Afghanistan or return to the Treasury.

¹⁴ On April 3 2008, Multi-National Force–Iraq and the GOI initiated I-CERP, which uses GOI funds to execute urgent reconstruction projects for the benefit of the Iraqi people.

CERP Coordination with PRTs Varies Widely

The MAAWS requires that USF-I commanders coordinate CERP projects with the applicable DoS-led PRTs, but such coordination varies greatly across the provinces. SIGIR found that the PRTs' involvement in the CERP process ranged from sporadic individual project vetting to full-fledged identification, planning, and implementation of CERP projects. For those PRTs that are deeply involved in the CERP process, PRT representatives stated that USF-I relies on them, in part, because of frequent military deployment rotations, reduced troop presence, limited subject-matter expertise, and little experience in the management of capacity development-type projects.

PRT Involvement in CERP Varies Greatly Across the Provinces

SIGIR sent surveys, and received written responses from 14 of the 15 existing PRTs and found their involvement in CERP ranges from individual project vetting to formal identification, planning, implementation, and management of the process. Often, the level of coordination is dependent on the personal relationships between the PRT team leader and Major Subordinate Command commander. Examples of the differing levels of PRT/USF-I working relationships are as follows:

- In Diyala, the military handed off responsibility for identifying and implementing projects to the PRT but maintained control of payment authorization. The PRT must concur with the projects before USF-I will fund them.
- In Salah al-Din, the PRT occasionally helped identify needs within the province, mainly on a few specific areas such as agriculture and rule of law, but “most projects were implemented and monitored by the [USF-I] with minimal PRT involvement.” The PRT team leader also stated that the support the USF-I most often requested from them was in arranging meetings with local officials, as the PRTs were primary U.S. contacts with local civic leaders, provincial council members, and prominent sheiks.
- In Anbar, the Essential Services Cell is responsible for the execution of CERP projects from project identification and implementation through completion.¹⁵ Projects are identified in partnership with local subject matter experts and Iraq's provincial government.
- In Basrah, the PRT responded that they are “not a part of any formalized process or committee on coordination.”

In FY 2011, MAAWS guidance was updated to emphasize that regardless of cost, USF-I must coordinate every CERP project with PRTs, the United States Agency for International Development (USAID), or Non-Government Organizations as appropriate, to ensure maximum combination of effort and minimal conflict between competing programs. However, SIGIR found that coordination does not consistently involve USAID. The PRT responses to SIGIR's questionnaire showed that while formalized processes—such as Civil Capacity Working Groups

¹⁵ Led by the DoS, the Anbar Essential Services Cell is a group of over 25 individuals focused on using CERP funds and mentoring arrangements to build capacity in the water treatment, sanitation and electricity sectors. It is a structure exclusive to the Anbar PRT.

and Provincial Reconstruction Development Committees¹⁶—exist at most PRTs, the level of coordination with USAID ranged from close to virtually none. For example, at the Anbar PRT, USF-I voluntarily seeks USAID concurrence on all CERP projects greater than \$50,000. The Anbar USAID representative stated that generally they do not sign any document signifying concurrence or nonconcurrence, but rather verbally provide their opinion on whether a project would harm the local population or impede long-term development processes in the area. Moreover, the Anbar PRT, USF-I, and USAID have signed a Unified Common Plan to acknowledge their agreement and understanding of shared mission goals. In other provinces, efforts to coordinate projects with USAID have not been as advanced. U.S. government officials said that this lack of coordination increases the risks of duplication of efforts.

Frequent Deployment Rotations, Reduced Military Presence, Limited Expertise and Experience Result in Greater Reliance on PRTs To Identify and Implement CERP-funded Projects

According to PRT and USF-I officials, the manner in which troops are deployed and rotated has caused the PRT representatives to spend substantial amounts of time briefing incoming brigades on the status of programs and projects being implemented in the province. As there is usually little overlap between military units that are rotating in and out, there is a break in institutional familiarity that can be passed to the incoming command. Also, the troop withdrawal schedule has substantially reduced the number of troops available on the ground to identify needed projects.

In addition, USF-I officials said that PRTs have subject matter experts, such as economists and engineers, that are not available in the military. As such, PRTs are in a good position to advise commanders and augment military capacity-development efforts. USF-I officials informed us that prior to the increased coordination with the PRTs, they often relied on Iraqi engineering contractors, for example, to complete the projects according to design specifications.

USF-I officials stated that the military has personnel trained in implementing civil capacity-development projects. However, PRT and Civil Military Operations officials SIGIR spoke with stated that the military has limited experience implementing and managing the types of capacity-development projects currently funded by the CERP. The Center for Army Lessons Learned¹⁷ 2008 CERP Handbook states that:

[u]nless military officers have an academic background or prior civilian service in humanitarian assistance, disaster relief, or development field, few have the same expertise as their professional civilian counterparts from the development community in the various non-lethal tasks required in the conduct of stability operations.

¹⁶ Provincial Reconstruction Development Committees coordinate and prioritize provincial development projects with U.S. government and host nation officials, and examine possible sources for project funding.

¹⁷ Institute dedicated to the collection and analysis of new concepts, tactics, techniques, procedures, and solutions throughout the Army to help improve their war-fighting capabilities.

These factors have led some commanders to rely on the DoS-led PRTs to identify and, in some cases, implement CERP projects. For example, Diyala PRT officials told SIGIR that they play a significant role in identifying and approving CERP-funded economic development and essential services projects. Specifically, the PRT said it has leveraged its relationships with local Iraqis to help coordinate and implement micro grants as part of the three "suq surges" aimed at revitalizing devastated markets. SIGIR's analysis of CERP Project Tracker data shows in 2010 and 2011, 93% (4108 of 4436) of the projects implemented in Diyala province have been micro grants.

An Anbar PRT representative and a USF-I Civil Military Operations Officer stated that in Anbar province, the military implements projects to respond to urgent humanitarian needs, while the PRT implements CERP projects to improve the capacity of provincial leaders to provide essential services. SIGIR reviewed the FY 2011 CERP projects in Anbar to determine if ongoing projects generally fell in those two categories. We found that 19 of 69 projects fit into the categories of urgent humanitarian needs, battle damage repair, and condolence payments. An Anbar PRT representative told SIGIR that the remaining 72% (50 of 69) of projects were PRT capacity-development efforts.

While MAAWS requires coordinating with the PRTs on the use of CERP funds, it still holds USF-I accountable for managing the program. As such, heavy reliance on the DoS-led PRTs as in the case of Anbar, places the USF-I at risk of losing oversight of the program.

Measuring CERP’s Impact Remains Difficult Due to Unsupported Performance Metrics and the Limited Ability to Ensure Project Sustainability

The MAAWS states that performance metrics are essential to ensure funds are applied to projects that will yield the greatest benefit to the Iraqi people. However, SIGIR found that the data underlying these metrics are not well-supported, resulting in output measures of limited usefulness. For example, six projects in the CERP Project Tracker database report a combined estimated benefit to over 10 million Iraqis; however, these projections were not based on actual counts of beneficiaries. USF-I often relies on imprecise testimonial evidence from subject matter experts and local Iraqi contacts as the basis for the data. One official stated that because of the imprecise data, the effect and impact of CERP projects are largely unknown. The MAAWS also emphasizes project sustainment by requiring that commanders obtain cost-sharing contributions and Letters of Sustainment¹⁸ from the GOI. As with all U.S. development projects, the ability to monitor projects will largely cease following the withdrawal of U.S. forces.

Data Underlying the Performance Metrics Lacks Support

In addition to requiring that each project is recorded in the CERP Project Tracker, the MAAWS requires that commanders establish performance metrics for projects. These metrics must include outcome information such as the number of locals working on the project, number of locals benefitting from the project, and the immediate benefit to the local population.

While commanders are reporting against these metrics, SIGIR found that some of the underlying data lacks support. The CERP Management Cell in the Office of the Secretary of Defense (OSD) is aware of the problem and is working to improve the usefulness of the indicators. To illustrate the problem, MAAWS states if data is not available for the “number of locals benefitting from the project,” commanders are to use the entire population of the province. This results in some highly questionable data. For example, CERP Project Tracker data showed that six projects (valued at almost \$1.4 million) employed 4,481 local Iraqis and benefited over 10 million people (see Table 3). In one project, USF-I in Baghdad estimated that projects resulting from the purchase of a 50-ton hydraulic crane would provide 2,350 local Iraqis with employment and aid six million people.¹⁹ Similarly, the projects resulting from the purchase of a plow were projected to employ 522 people and aid over 300,000 local Iraqis. Table 3 provides other examples.

¹⁸ Letters of Sustainment are documents signed by Iraqi Government officials acknowledging responsibility and commitment of funds to sustain projects after completion.

¹⁹ In this particular project, the documentation states that the crane “will be used to move intake pipe assemblies and water pumps as well as move and set durable pipe water lines.”

Table 3—Examples of FY 2011 CERP Projects and Projected Number of Locals Benefitting

Project description	Funds Obligated	Locals employed by project	Locals benefitting by project
50-ton hydraulic crane to move water lines	\$448,266	2,350	6,000,000
Purchase, repair, and upgrade the irrigation pump stations that will enable the Ministry of Water to ensure a timely response to needs of remote provinces	\$478,872	1,400	2,500,000
Upgrade security at three courthouses	\$16,063	45	1,200,000
Plow for agricultural development	\$179,577	522	300,000
90-days' worth of road clean-up	\$131,765	64	40,000
Renovate prisons to international standards	\$145,429	100	50
Total	\$1,399,972	4,481	10,040,050

Source: SIGIR's analysis of CERP Project Tracker, as of May 2011.

USF-I officials stated that Project Purchasing Officers²⁰ are responsible for collecting data to support project metrics. In addition to their “best guess estimates,” Project Purchasing Officers base their information on input from PRT representatives, local subject matter experts, Iraqi sheiks, and city council members. USF-I officials added that, in the past, the metrics were easier to measure because the military received direct feedback from local Iraqis while patrolling the towns and cities. One official stated that the calculation of performance metrics is “not an exact science, and the effect and impact of the projects are largely unknown.” With such imprecise data, commanders may know only how CERP funds were used, and not their impact on the communities.²¹

Sustainability of CERP Projects Remains Uncertain

MAAWS states that CERP is intended for small-scale projects that can be sustained by the local population or government. As with all U.S. reconstruction projects, a reduced U.S. troop presence will make monitoring difficult, if not impossible. At present, commanders rely heavily on DoS PRT officials and PRT-employed local subject matter experts to monitor and inspect projects. However, USF-I and PRT officials said that the security situation has made it difficult for these individuals to safely monitor projects.

The MAAWS emphasizes that sustainability is better ensured by gaining Iraqi buy-in through Letter(s) of Sustainment and/or the amount of GOI cost-share contribution. The MAAWS directs commanders to obtain Letter(s) of Sustainment from GOI officials acknowledging responsibility and commitment to sustain projects costing over \$50,000. For projects costing

²⁰ The Project Purchasing Officers are U.S. military personnel who have the authority to, among other duties, procure services and supplies from the commander, sign contracts to obtain services and supplies, and direct paying agents to make in-progress and final payments on CERP projects.

²¹ Similarly, a recent Army Audit Agency report of CERP in Afghanistan stated performance measures did not exist to evaluate program effectiveness or capture meaningful data to draw conclusions about the effectiveness of CERP.

more than \$750,000, MAAWS further requires commanders to obtain a GOI cost-share contribution to help reduce the overall project cost. SIGIR's analysis found that of the 953 projects implemented under the CERP for FY 2011, only 187, or about 20%, cost more than \$50,000, and would thus require Letters of Sustainment. A USF-I official said that even with the letter the "military and embassy cannot enforce civil agreements they have with the sovereign government." Furthermore, because there were no projects costing more than \$750,000, cost-sharing arrangements between the USF-I and the GOI were not required. Recognizing the vulnerability of projects that fall below these monetary thresholds, some PRTs are independently requesting cost-sharing and/or sustainment commitments from the Iraqis.

Conclusions, Recommendations, and Matter for Congressional Consideration

Conclusions

DoD's use and implementation of FY 2011 CERP funds for primarily civil capacity-development projects, in addition to USAID and DoS funds already provided for such efforts, raises questions about the need for this large incremental focus on capacity development. SIGIR has not found any guidance or directive that explains DoD's role in civil capacity development that is not part of a larger counterinsurgency strategy. MAAWS guidance continues to state that the CERP is intended for "urgent humanitarian needs" on the battlefield to help meet military objectives in a counterinsurgent environment. Given the counterinsurgency focus of the CERP, it would follow that DoD capacity-development projects would show some link to specific military objectives. However, SIGIR's examination of FY 2011 projects does not find this to be the case.

Further, the large-scale involvement of DoS PRTs and subject matter experts in selecting and executing CERP-funded projects demonstrates another challenge with DoD managing a large-scale development program. Some USF-I officials questioned whether the military has the experience or expertise to manage these projects, which has led USF-I to rely heavily on DoS and USAID, the more traditional development agencies. These facts have further obscured the purpose of DoD's involvement in civil capacity development and suggest that the CERP is being used, in part, as another funding source to pay for traditional development programs.

Finally, CERP performance metrics need refining. The CERP Management Cell in OSD has recognized this requirement and is working to identify better metrics for the program. One important step in the right direction would be eliminating the MAAWS guidance which permits commanders to use metrics that have almost no bearing on project outcomes. A particularly counterproductive metric included in the MAAWS states if data is not available for the "number of locals benefitting from the project," commanders are to use the entire population of the province. SIGIR believes that this guidance does not result in useful information on the CERP's impact.

Recommendations

SIGIR recommends that the Office of the Secretary of Defense:

1. Clarify the military's role in civil capacity development efforts where counterinsurgency is not a primary focus.
2. Re-evaluate performance metrics and measures of effectiveness with particular attention on eliminating the broad metrics that have no true bearing on outputs and outcomes.

Matter for Congressional Consideration

If Congress intends for DoD to undertake civil capacity development efforts where counterinsurgency is not a primary focus, it may wish to consider providing clarifying instructions or codifying that mission in U.S. statutes.

Management Comments and Audit Response

DoD partially concurred with SIGIR's recommendation to clarify the military's role in civil capacity development efforts. DoD also generally concurred with SIGIR's recommendation to re-evaluate their CERP performance metrics.

SIGIR recognizes that counterinsurgency theory and practice includes civil capacity development as a counterinsurgency goal. SIGIR also agrees that one of CERP's strengths is its flexibility to adapt to changing conditions on the ground. To be useful as a tactical tool, this flexibility is necessary. However, SIGIR questions whether there are differences between civil capacity-development projects in support of counterinsurgency goals and objectives, and civil capacity-development projects in support of long-term post-conflict development goals and objectives. As SIGIR points out in the report, USF-I's reliance on State Department personnel, to implement its program blurs any distinction between the current CERP and State Department/USAID capacity-development goals. This then raises the question whether the Congress intended to fund separate and possibly competing programs directed toward the same goals and objectives.

SIGIR is not recommending that DoD stop these activities. Rather, we believe that DoD should clarify its role in capacity development. This will better allow field commanders to use their resources in support of DoD goals. For these reasons, SIGIR continues to believe that MAAWS guidance needs to be revised to define the appropriate use of CERP in the environment discussed in the SIGIR report.

DoD's comments are reprinted in their entirety in Appendix E.

Appendix A—Scope and Methodology

Scope and Methodology

In January 2011, the Special Inspector General for Iraq Reconstruction (SIGIR) initiated Project 1101 to assess United States Forces–Iraq (USF-I) plans for the use and management of the Commander’s Emergency Response Fund (CERP) for Fiscal Year (FY) 2011. SIGIR’s objectives for this report were to 1) assess how the USF-I was using its FY 2011 CERP funding, 2) determine the extent that USF-I coordinates CERP projects with Department of State, and 3) assess how USF-I is measuring CERP’s impact. This audit was performed under the authority of Public Law 108-106, as amended, which also incorporates the duties and responsibilities of inspectors general under the Inspector General Act of 1978, as amended. SIGIR conducted its review from March through July 2011 in Baghdad, Iraq and Arlington, Virginia.

To assess how USF-I was using its FY11 CERP funding, we reviewed and compared available current and preceding CERP standard operation procedures, to include *Money As A Weapon System* (MAAWS) guidance, fragmentary orders, Commanding General’s Guidance, Memoranda of Understanding, and data from the CERP Project Tracker, as well as consulting prior SIGIR reviews of CERP. Using this information as a basis for discussion, we interviewed numerous USF-I officials, including members of the Joint Staff, Major Subordinate Commands, and Advise and Assist Brigades responsible for the administration of CERP.

To determine the Department of State’s (DoS) role in identifying and implementing CERP projects, we solicited responses to a structured questionnaire from the DoS-led Provincial Reconstruction Teams (PRTs). We submitted a similar questionnaire to PRT representatives of the U.S. Agency for International Development (USAID). To supplement the questionnaires, we visited PRTs in Anbar, Baghdad, and Diyala, Iraq, and interviewed USF-I, DoS, and USAID officials responsible for CERP execution, coordination, and oversight at the provincial level. In addition, we spoke with Office of Provincial Affairs representatives at the US Embassy in Baghdad regarding the roles and mission of the PRTs in the CERP process.

To assess how USF-I is measuring program effectiveness and evaluating the sustainability of CERP projects, we reviewed current MAAWS policy on performance metrics and requirements for sustainment. We also analyzed the information provided in the CERP Project Tracker for fiscal years 2005 through 2011. We augmented this analysis by interviewing key U.S. government representatives, both at USF-I headquarters and select PRTs. In addition, we obtained and reviewed other agency audit reports that identified similar concerns with measuring CERP program effectiveness.

This audit was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Use of Computer-processed Data

To achieve the assignment's objectives, we relied on computer-processed data contained in USF-I's CERP Project Tracker. We did not assess the system's general controls, but cross-referenced the data with supplemental information obtained from USF-I. Previous SIGIR reviews of the system controls and results of data tests indicate limitations in the data's completeness or accuracy; however, the data are the best available for purposes of our review, and we concluded that the data were sufficiently reliable to be used in meeting the assignment's objectives.

Internal Controls

In conducting the review, we examined the internal and management control procedures and documents that USF-I requires and uses to manage CERP.

Prior Coverage

We reviewed the following reports by SIGIR, the Government Accountability office, U.S. Army Audit Agency, and the Department of Defense.

Special Inspector General for Iraq Reconstruction

Commander's Emergency Response Program Obligations Are Uncertain, SIGIR 11-012, 01/31/2011.

Sons of Iraq Program: Results Are Uncertain and Financial Controls Were Weak, SIGIR 11-010, 01/28/2011.

Commander's Emergency Response Program: Projects at Baghdad Airport Provided Some Benefits, but Waste and Management Problems Occurred, SIGIR 10-013, 04/26/2010.

Iraq Commander's Emergency Response Program Generally Managed Well, but Project Documentation and Oversight Can Be Improved, SIGIR 10-003, 10/27/2009.

Commander's Emergency Response Program in Iraq Funds Many Large-scale Projects, SIGIR 08-006, 01/25/2008.

Management of the Commander's Emergency Response Program in Iraq for Fiscal Year 2006, SIGIR 07-006, 04/26/2007.

Status of the Provincial Reconstruction Team Program in Iraq, SIGIR 06-034, 10/29/2006.

Management of the Commander's Emergency Response Program in Iraq for Fiscal Year 2005, SIGIR 05-025, 1/23/2006.

Government Accountability Office

Military Operations: Actions Needed to Better Guide Project Selection for Commander's Emergency Response Program and Improve Oversight in Iraq, GAO-08-736R, 06/23/2008.

U.S. Army Audit Agency

Commander's Emergency Response Program, U.S. Forces–Afghanistan, A-2011-0020-ALL, 11/16/2010.

Department of Defense

Department of Defense Review of the Commander's Emergency Response Program, July 2010.

Appendix B—MAAWS' List of Project Categories Authorized for CERP Funding

The most recent version of MAAWS, dated March 1, 2011, allows CERP funds to be used under 20 broad categories of assistance. Brief descriptions of these categories are listed below:

- 1. Agriculture/Irrigation:** Projects to increase agricultural production or cooperative agricultural programs.
- 2. Battle Damage Repair:** Projects to repair, or make payments for repairs of, property damage that results from U.S., coalition, or supporting military operations and is not compensable under the Foreign Claims Act.
- 3. Civic Cleanup Activities:** Projects to clean up public areas; area beautification.
- 4. Civic Support Vehicles:** Projects to purchase or lease vehicles by public/government officials in support of civic and community activities.
- 5. Condolence Payments:** Payments to individual civilians for the death or physical injury resulting from U.S., coalition, or supporting military operations not compensable under the Foreign Claims Act.
- 6. Economic, Financial, and Management Improvements:** Projects to improve economic or financial security.
- 7. Education:** Projects to repair or reconstruct schools or to purchase school supplies or equipment.
- 8. Electricity:** Projects to repair, restore, or improve electrical production, distribution, and secondary distribution infrastructure.
- 9. Food Production & Distribution:** Projects to increase food production or improve distribution processes to further economic development.
- 10. Former Detainee Payments:** Payments to individuals upon release from Coalition (non-theater internment) detention facilities.
- 11. Healthcare:** Projects to repair or improve infrastructure, equipment, medical supplies, immunizations, and training of individuals and facilities in respect to efforts made to maintain or restore health, especially by trained and licensed professionals.
- 12. Hero Payments:** Payments made to the surviving spouses or next of kin of Iraqi defense or police personnel who were killed as a result of U.S., coalition, or supporting military operations. ([These were] previously referred to as Martyr payments in Iraq.)

13. Other Urgent Humanitarian or Reconstruction Projects: Projects to repair collateral damage not otherwise payable because of combat exclusions or condolence payments. Other urgent humanitarian projects not captured under any other category. For other urgent humanitarian projects, this category should be used only when no other category is applicable.

14. Protective Measures: Projects to repair or improve protective measures to enhance the durability and survivability of a critical infrastructure site (oil pipelines, electric lines, etc.).

15. Repair of Civic and Cultural Facilities: Projects to repair or restore civic or cultural buildings or facilities.

16. Rule of Law and Governance: Projects to repair or reconstruct government buildings such as administrative offices or courthouses.

17. Telecommunications: Projects to repair or extend communication over a distance. The term telecommunication covers all forms of distance and/or conversion of the original communications, including radio, telegraphy, television, telephony, data communication, and computer networking. Includes projects to repair or reconstruct telecommunications systems or infrastructure.

18. Temporary Contract Guards for Critical Infrastructure: Projects including to guard critical infrastructure, including neighborhoods and other public areas.

19. Transportation: Projects to repair or restore transportation to include infrastructure and operations. Infrastructure includes the transport networks (roads, railways, airways, canals, pipelines, etc.), as well as the nodes or terminals (such as airports, railway stations, bus stations, and seaports). The operations deal with the control of the system, such as traffic signals and ramp meters, railroad switches, air traffic control, etc.

20. Water & Sanitation: Projects to repair or improve drinking water availability, to include purification and distribution. Building wells in adequate places is a way to produce more water, assuming the aquifers can supply an adequate flow. Other water sources such as rainwater and river or lake water must be purified for human consumption. The processes include filtering, boiling, distillation among more advanced techniques, such as reverse osmosis. The distribution of drinking water is done through municipal water systems or as bottled water. Sanitation, an important public health measure that is essential for the prevention of disease, is the hygienic disposal or recycling of waste materials, particularly human excrement.

Appendix C—Acronyms

Acronym	Description
CERP	Commander's Emergency Response Program
DoD	Department of Defense
DoS	Department of State
FY	Fiscal year
GOI	Government of Iraq
MAAWS	Money As A Weapon System
OSD	Office of the Secretary of Defense
PRT	Provincial Reconstruction Team
SIGIR	Special Inspector General for Iraq Reconstruction
USF-I	United States Forces–Iraq
USAID	United States Agency for International Development

Appendix D—Audit Team Members

This report was prepared and the audit conducted under the direction of Glenn D Furbish, Assistant Inspector General for Audits, Office of the Special Inspector General for Iraq Reconstruction.

The staff members who conducted the audit and contributed to the report include:

Scott Harmon

Joshua Moses

Tinh Nguyen

Jim Shafer

Appendix E—Management Comments



THE UNDER SECRETARY OF DEFENSE
2000 DEFENSE PENTAGON
WASHINGTON, DC 20301-2000

July 27, 2011

Mr. Glenn D. Furbish
Assistant Inspector General for Audit
Special Inspector General for Iraq Reconstruction
400 Army Navy Drive, Arlington, VA 22202

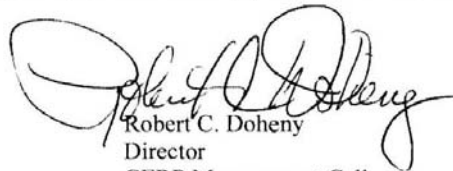
Dear Mr. Furbish:

Enclosed at Tab A are the management comments and audit response of the Department of Defense (DoD) to the recommendations of the draft SIGIR Report, “Commander’s Emergency Response Program for 2011 Shows Increased Focus on Capacity Development,” dated July 8, 2011 (SIGIR 11-020). Additional comments from U.S. Forces – Iraq are also attached at Tab B for your reference.

The DoD appreciates the insights provided by this audit and partially agrees with the SIGIR’s comments and recommendations pertaining to the civil capacity development projects of the Commander’s Emergency Response Program (CERP). However, we specifically disagree with the finding that CERP capacity development projects do not appear related to the U.S. counterinsurgency mission. These projects are important in maintaining stability, which is key to a successful counterinsurgency campaign.

In addition, although guidance can always be improved, we believe that CERP guidance does provide adequate direction on identifying and implementing capacity development projects. We recognize the need for improved data and metrics to assess CERP project effectiveness, and will continue to address this issue during Fiscal Year 2011 and beyond.

Finally, it is with concern we note the statement in both the Summary of Report and Introduction that although the 2008 U.S.-Iraq Security Agreement provides for the withdrawal of all U.S. forces from Iraq by December 31, 2011, “no final decision on withdrawal has been made.” This appears to suggest that the United States is considering the option of not complying with the Security Agreement. To the contrary – DoD is complying with the Security Agreement, and withdrawal of U.S. forces is proceeding. Should other arrangements be worked out between the U.S. and Iraqi governments in the coming months, DoD’s plans could change, subject to those other arrangements. We recommend that these statements be revised to remove any suggestion that the United States is considering the option of not complying with the Security Agreement.


Robert C. Doheny
Director
CERP Management Cell

Enclosures:
As stated

SIGIR Draft Audit Report – Dated July 8, 2011, Report Number SIGIR 11-020

Commander's Emergency Response Program for 2011 Shows Increased Focus on Capacity Development

Department of Defense (DoD) comments to findings and recommendations:

A prominent theme of this report is that FY 2011 CERP funds are increasingly used to implement "capacity development initiatives not in support of the counterinsurgency objectives of the CERP." And with this change in focus, the SIGIR asserts that the existing COIN-centric CERP mission and guidance are not adequate to provide the strategic and practical guidance necessary to ensure that CERP capacity development projects are both strategically important and effectively implemented. The problem with this finding is that it understates the extent to which these capacity development projects are integral to the mission in Iraq.

COIN theory and practice includes civil capacity development as a COIN goal. This SIGIR report lists three activities under the heading of capacity development -- "providing essential services, developing local and provincial economies, and supporting rule of law initiatives." Each of these activities is an area of government responsibility. If a population finds the government's performance inadequate in any of these activities, extremist elements could exploit that inadequacy to mobilize the population to first identify grievances and then start, sustain, or build an insurgency. Therefore, addressing these conditions is central to meeting COIN objectives. Furthermore, this approach is particularly relevant in the case of Iraq in that disappointments in the provision of essential services, economic development, and rule of law specifically contributed to support for the insurgents.

CERP provides a vital tool for the military to address potential grievances caused by inadequate governance at all levels. The mechanism's strength is in its flexibility to adapt to changing conditions on the ground. When security conditions were poor, CERP was needed primarily to advance the "clear" and "hold" phase of the COIN strategy by mitigating grievances against the United States with humanitarian aid, battle damage repair, and condolence payments. However, as security improves, CERP will support the "build" phase of the COIN strategy by promoting sustainable economic growth through a variety of capacity development projects, such as workforce training initiatives and microgrants for small businesses. Insofar as these capacity development projects remove or reduce known risk conditions for renewed conflict, such as famine, poverty, and unemployment, they advance the central COIN goal of sustainable security.

Given that these capacity development projects are implemented under CERP to serve evolving counterinsurgency campaign requirements, the DoD believes that the existing COIN-focused CERP guidance is well-suited to steer project selection and implementation. These include the March 2011 Money As A Weapon System (MAAWS) Standard Operating Procedures and the Department of Defense CERP Financial Management Regulation. These documents can be refined as necessary to clarify permissible capacity development.

Finally, it is with concern we note the statement in both the Summary of Report and Introduction that although the 2008 U.S.-Iraq Security Agreement provides for the withdrawal of all U.S. forces from Iraq by December 31, 2011, “no final decision on withdrawal has been made.” This appears to suggest that the United States is considering the option of not complying with the Security Agreement. To the contrary – DoD is complying with the Security Agreement, and withdrawal of U.S. forces is proceeding. Should other arrangements be worked out between the U.S. and Iraqi governments in the coming months, DoD’s plans could change, subject to those other arrangements. We recommend that these statements be revised to remove any suggestion that the United States is considering the option of not complying with the Security Agreement.

Recommendation 1: *Clarify the military’s role in civil capacity development efforts where counterinsurgency is not a primary focus.*

The DoD partially concurs with this recommendation. As discussed above, the CERP capacity development projects in Iraq were designed and executed with a primary focus on counterinsurgency. The evolution of CERP projects from those mitigating the burdens of battle on Iraqi civilians to capacity development initiatives reflects the intended flexibility of the program to focus on projects that commanders determine best address changing security conditions on the ground. The Office of the Secretary of Defense will continue to monitor CERP capacity development initiatives to ensure that they advance the overall mission and counterinsurgency objectives in Iraq. CERP guidance can be adjusted as necessary to clarify permissible capacity development.

Recommendation 2: *Re-evaluate performance metrics and measures of effectiveness with particular attention on eliminating the broad metrics that have no true bearing on outputs and outcomes.*

The DoD generally concurs with this recommendation. The CERP Management Cell in the Office of the Secretary of Defense is working with other offices to evaluate methods to assess the utility and effectiveness of CERP projects.

Appendix F—SIGIR Mission and Contact Information

SIGIR’s Mission

Regarding the U.S. reconstruction plans, programs, and operations in Iraq, the Special Inspector General for Iraq Reconstruction provides independent and objective:

- oversight and review through comprehensive audits, inspections, and investigations
- advice and recommendations on policies to promote economy, efficiency, and effectiveness
- deterrence of malfeasance through the prevention and detection of fraud, waste, and abuse
- information and analysis to the Secretary of State, the Secretary of Defense, the Congress, and the American people through Quarterly Reports

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- Web: www.sigir.mil/submit_fraud.html
- Phone: 703-602-4063
- Toll Free: 866-301-2003

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