

**STATEMENT OF STUART W. BOWEN, JR.
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**BEFORE THE
UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON ARMED SERVICES
SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS**

**“EFFECTIVENESS OF THE PROVINCIAL RECONSTRUCTION TEAM
PROGRAM IN IRAQ”**

Thursday, October 18, 2007

Washington, D.C.

Chairman Snyder, Ranking Member Akin, and members of the Subcommittee on Oversight and Investigations, I am pleased to appear before you today to present the findings of a report released today by my office, the Special Inspector General for Iraq Reconstruction (SIGIR), entitled “Review of the Effectiveness of the Provincial Reconstruction Team Program in Iraq” (SIGIR-07-015, October 18, 2007). Today’s report and my accompanying testimony follow up on two previous SIGIR reports on the Provincial Reconstruction Team (PRT) Program in Iraq¹ and the testimony by my Deputy Special Inspector General, Ms. Ginger Cruz, who appeared before you on September 5, 2007.

Summary

SIGIR’s oversight work on the PRT Program to date has found that it has made incremental progress in developing Iraq’s provincial and local capacities to govern and to manage its own recovery. However, the serious problems of complex and overlapping sectarian, political and ethnic conflicts, as well as the difficult security situation, continue to hinder the program’s overall progress. The varying degree to which these serious problems afflict Iraq across the country has, proportionately, affected progress.

¹ SIGIR-06-034; *Status of Provincial Reconstruction Team Program in Iraq*, Oct. 29, 2006; and SIGIR-07-014, *Status of the Provincial Reconstruction Team Program Expansion in Iraq*, SIGIR-07-014, July 25, 2007.

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For example:

- the failure of the Council of Representatives to pass a provincial powers law that defines local governments' rights and responsibilities has limited provincial councils' effectiveness in managing their governmental institutions;
- weak and uncoordinated rule of law programs within the provinces and at the national level have been a continuing problem. In most provinces, there is little cooperation among the police, courts, and correction facilities, and judicial orders are routinely ignored;
- efforts to increase local living standards and reduce unemployment have been undermined by the dangerous security situation, but micro-lending programs, agribusiness development, and small-business development programs are beginning to make headway;
- provincial governments have limited capacity to manage and sustain infrastructure and to budget for operations and maintenance, but some improvements have been noted in Iraqi management of local reconstruction projects; and
- local political reconciliation efforts have been undermined in some areas by rival Shia groups, a sense of alienation among Sunnis, and growing frustration over the inability to obtain government services.

Given the complexity of these problems encountered, SIGIR has recommended that a comprehensive plan be developed, with elements tailored for each PRT, addressing program objectives, performance measures, funding requirements, agency responsibilities, and reportable milestones toward achieving initiatives.

Program Goals, Objectives, and Evolution

The PRT Program in Iraq is a U.S.-led, civil-military effort to assist Iraq's provincial and local governments to govern effectively and deliver essential services. It employs integrated, multidisciplinary teams, composed of U.S. and coalition civilian and military personnel, to teach, coach, and mentor provincial and local government officials in core competencies of governance and economic development.

The initiative has evolved and expanded considerably since the opening of the first PRTs in Mosul, Kirkuk, and Hillah in November 2005. As of August 2007, the program comprised seven PRTs led by the United States and three led by the coalition; seven provincial support teams (PSTs)—small cells of advisors that provide advice to provincial officials²; and 15 recently deployed ePRTs—the latter being PRTs

² In commenting on a draft of our most recent report, Headquarters, Multi-National Force - Iraq stated that PSTs for the most part have been converted to PRTs, with two PSTs incorporated into an existing PRT.

“embedded” with brigade combat teams (BCTs) in and around Baghdad and Al Anbar province.

How We Approached Our Work

SIGIR’s new report on the PRT Program in Iraq examined five selected areas the program has emphasized: (1) assisting Iraq’s provincial and local governments in developing a transparent and sustained capability to govern; (2) promoting increased security and rule of law; (3) advancing economic development; (4) providing the provincial administration necessary to meet the basic needs of the population; and (5) promoting reconciliation and shaping the political environment. Our report provides some general findings applicable to each area of emphasis as well as an assessment of the program’s progress across the country.

SIGIR auditors visited the existing 10 PRT and seven PSTs, as well as nine of the new ePRTs. Our work entailed discussions with senior-level military and U.S. Embassy officials in Baghdad and interviews throughout Iraq with 274 civilian and military officials and officers, including senior leaders in the BCTs, team and deputy team leaders, technical specialists, bilingual bicultural advisors, civil affairs members, and Iraqi and third-country government advisors. We did not systematically obtain the perspective of Iraqi provincial-government officials on the effectiveness of the PRTs.

What We Found

SIGIR’s work shows that, in many locations, the PRT Program in Iraq has made -- and is making -- incremental progress in developing Iraq’s provincial and local government capacities to govern and to manage its own recovery below the national level. This progress has occurred despite continuing political and ethnic conflicts and the difficult security situation.

More specifically we found the following:

Governance—At the sites we visited, PRT officials provided mixed judgments of their provinces’ effectiveness at governing and managing their governmental institutions, but noted that each had improved incrementally over the previous year. They told us that a key obstacle to developing governance capacity was the lack of a Provincial Powers Law that defines the rights and responsibilities of government offices and holds provincial officials accountable. At the same time, PRT officials told us they are coaching their provincial counterparts to execute their province’s capital budget allocations. Most of the provinces report that they are ahead of their 2006 spending pace and generally on course to spend their 2007 funds. The provinces were generally spending their funds on construction projects, although issues with procurement complexity and lack of

We have elected to retain the PST designation in our report and this testimony to generally reflect the status at the time of our review both in name and size relative to other PRTs.

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contractors have caused some provinces to focus instead on spending to stockpile materials for future projects

Rule of Law—Numerous PRT officials identified rule of law as their most problematic core function. In many locations there is little cooperation among the police, courts, and correction facilities, and judicial orders are routinely ignored. With a few exceptions, the local population views police officers with suspicion because of suspected links to local militias and criminal activity. Judges and other participants in the judicial process are subjected to intimidation, and courts are often unable or unwilling to hear cases due to inadequate security.

Economic Development—The dangerous security environment continued to undermine efforts by the PRTs to increase living standards and reduce unemployment. It is difficult to ship raw materials into provinces and transport agricultural and manufactured products to markets, and there is little Iraqi or foreign investment. Many of the provinces suffer from shortages of fuel oil and electrical power. PRT economic advisors report that it will be difficult to create employment opportunities without a stable power source. The PRTs are engaged in a number of efforts to foster economic development, including micro-lending programs, agribusiness development, small-business development centers, and plans to resurrect state-owned enterprises.

Reconstruction—PRT officials generally believe that the provinces effectively manage the construction phase of infrastructure projects. However, provincial governments have little ability to manage and sustain existing infrastructure projects; further, they are not budgeting for operation and maintenance requirements. The use of the military's Commander's Emergency Response Program (CERP) exacerbated the problem. We documented frequent instances of CERP projects that conflicted with the PRT capacity-development mission by performing tasks that properly belong to local and provincial governments, rather than teaching and coaching local officials to assume responsibility themselves for carrying out government functions

Political Reconciliation—PRT officials reported little progress in this key area at the local and provincial level. One notable exception was Al Anbar province, where the tribes banded together to oppose al-Qaeda and support the national government. Efforts toward reconciliation have been undermined by tension between rival Shia groups, a sense of alienation among Sunnis, and growing public frustration over the inability to obtain government services.

The chart appended to this testimony summarizes the results of our work for the five functional areas we reviewed and the regions we used for analysis purposes. PRT civilian and military officials are working under dangerous and austere conditions to accelerate the Iraqi transition to self-reliance. However, despite their best efforts, we believe resolving these problems will be a slow process. It will likely require years of steady engagement and depend heavily on the extent to which the security environment can be improved and political settlements can be reached at the national level.

Prior Reports also Identified the Need for Management Action

As we have previously reported, management actions are needed to improve sustainment capacity for reconstruction programs. This problem continues to exist.³ We noted that the provinces struggle to staff and maintain buildings and facilities, such as clinics, schools, and water treatment plants, once they are constructed. One PRT team leader characterized the problem as a future “train wreck” unless steps are taken now to begin budgeting for and deploying the systems needed to sustain the new construction.

We previously recommended that the U.S. Ambassador, in coordination with the Commanding General, Multi-National Force – Iraq (MNF-I), formulate and implement a plan, with clear goals and objectives for monitoring and assisting the Iraqi effort to ensure sustainment of Iraq Relief and Reconstruction Fund projects, and review the Iraqi government’s leadership in this area to determine its adequacy and shore up any shortfalls. Our two previous reports on the PRT Program also recommended the development of clearly defined objectives and performance measures to guide the PRTs and determine their accomplishments.⁴ We believe those recommendations still require full implementation and are particularly relevant for those provinces where the PRTs’ access and engagement with Iraqi officials has been limited. We also found frequent instances in which the military’s use of CERP to perform tasks that properly belong to local and provincial governments conflicted with the PRT Program’s capacity-development mission.

Recommendations

Building on our prior recommendations, we have recommended that the U.S. Ambassador to Iraq and the Commanding General, MNF-I, take these actions:

1. In an expeditious manner, jointly establish a comprehensive plan for the PRTs (including ePRTs), with elements tailored for each PRT. At a minimum, the plan should: (a) clearly define objectives and performance measures; (b) milestones for achieving stated objectives; (c) be linked to funding requirements; and (d) identify the organization(s) within each agency that are accountable for the plan’s implementation. To provide senior level attention to this issue, the plan should be approved by the Chief of Mission and the MNF-I Commander to demonstrate each agency’s commitment to this effort.
2. Develop guidance on the use and synchronization of CERP funds to support the U.S. Government’s capacity-development mission.

Mr. Chairman, Mr. Akin, and members of the Subcommittee: our staff is working hard on producing our 15th Quarterly Report to Congress, covering the quarter ending on

³ SIGIR-05-022, *Managing Sustainment for Iraq Relief and Reconstruction Programs*, Oct. 24, 2005.

⁴ See footnote 1.

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September 30, and which we plan to release on October 30. In early November I will return to Iraq for my 18th visit, which is scheduled to last most of that month. That time will be spent working with our 35 brave and dedicated Baghdad-based staff – five of whom have been injured as a result of gunfire or rockets at some point this year – with my colleagues in the civilian agencies and the military, with our friends in the Iraqi government, and with others who are involved in the reconstruction effort.

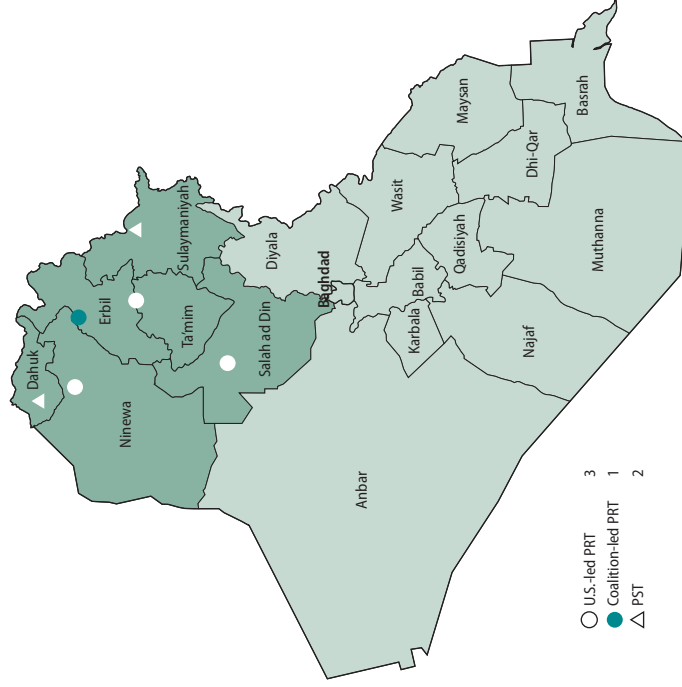
Let me close by thanking the members of the subcommittee, on behalf of my colleagues, for your support of SIGIR's work. It is deeply appreciated. Mr. Chairman, this completes my statement, and I look forward to responding to your questions.

PROGRESS VIEWED ACROSS REGIONAL AREAS OF THE COUNTRY

REGIONAL AREAS

NORTHERN PROVINCES

Better security situation with relative peace and stability in Kurdish provinces. Concerns exist that situation could worsen if insurgents flee north.



PRT OFFICIALS REPORT

PRT INITIATIVES

GOVERNANCE	PRT OFFICIALS REPORT	PRT INITIATIVES
	Progress in governance skills of Iraqis. Better links between provincial officials and counterparts at the local/central levels. All provinces were making progress executing 2007 budgets and were ahead of 2006 pace.	Teaching and coaching provincial officials on governance issues.
RULE OF LAW	Mixed assessment of provinces' law enforcement and judicial systems' effectiveness. In Ninewa public confidence in judicial system increased from 6 to 25% this period. Establishment of Major Crimes Court in Ninewa with other provinces in progress.	Actively assessing the justice system by visiting judicial, prison, and police facilities.
ECONOMIC DEVELOPMENT	Healthy economic growth in Kurdish region because of ability to attract international donors and investors. Shortages of fuel and reliable power constrain development in other provinces.	Efforts underway in all provinces to develop financial sectors and assist small businesses and agricultural efforts—but efforts are fairly small.
RECONSTRUCTION	Provincial officials are now able to identify, prioritize, and coordinate projects. Provincial reconstruction process has expanded to include GOI funds and is slowly transitioning to full Iraqi control.	Teaching management skills to provincial officials rather than funding construction projects.
POLITICAL RECONCILIATION	Efforts have failed to significantly influence sectarian and tribal leaders to address the issue of reconciliation. Uncertainty created by upcoming Article 140 referendum to determine if Kirkuk and Northern Iraq's disputed territories will be part of the Kurdistan region is casting a shadow over the region.	Trying to assist in finding common ground between parties.

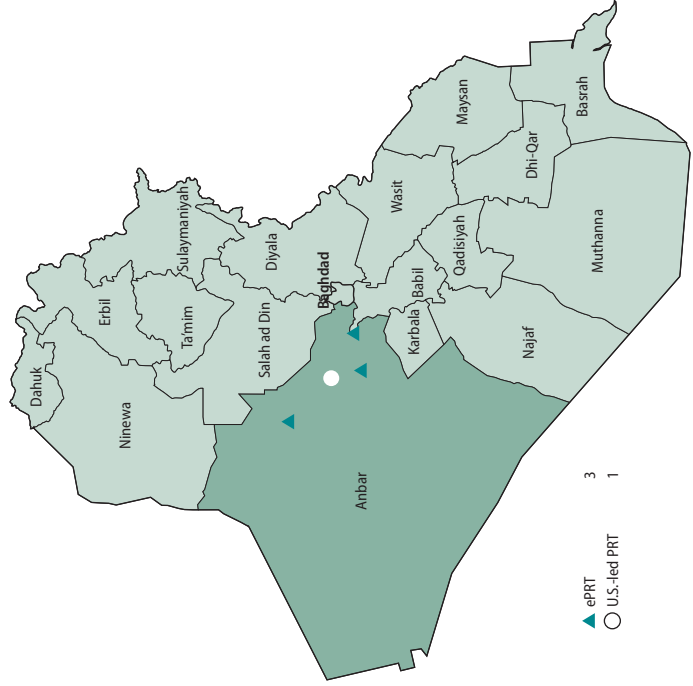
PROGRESS VIEWED ACROSS REGIONAL AREAS OF THE COUNTRY

REGIONAL AREAS

WESTERN PROVINCE

By spring of 2007, tribes had banded together to oppose Al-Qaeda, improving the security situation. Many who fled are returning and seeking their former positions.

With improved situation, PRTs/ePRTs expect their efforts will begin showing results in the next 4-6 months.



PRT OFFICIALS REPORT

PRT INITIATIVES

GOVERNANCE	PRT OFFICIALS REPORT	PRT INITIATIVES
GOVERNANCE	Integral components of provincial government are in place; however, ineffective linkages and relationships are limiting effectiveness.	Trying to improve communication between various levels of government.
RULE OF LAW	Governance is in formative stages as key stakeholders remain in a state of flux. Although civil courts had been functioning, security issues prevented judges from hearing major crime cases. Little linkage or chain-of-command relationships between police, courts, and correction personnel.	Initiatives limited because PRTs/ePRTs lack a sufficient number of experts to provide the needed legal and judicial assistance.
ECONOMIC DEVELOPMENT	Efforts to foster economic development are underway now that large-scale combat operations have ended. However, the lack of programs to create permanent jobs, lack of fuel, and sporadic power access undermines factory restarts and other development.	Efforts since arrival of economic specialists in mid-June include restarting a factory and reopening the city's main market.
RECONSTRUCTION	Progress is slow in beginning to spend GOI funds for reconstruction involving essential services. Ramadi and Fallujah infrastructure remains largely destroyed from years of fighting.	Teaching management skills to provincial officials.
POLITICAL RECONCILIATION	As a result of the tribes having mobilized to align with coalition forces against al-Qaeda's presence in Iraq, officials are optimistic that measurable progress may now be made. However, concerns persist about dormant tribal issues that could emerge.	Efforts to impress on predominantly Sunni provincial government officials the need to obtain funding and services from the central ministries.

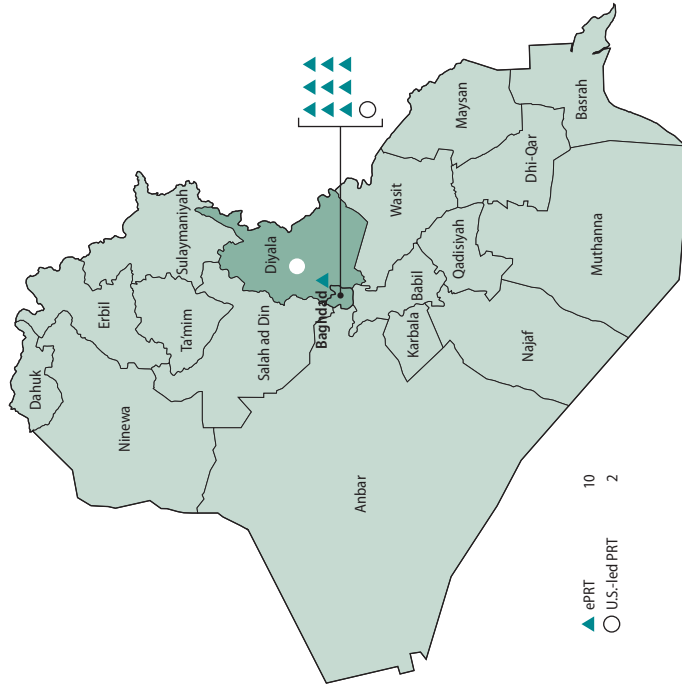
PROGRESS VIEWED ACROSS REGIONAL AREAS OF THE COUNTRY

REGIONAL AREAS

CENTRAL PROVINCES

Significant security challenges remain. However, PRT Baghdad made more than 1,500 trips during the past year to areas outside the International Zone.

New ePRTs have expanded U.S. interaction with Iraqis at the neighborhood, district, and municipal levels. BCT leaders seem convinced that ePRTs constitute a tangible benefit.



PRT OFFICIALS REPORT

GOVERNANCE

Governance remains extremely contentious; Shia parties continue to fight any structural changes that might weaken their position.

Some areas of governance have improved, but challenges remain in keeping provincial and local officials on task to solve problems and take ownership of their government.

PRT INITIATIVES

Working to establish links between local and provincial officials. Assisted Baghdad province in submitting a budget resulting in district funding for the first time.

RULE OF LAW

Concern that focus is too short-term at the expense of long-term needs of the judicial system. Iraqi police have not earned the trust of the population, and judicial orders tend to be ineffective.

Upgrading technical skills of judicial personnel and addressing overcrowded conditions in prisons.

ECONOMIC DEVELOPMENT

Security issues and sporadic power supplies continue to hinder growth in Baghdad. North Diyala has had stable growth; South Diyala is dysfunctional because of the tenuous security situation.

Although insecurity hinders PRTs, efforts made in securing/re-opening Baghdad markets, promoting micro-lending, and assessing state-owned enterprises to determine viability.

RECONSTRUCTION

Baghdad's institutions are assuming functions formerly carried out by U.S. officials, but getting them to take responsibility for maintaining facilities remains a significant challenge.

In Diyala, the sectarian divide undercuts efforts, and the province is having difficulties executing its budget.

Managing reconstruction efforts and working with provincial counterparts, encouraging them to take responsibility for maintaining their infrastructure.

POLITICAL RECONCILIATION

Despite reduced violence, officials are pessimistic that lasting reconciliation is occurring and expressed concern that a departure of U.S. forces would result in ethnic cleansing.

In Diyala, there is a desire to work toward reconciliation, but it will take years to overcome ill will between tribes.

Projects implemented through the provincial reconstruction process split roughly 50-50 between Sunni and Shia neighborhoods.

▲ ePRT 10
○ U.S.-led PRT 2

PROGRESS VIEWED ACROSS REGIONAL AREAS OF THE COUNTRY

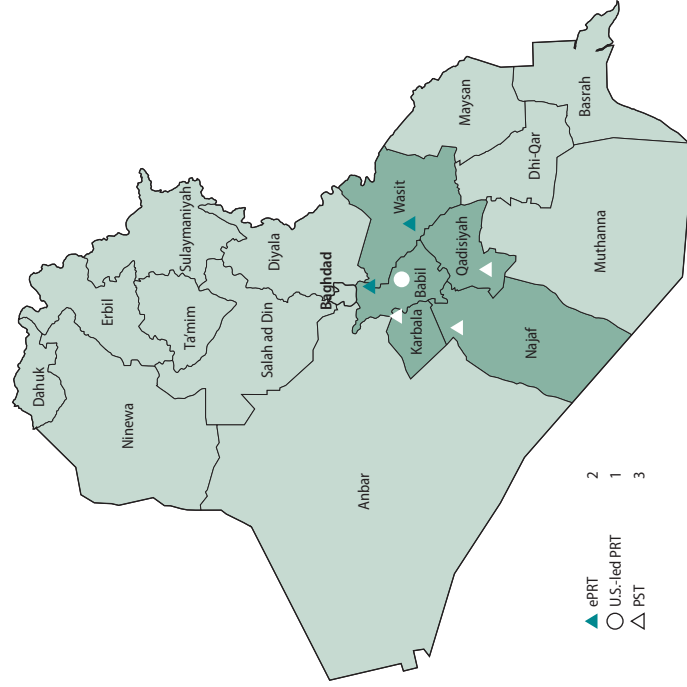
REGIONAL AREAS

SOUTH-CENTRAL PROVINCES

Fundamental issue facing PRTs is movement security, limiting their ability to effectively engage Iraqi counterparts and assess progress.

Tangible progress being made in Babil, but officials in Najaf, Karbala, and Qadisiyah are less optimistic.

Region is known as the Shia heartland; security is generally calm for Iraqis and Iranians, but dangerous for coalition forces, civilians, and PRT personnel



PRT OFFICIALS REPORT

PRT INITIATIVES

GOVERNANCE	PRT OFFICIALS REPORT	PRT INITIATIVES
	All five provinces are finishing Provincial Development Strategy plans and modest improvement to budgeting, strategic planning, and forming civil societies.	Limited ability to teach, coach, and mentor because of tenuous security situation.
RULE OF LAW	Governments are marginally able to provide law enforcement and judicial functions that openly and fairly protect and serve the population. Advisors believe wholesale reform of Iraqi law is needed to bring coherence to the law and fill many gaps in political and regulatory practices.	Judges and lawyers are reluctant to work closely with U.S. personnel. Some progress has been made (i.e. distributing laptops to judges with software capable of searching Iraqi law).
ECONOMIC DEVELOPMENT	Region is economically stagnant with little evidence of growth or permanent job creation. Religious tourism and small-scale agricultural production constitute main economic activities. Pressing need to reduce unemployment to counter recruitment by militias. Security has restricted commercial credit and Iraqi and foreign investment in small and medium-sized businesses. PRT Babil reports an acute need for business development training.	Opening of business development centers and plan to use quick response funds to increase agricultural production.
RECONSTRUCTION	Provinces are doing a reasonably effective job of managing reconstruction efforts despite poor performance in staffing and sustaining facilities once built. All provinces are on course to execute their 2007 capital budgets. Karbala and Najaf are generally able to provide basic services, but the other provinces struggle to do so.	Security situation limits ability to teach, coach, and mentor Iraqi counterparts
POLITICAL RECONCILIATION	Provincial elections are planned, and political parties are working to consolidate power. Political dialogue is scarce and civil society too weak to mediate. Predominantly Shia, this region does not face the sectarian problems of the mixed areas in and around Baghdad. One exception in the northern districts of Babil and Wasit, where sectarian fighting and insurgent infiltration have become endemic. Provincial government has largely abstained from working to solve problems in the north.	Limited. PRT officials on the ground question what role and effect they can have on the reconciliation process.

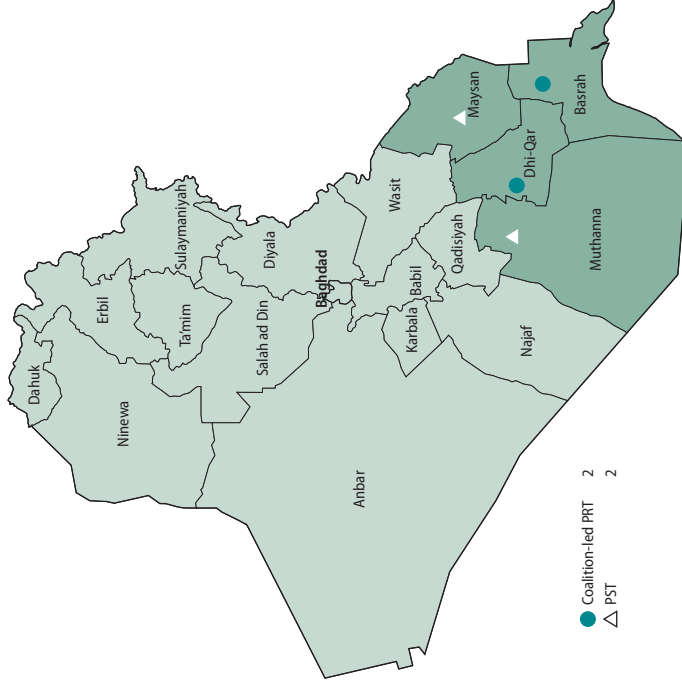
PROGRESS VIEWED ACROSS REGIONAL AREAS OF THE COUNTRY

REGIONAL AREAS

SOUTH-EASTERN PROVINCES

The political and security situation in Basrah, which is home to 2/3 of Iraq's oil resources, casts a political and economic shadow over the other three provinces.

Security situation has stilled PRT in Basrah; PST personnel in Muthanna feel that their province offers the most relaxed security environment and the key to their footing in the southeast region.



PRT OFFICIALS REPORT

GOVERNANCE
Provinces possess generally functional governments that were on track to expend entire 2007 budgets. However, officials lack hard skills in areas such as administration, management, planning, and accounting.

Also, officials have shown themselves incapable of providing and sustaining essential services. Most of the region suffers from low literacy and a lack of skilled labor.

RULE OF LAW
Differences among the provinces. Police officers are viewed with suspicion by the local population because of their links to local militias and corrupt activities.

PRT INITIATIVES
PRT coaching and mentoring to encourage government officials to develop overall provincial plans and transition to a more participatory, transparent mode of governance.

PRT Basrah has made some headway (i.e. funding for new courthouse and prison), but its inability to work in the city due to security concerns limits its effectiveness.

ECONOMIC DEVELOPMENT
Until the violence in Basrah subsides, they do not expect much economic growth.

Except for the oil industry and ports in Basrah, there is little new economic activity. Unemployment is estimated at 40-60% and subsistence agriculture is the main source of jobs. Before 2003, small to medium-sized business flourished but then stopped. Efforts to restart them are stymied by a lack of skill or interest.

PRTs in other areas have only a limited understanding of rule-of-law activities in their provinces.

PRT Basrah has tried to relax travel and commercial restrictions between Basrah and Kuwait, and started a bankers association.

PRT Dhi-Qar plans to introduce a micro-lending program to encourage the start of small and medium-sized enterprises.

RECONSTRUCTION
Provinces recently developed their Provincial Development Strategy. However, most reconstruction projects have been carried out by coalition forces with little Iraqi input. Provincial officials have little ability to manage and sustain those projects.

Focus on raising local management skills, encouraging provincial ownership of the reconstruction process, and getting the province to spend its own budget resources.

POLITICAL RECONCILIATION
Reconciliation, in terms of sectarian considerations, is not an issue in this region because the vast majority of the population is Shia. Conflict between political parties is nonetheless a concern in some areas. Shia political groups are locked in violent struggle in Basrah, leaving the city in control of militias and criminal gangs.

PRT efforts are constrained by ongoing violence.

Recent violence in Dhi-Qar broke months of relative calm. In Muthanna, tribal loyalties take precedence over political parties.