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Towards Transition in Iraq:
Building Sustainability

Coalition Provisional Authority
Iraq

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A. Introduction

The Coalition Provisional Authority will meet one of its goals—a sovereign Iraq—on June 30, 2004. When we meet that goal we will cease to exist.

But the countries that make up the Coalition have always understood that sovereignty was necessary, but not sufficient. Iraq must have internal and external security, a sound economic base and systems which will deliver essential services to the Iraqi people.

The imminence of Iraqi sovereignty has led us to adjust some tactics whilst retaining strategic clarity. For example, efforts to increase Iraqi ministries' policy-making capacity have been accelerated, while certain economic policy issues are being left for the new government.

I am confident that you will find this strategic plan straightforward and realistic.

Sincerely,

L. Paul Bremer, Administrator
Coalition Provisional Authority

A1   EXECUTIVE SUMMARY

Our strategy has four principal objectives or 'core foundations':

- **Security** – establishing a secure and safe environment

- **Essential services** – restoring basic services to an acceptable standard

- **Economy** – creating the conditions for economic growth

- **Governance** – enabling the transition to transparent and inclusive democratic governance

A fifth foundation provides vital support:

- **Strategic Communications** – building a vibrant, free press and communicating honestly and clearly with the Iraqi people

These objectives are intertwined; none can be pursued in isolation. Political and economic progress depends in part on security, but should itself help to create a safer environment.

Evolution of the Strategic Plan

An early version of the strategic plan, entitled: *Achieving the Vision to Restore Full Sovereignty to the Iraqi People,* was first drafted in July, made public, and passed to members of the U.S. congress. An updated, comprehensive version was issued on October 15. The current revised plan was developed after the conclusion of the November 15 Agreement. Its aim is to lay out how the CPA will work with Iraqis to ensure a seamless transition of authority.

The Revised Plan

All ministries were requested to focus on the top priorities that they could realistically achieve before July 1, 2004 and to concentrate on building Iraqi capacity to deliver honest and effective governance. Our assumption is that multilateral and bilateral arrangements will be made to ensure that Iraq continues to be provided with assistance after July 1 in most areas covered by this plan.

In revising the plan, some actions planned for later in 2004 or in 2005 have been brought forward (e.g. development of ministries' capacity for management and policy-making). In some cases, decisions and implementation actions would be left to a future Iraqi government (e.g. on certain economic policy issues).

Setting Priorities and Anticipating Risks
A new planning process has begun. The accelerated timetable mandates an adjustment of priorities. Three categories of priorities will be the focus of attention: 1) the action areas organized around governance, security, essential services and economic reform, 2) the capacity-building areas of training, civil service development and anti-corruption institution-building, and, 3) joint transition planning among CPA and Iraqi officials. The three are inter-related.

As progress continues and results become evident in the reconstruction and essential services domain, what was a priority area during CPA's initial phase will become more routine. Instead, the requirement to accomplish certain security and economic policy objectives becomes more acute as a result of the shorter political schedule. A stable, democratic Iraq will not occur automatically with the transfer of authority. The new timetable dramatically increases the need for effective capacity-building and transition planning.

Prioritising what must be accomplished prior to CPA dissolution vs. what actions we can leave to the latter period has begun but issues remain. Examples include:
- How to ensure the quality of the Iraqi management structures and staff in the security sector (defense, interior, and justice).
- Which economic policy reforms are to be embarked upon, e.g., monetization of the food basket, energy price liberalization, and SOE privatization policy?
- How to establish an effective and lasting anti-corruption program.
- Which financial management laws and procedures can be established, e.g., budget laws, procurement regulations, transparent accounting procedures, and independent audit offices?

Flexibility in the funding available to CPA from the U.S. Supplemental and donor resources will be critical. A transition period is fragile, and opportunities to achieve gains must be seized and problem areas addressed decisively. Increased coordination among CPA and Iraqis at all levels – GC, ministries, governorates, religious institutions, tribal structures – is vital, and will benefit from good joint planning.

One common occurrence in past post-conflict interventions has been the tendency for timelines to slip. Making major policy decisions is difficult, and due consideration must be given to all of the consequences of the options available. It is important, however, that critical policy decisions not be postponed. Because of the long implementation times required, and the constraints on funding flexibility, undue delay may result in a *de facto* choice.

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Action Issues

In addition to individual ministry plans, the plan review process enabled CPA and CJTF-7 staff to identify key policy and operational issues that require action if the plan is to be implemented successfully.

Governance

- Manage the Transitional Administrative Law process to ensure that a fair and durable fundamental law is completed on schedule;
- Clearly communicate the political process to Iraqi citizens of all backgrounds to ensure broad participation and support for the process;
- Ensure Governorate Teams have adequate capacity to build local government institutions and manage the political process;
- Engage Sunni constituencies to provide reassurance and promote stability
- Accelerate the development of indigenous civil society organizations so that they can hold government authorities accountable and responsible;
- Establish the groundwork for a professional Iraqi civil service (institutions and people), including anti-corruption and vetting mechanisms;
- Ensure a coordinated, smooth and efficient transition from the senior advisor led process to bilateral or multilateral technical assistance programs;
- Establish Iraqi civil society conflict mitigation institutions.

Security

- Development of a holistic approach to the Iraqi security sector, including clarification of ICDC missions and interface with other security elements;
- Decisions on the integration of former militias into security forces and on militia demobilization;
- Arresting/confining the large numbers of criminals released prior to the ground campaign;
- Securing the borders. An important step will be for MFA and MOI to complete cross-border agreements, including visa regimes;
- Accelerating the removal of ammunition dumps;
- The coordination of logistics for the OIF2 force rotation with the TOA of border posts to MOI and with civil transport needs;
- Building senior leadership capacity in the security ministries and developing political oversight mechanisms;
- Negotiation of the Security Agreement with appropriate involvement in the process of responsible Iraqis;
- Determination and implementation of policy on population and movement control measures such as ID cards;
- Integrated planning for TOA from Coalition Forces to IPS to ensure smooth transitions;

- Filling the gap in CF provision of prison guards in OIF2;
- Smoothly transitioning FPS to ministries by building ministry capacity to ensure infrastructure security.

Economy

- Will the commodities based Public Distribution System (the "food basket") be replaced by a monetized system?
- Will subsidies for fuel prices, and for other parts of the energy sector, be removed and a policy of full price liberalization be implemented?
- Will Iraqis undertake privatization of State Owned Enterprises?
- What will be the structure of the Iraqi oil industry be and should there be an oil trust fund?
- How can the political demands for a short-term job creation program be reconciled with the necessity for economic restructuring?

Essential Services

- Security. How will security for critical infrastructure be delivered? Will CJTF-7 provide coverage or will ministries rely upon the nascent Iraqi security forces? How will the security of civilian contractors be assured?
- Transfer of Authority. When will Ministers turn over their authority to the transitional government? What role will advisors and technical assistance teams have?
- Food Security. If PDS reform is undertaken, it will be important to have a 100% functional alternative to the PDS, to avoid civil unrest.
- Civil Service Capacity. Identifying, training and establishing civil service capacity is vital to the transfer of authority.
- Budgeting and Ministry of Finance. Ministries require an improvement in the MoF's overly-centralised financial management procedures in order to be able to implement their plans.
- Airports. A functional commercial airport is key to the advancement of Iraqi economic development.
- Oil and Electricity. Stock levels are not up to those necessary to prevent fuel shortages in the winter cold snaps.
- Privatization. We need to determine our policy on privatization of SOEs and how this will impact unemployment rates in Iraq.

A2   THE VISION

After decades of ruthless dictatorship, the Iraqi people now control their destiny and are establishing the conditions for a free and stable future. With the international community, the CPA is helping the Iraqi people achieve a free Iraq governed by a representative government chosen through democratic elections. At the core of this new Iraq is the development of a democratic, accountable, and self-governing civil society respectful of human rights and freedom of expression. The future prosperity of Iraq's citizens will be assured by the use of Iraqi resources to foster the development of a market-based economy. This needs to be done in a manner that is economically, socially and environmentally sustainable for the long term benefit of all Iraqi people. Furthermore, our goal is an Iraq at peace with itself and its neighbors, once again able to play a responsible role in the international community.

Our Mission
The CPA will work with the Iraqi people and the Iraqi Interim Administration to establish the conditions for a free, sovereign, democratically-elected representative government. We want to work with Iraqis to establish an Iraq that uses its resources for the benefit of its people. It should be an Iraq that is stable, united, prosperous, at peace with its neighbors and able to take its rightful place as a responsible member of the region and the international community. This Iraq must be free of weapons of mass destruction and terrorists.

The Goal
The ultimate goal is a unified and stable, democratic Iraq that provides effective and representative government for the Iraqi people; is underpinned by new and protected freedoms for all Iraqis and a growing market economy; is able to defend itself but no longer poses a threat to its neighbors or international security.

Next Steps
Once adopted, the CPA revised plan should be used to drive forward implementation both of cross-cutting priorities and those identified by individual ministries. Detailed plans need to be developed to progress the cross-cutting issues, notably government capacity building, anti-corruption and post-CPA planning. At the same time, the issues raised in the course of the plan review need to be addressed at the executive level.

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B. THE REVISED STRATEGIC PLAN

The CPA strategic plan lays out a set of programs and tasks that need to be accomplished to achieve the desired end-states. The plan involves the building of Iraqi governance institutions, human capital development, structural changes to the Iraqi economy and the delivery of services. Since the appointment of interim ministers in September 2003, ministry plans have been further developed to reflect Iraqi aspirations, as represented by the ministers and the Governing Council.

B1: PLANNING FOR TRANSITION

The revised timeline has led CPA advisors and their Iraqi counterparts to focus on the priority tasks that need to be achieved to prepare for transfer to Iraqi leadership by June 30. In many cases, we are in the early stages of long term programs (ranging from the expansion of the power and oil sectors to the development of the NIA) that will only come to fruition after June. The CPA priorities, therefore, are to work with Iraqis to build institutional capacity, develop human resources and line up potential international assistance programs.

The revised plan therefore focuses on the priority tasks over the next seven months. As discussed in section C4, our next major challenge is to work with the international community, Governing Council, ministers, senior officials and civil society leaders to plan beyond the CPA to ensure that Iraq continues to develop towards a stable, secure, democratic and prosperous future.

Figure 1 depicts the overall CPA plan to July 1 2004.
The red triangles represent milestones carried over from the previous version of the plan.
The white triangles represent new milestones since the plan revision.

Governance

The CPA's primary goal has always been the early restoration of full sovereignty to the Iraqi people. A major step towards that goal was taken on July 13, with the establishment of a Governing Council (GC) representing all major strands of Iraqi society. The Council has substantial powers. On September 1 it appointed 25 interim ministers, who are now running Iraq's government on a daily basis. The GC and its ministers will continue to be consulted on all major policy issues.

The key new development is the setting of a **final date (June 30, 2004) for the transfer of authority** from the CPA to a sovereign government. The date was set in the agreement signed by the GC and CPA on November 15. That agreement provides for the holding of national, direct elections no later than March 15, 2005 - to choose delegates for a Constitutional Convention that will draft a new permanent constitution. The final draft of the constitution will be ratified through a popular referendum. Once the constitution is agreed, elections for a new permanent Iraqi government will be held no later than December 31, 2005.

During the interim period, Iraq will be governed by a transitional national administration, governing on the basis of a transitional administrative law (TAL), to be drafted by the GC in close consultation with the CPA. It will be approved by both GC and CPA no later than February 28, 2004. It will include a bill of rights, ensure a federal arrangement for Iraq, establish an independent judiciary, acknowledge civilian control over security forces, determine the role of Islam in and set a timetable for the drafting and ratification of a permanent constitution. This law will not be amendable and will have a two year sunset clause.

The transitional national assembly will be elected through transparent, participatory caucuses in each of Iraq's 18 governorates. The transitional assembly will be elected no later than May 31, 2004.

As the original Strategic Plan stated, the establishment of effective representative government, sustained by democratic elections, requires the rapid development of new frameworks and capacities. These remain the key priorities:

- A constitution drafted and approved by Iraqis – but first now the TAL;

- Institutions and processes to conduct free and fair elections – but to be preceded now by the development of robust caucus process for the election of the transitional assembly;

- Open and transparent political processes – effective communications will be essential;

- Measures to improve the effectiveness of elected officials, including strengthened local government systems. The successful handling of short-term decisions on the devolution of powers may be politically crucial;

- Effective and fair justice systems;

- Respect for the rule of law and human rights;

- Creation of a vibrant civil society – there is still a major program of civic education to take forward.

The November 15 agreement does not change those requirements. Rather, it reinforces the need for accelerated action on all of them, if we are to assist Iraqis to create a unified and stable, sustainable and democratic state. Key to this will be institutional and civil service capacity building (see section C).

As a democratic political process starts, there will be risks that new political freedoms may cause violent reactions and encourage terrorist activity. In this context, we can expect closer attention to be paid to human rights issues. The work of two new ministries created in September – Human Rights, and Displacement and Migration – may be particularly relevant in this context.

More generally, political progress will impact on the security situation and on the development of the economy and essential services, and vice-versa. Risk areas are discussed in section B2 of this paper.

Security

Coalition forces will help Iraqis to eliminate the threats to their security and will remain in country for as long as they are needed. Over time we shall transfer security responsibilities to Iraqi police, military, and other security forces as we advance reconstruction and build up institutions of good governance.

The Iraqi people are already contributing to the security effort but must build the capacity to assume full responsibility for meeting the country's security needs as soon as practicable. This will enable the draw-down of coalition forces. Our priorities therefore include:

- Development and training of Iraqi security forces, including an effective police force, a new Iraqi army, specialized protection forces and a civil defense corps;
- Development of civilian national security oversight mechanisms;
- Measures to ensure border security;
- Measures to build the justice system and improve the penal system;
- Ensuring that Iraq is free of terrorists.

CPA and CJTF-7 have two overarching priorities before the transition of authority. First, is to deal with the violence that threatens a stable transition. Second, to build an Iraqi security sector that is not just capable of providing for Iraq's security but also supports the, new democratic Iraq.

The accelerated timeline for transfer of authority has led to the following changes to our plan:

- Accelerated stand-up of Ministry of National Defense and National Command Authority;
- Accelerated development of internal security capabilities in the MoI (Anti-Terrorist Branch, criminal intelligence);
- Focus on anti-corruption capacity building (Office of Public Integrity, ministerial Inspector Generals);
- Accelerated build-up of Foreign Ministry policy-making capacity;
- Accelerated recruitment, training and deployment of Iraqi security forces (IPS, ICDC, counter-terrorist forces).

In the justice sector, the priorities will be to ensure smooth, expeditious, fair operation of court system and to institute workable Prisons plan. The Ministry of Justice will also prioritize the building of a durable, honest, and comprehensive

anti-corruption entity that will work against corruption across the Iraqi public sector.

Looking beyond CPA, another priority is to assist in developing a Security Agreement and establish a foreign policy making process in the new government. This will be assisted by the Ministry of Foreign Affairs' priority to restructure the Foreign Ministry and Iraqi Embassies abroad. This will enable Iraq to build new relationships with Arab and other neighboring countries.

The planning process has surfaced a number of issues that are important to deal with as we implement the revised plan. These issues have been raised by CPA advisors, military planners and regional staff. There are two key policy decisions to be made. First, development of a holistic approach to the Iraqi security sector, including finalization of the roles of the respective security force elements. Second, decisions on the integration of former militias into security forces and on militia demobilization.

In addition, further work is required to improve security and to ensure a smooth transition of authority. Issues that need to be addressed include:

- Finding a means of arresting/confining the large numbers of criminals released prior to the ground campaign;
- Securing the borders. An important step will be for MFA and MOI to complete cross-border agreements, including visa regimes;
- Accelerating the removal of ammunition dumps;
- Coordinating logistics for the OIF2 force rotation with the TOA of border posts to MOI and with civil transport needs;
- Building senior leadership capacity in the security ministries and developing political oversight mechanisms;
- Negotiation of the Security Agreement with appropriate involvement in the negotiation of responsible Iraqis;
- Determination and implementation of policy on population and movement control measures such as ID cards;
- Integrated planning, including gaming, for TOA from Coalition Forces to IPS to ensure smooth transitions;
- Filling the gap in CF provision of prison guards in OIF2;
- Smoothly transitioning FPS to ministries by building ministry capacity to ensure infrastructure security.

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Economy

The economic sector is characterized by the need to make fundamental decisions about the nature of CPA's efforts in the period before transfer of authority. In particular, there are four economically complex and politically sensitive issues that must be faced:

- Will the Iraqi government decide to replace the Public Distribution System (the "food basket") by a monetized system? This effort would require both small scale and large scale trials before full implementation. The timing of this decision is driven by the lead time for the purchase of bulk commodities.

- Will the Iraqi government decide to remove subsidies for fuel prices, and for other parts of the energy sector, and implement a policy of price liberalization?

- Will the Iraqi government wish to plan privatization of State Owned Enterprises, and begin implementation prior to the transition of authority?

- What will be the structure of the Iraqi oil industry and should there be an oil trust fund?

For the first three issues, the general problem is clear. CPA can make a decision to undertake actions during its tenure, based on sound economics that will benefit the Iraqi people in the long run, but, in the case of fuel subsidies and dealing with SOEs, will require unpopular sacrifices in the short run by the Iraqi people. It is an unknown whether monetization of the food basket will be popular or will be viewed with suspicion. The advantage of pushing through reforms is that CPA can take responsibility for managing the consequences of these decisions, thereby not forcing the decision on a new, perhaps fragile, government. The downside is that the CPA may have to deal with public unrest as a result in the short run.

If CPA chooses not to undertake these reforms, and thereby avoids disruption in the short run, we shall leave these difficult choices to a sovereign Iraqi government which may be unable to make tough political decisions in the near term, hence delaying the reform of the Iraqi economy.

The Iraqi government also should address the structure of the oil industry and use of oil revenues, with due regard to the sensitivity of oil ownership in Iraqi history.

Another significant issue to be dealt with is whether, and how, the political demands for a short-term job creation program be reconciled with the necessity for economic restructuring.

Whatever is decided on these issues, there are a number of other key economic actions to be undertaken between now and 30 June 2004 that are less controversial, but are important for setting the new Iraqi economy on course as a free market economy. These include the following tasks:

- Build financial market structures by modernizing the Central Bank, strengthening the commercial banking sector and re-establish the Stock Exchange and securities market.
- Develop transparent budgeting and accounting arrangements, and a framework for sound public sector finances and resource allocation.
- Lay the foundation for an open economy by drafting company, labor and intellectual property laws and streamlining existing commercial codes and regulations.
- Promote private business and SMEs through building up the domestic banking sector and credit arrangements.

Essential Services

Essential Services provide the backbone of Iraqi society. Their importance cannot be understated, nor can the critical nature of the interdependent relationship with the other pillars be ignored. For essential services to be delivered without causing major disruptions to the Iraqi population, security, economic policies and governmental structures need to be in place.

To ensure that the transition period from CPA leadership to full Iraqi authority in the ministries is seamless, we need to ensure that Iraqi ministries have adequate internal management and budgetary capacity; have adequate anti-corruption structures in place; and continue to implement the priorities as set by the GC and CPA throughout the interim authority period. The Ministries have drafted plans which encapsulate this approach. Their priorities include:

- Reconstituting the power infrastructure;
- Maintaining a high level of oil production;
- Ensuring food security;
- Improving water and sanitation infrastructure;
- Improving health care- quality and access;
- Rehabilitating key infrastructures, transportation and communications;
- Improving education and housing- quality and access.

Meeting the accelerated timeline for the transfer of authority requires us to address the following issues for the essential services:

- Security. How will security for critical infrastructure he delivered? Roads, ports, borders, transmission lines and pipelines are crucial to the post-CPA $18.7 billion infrastructure program. Will CJTF-7 provide the coverage or will ministries rely upon the nascent Iraqi security forces to maintain stability?
- Transfer of Authority. What role will advisors and technical assistance teams retain?
- Food Security. The monetization policy as developed by the Economic Group does not take into full consideration the operational ability of the Ministry of Finance, Ministry of Trade and WFP. There is not a social safety net fully developed in Iraq. The Public Distribution System (PDS) is the one stabilizing factor throughout Iraq; it provides the entire population with a vital food basket, on which 60% of the population of Iraq is dependent. Without a 100% functional alternative, civil unrest and political fallout may occur.

- Civil Service Capacity. The DfID project to assist CPA in identifying, training and establishing civil service capacity is vital to the transfer of authority.
- Budgeting and Ministry of Finance. Ministries have consistently complained about the budgeting process and the centralized nature of the Ministry of Finance. Better policies, procedures, process and alignment of priorities and funding must occur.
- Airports. A functional commercial airport is key to Iraqi economic development and Iraq's interaction with the global community.
- Oil and Electricity. The symbiotic relationship of these two Ministries and their impact on the economy is well understood. However, meeting their immediate needs of LPG and crude oil transfers from a transportation perspective is difficult. Kerosene is in great demand. Stock levels are not up to necessary levels to prevent fuel shortages in the winter cold snaps.
- Privatization. The Iraqi government needs to determine its policy on privatization of SOEs and how this will impact unemployment rates in Iraq.
- Transition to embassy models. Will the post-CPA structure include Regional Security Officers (RSO) in charge of civilian security? If so, how will this affect the reconstruction efforts if civilian contractors fall under their purview, rather than that of the military?

Strategic Communications

The primary role of the Office of Strategic Communications (Stratcom) is the prosecution of a continuous, multi-faceted campaign in a fiercely competitive marketplace of ideas. Stratcom is responsible for the development of both the messages and, in part, the means by which a significant proportion of Iraqis receive their information. Essentially it has two key tasks; communicating CPA policies and activities and assisting in the development of Iraqi media.

The Stratcom intent is to get the CPA message out in an honest, clear and timely way. Its primary purpose is to communicate to the Iraqi people. In explaining CPA policies and activities in Iraq it must address three other audiences, the home audience in those countries participating in the Coalition, the Middle-East regional audience and the international audience.

Stratcom's second task is to assist in the development of the Iraqi media. Strengthening the media is essential for the development of healthy democracy in Iraq. The existing Iraqi national radio and television network and a national newspaper need to be developed to a significantly higher level of overall quality, reach, and share while the physical means for radio and television transmission need to be repaired and improved. Legislation is also required to protect free speech as well as to regulate broadcasting and promote responsible journalism. Finally there is a requirement to train and develop an indigenous Iraqi workforce, including Iraqi journalists and Iraqi media relations staff.

Stratcom has completed a re-organization focused on improving coordination. The military press component has been strengthened and more closely integrated with Stratcom press operations, allowing the generation of focused joint briefings and the rapid dissemination of information and messages simultaneously through civilian press, military press and military IO chains. Central to the reorganization has been the establishment of multi-disciplined information planning teams to conceptualize, manage and adjust specific campaigns. These teams include IO, press plans and representatives from the appropriate ministries or department, the Arabic Media Section, Psy Ops, Governorate press, IMN, military press and CJTF.

The dissemination of messages, particularly to specific audiences and the engagement of those audiences, remains a major challenge and considerable effort has now gone into the generation of engagement networks using CPA, CJTF-7 and NGO contacts. Key elements include face to face and key leader engagement, printed materials, TV, radio and newspapers.

The revised political timetable has forced a re-prioritization of the available resources. Using the concept of operations outlined above, Stratcom will adopt a twin track strategy and focus on two overarching themes, empowerment and reassurance. The empowerment theme attacks the perception of occupation, but there remains a need to dispel the fear amongst some in the population and reassure them that Coalition forces will remain as long as necessary to counter hostile elements and ensure stability.

Reflecting the overarching themes, support to the electoral process remains the highest priority effort for Stratcom, followed closely by support for the counter-insurgency campaign. Key issues in each of the four core foundations will continue to be supported. In addition, Stratcom continues to cooperate closely with CJTF-7 in supporting operational level information operations, generally in support of specific military operations, with CPA political engagement.

The development of the existing Iraqi national radio and television network and a national newspaper includes the refurbishment, improvement, and/or build-out of an existing facility and equipment infrastructure; the provision of quality radio and television programming; and the training and development of an indigenous Iraqi workforce to independently operate these services after CPA stands down.

In sum, given the critical role played by the media in a democratic society, Stratcom intends to leave Iraqi people with a first class radio and television network and an equally first class national newspaper. These media are to be exemplars and beacons of the finest journalistic, broadcasting, and publishing practices, populated by Iraqis who are schooled, coached, practiced and proven in the principles and techniques of their craft and who know, understand, appreciate, and are prepared to fiercely advocate and defend the role and importance of a free and independent press in a democratic society.

Training at all levels will assist the media in acting as a conduit for accurate objective information as well as playing a role in monitoring the activities of government and promoting ideals of accountability and transparency. The critical impact of training journalists and media professionals will be the development of a professional independent media in Iraq which will convey reliable facts, support responsible debate and address the current information vacuum of the Iraqi people. A vibrant, independent media reflecting the country's ethnic, religious and political diversity will also have a significant impact on conflict resolution.

Finally, to help ensure these media do not fall victim to the influence of those in the future who may be resourcing them, Stratcom intends to make these media wholly self-supporting and transparently governed by bodies responsible to the Iraqi people but not to the Iraqi government.

B2: RISK AREAS

In constructing our plans for the transition of authority, we must understand the risks and how they might be mitigated.   Some risks derive from the local environment (e.g. terrorism), others from our own actions (e.g. overlap of troop rotation with economic reforms).

We sought to identify risk areas in three ways.   First, we used the intelligence community to acquire insight into the possible evolution of the insurgent and terrorist threat.   Second, we mapped CPA and CJTF-7 planned activities on a common timeline to identify dependencies, overlaps and risk spikes.   Third, we solicited input from the Regional/Governorate Coordinators and Major Supported Commands as to the feasibility of implementing the accelerated timelines.

Summary of concerns expressed by RCs/GCs/MSCs

- There is widespread Iraqi dissatisfaction on progress in economic development and restoration of essential services. However, as long as these do not deteriorate, most do not foresee a crisis. Electricity was not mentioned as a problem but shortage of fuel was.
- Everyone expressed a need for a clear, simple, transparent way ahead politically.
- Reconciliation and justice and the inclusion of former Baathists in state institutions are issues of great concern at the local level.
- There was little optimism about the rapid success of anti-corruption efforts.
- In general, there is an expectation of a generally weakened and distracted local leadership and the possibility of increased instability in coming months.   An upturn in violence is possible.
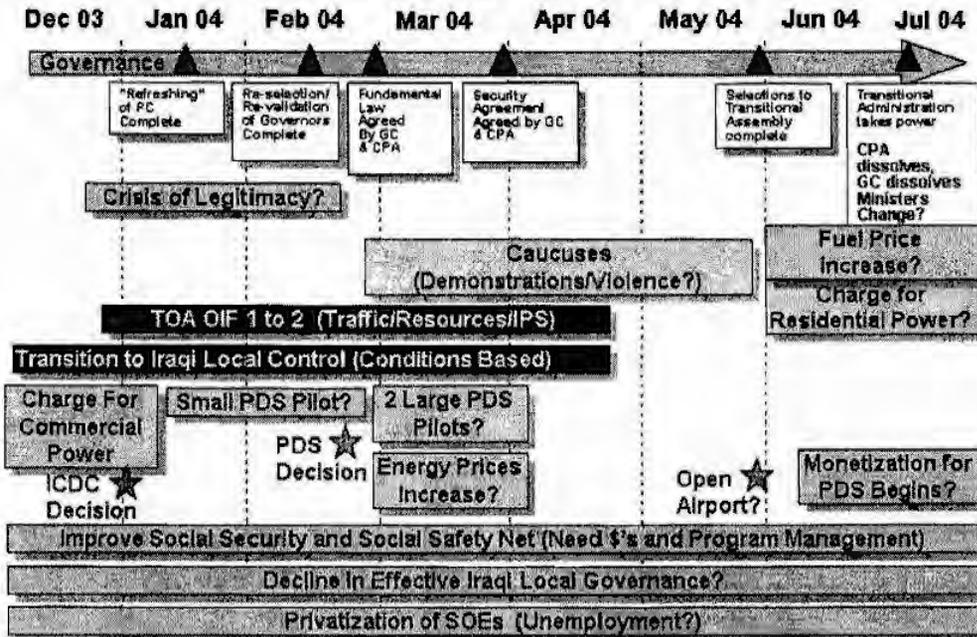

Overlapping Risks

One of the values of the planning process has been the visibility gained on how our priorities compete for space on the calendar, and how the timing and nature of our actions may create undesirable consequences at later dates.   Our decisions on how to prioritize and sequence tasks between now and July 2004 must be informed by an assessment of the costs and benefits of policy actions.

This dilemma is notably acute in two areas: the legitimacy of the interim governmental bodies, and economic reforms that may cause initial pain even though they will bring long run benefits. We may wish to push ahead with these reforms to ensure long term economic growth but this may result in destabilization during a period of political and security uncertainty. On the other hand, to leave a new government to deal with these hard choices may not be desirable.

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The chart below illustrates some of the major overlapping risk areas. The Governance timeline is depicted along the top in white boxes. The blue boxes focus attention on major governance, economic and essential service issues. The red boxes highlight two major security sector events.

Overlapping Risk Areas

December through February: In the first three months, overlapping risks include political changes at local level; the transition of Coalition Forces and possible economic reforms.

The crisis of legitimacy refers to the possible destabilizing consequences of CPA's plans to refresh and reselect provincial councils and governors. As one Governorate Coordinator put it, "jockeying for position by political parties, ethnic groups, interest groups, religious groups, etc will intensify and may be destabilizing…Reselection of already functioning interim councils and governors may compound these problems." Another GC noted that "as groups jostle to get onto the Transitional National Assembly the process may get increasingly difficult to control."

While this is a risk area throughout Iraq, it is particularly significant in the Sunni triangle area, where issues of participation are particularly acute. In this region, several GCs and MSCs have identified a concern with the potentially reinforcing

intersection of three policies. First, the perception of a hardline de-Baathification policy pushes the population out of the political process. This in turn exacerbates concerns about what may be perceived as a complex and "gerrymandered" transition process. Third, limited devolution to local government bodies may undercut efforts to develop and sustain meaningful participation.

In the same period, CJTF-7 will begin a transition of personnel and units. This presents many opportunities for confusion as new units learn their areas of operation. Meanwhile, the military will redeploy out of many urban areas, leaving Iraqis in charge. (It should be noted that this redeployment is a conditions based transition; it will not occur unless security conditions have been met). This may increase stress on the Iraqi population at a time when they are already feeling vulnerable about rumors of a total withdrawal and during a time of probable increased violence by insurgents.

On the economic front, current plans call for the instigation of economic reforms that could cause discontent. These include paying for utilities and the start of pilots to monetize the PDS. If the corporatization or even privatization of SOEs is also undertaken, another source of stress would be added.

March through May: This period ushers in the potentially volatile period of the selection/election of the new Transitional National Assembly through a caucus process. This will occur before the military transition is complete and perhaps at the most vulnerable time in this transition when the majority of the experienced troops have redeployed. Such rotations are traditionally a time when opposition forces test the abilities and resolve of new forces. The key security issue is that there will be less US forces in theater. Meanwhile, urban security, in those areas where local stand-off conditions have been established, will be largely in the hands of the ICDC and the police. This is at a time when, in the words of one GC, "jostling for power (may) encourage violence." We may also increase prices for energy and unfold two large-scale pilots for food basket monetization. A privatization program could also be underway.

During the winter-spring period there could be a complex evolution in the attitudes of Iraqi politicians and civil servants, whose cooperation influences our chances of success. One GC noted that this change was "already happening. The Iraqis we work with can see we want out and are starting to position themselves for our eventual exit." Another noted that "the accelerated power transfer will likely encourage local officials to ignore CPA initiatives and directions." Local political leadership may be less willing to take potentially controversial actions. A third GC pointed out "I doubt that….anyone will take 'decisive' action during an interim phase – who would?"

Meanwhile, delays in the formal devolution of powers and budgets to sub-national and local levels may alienate the very Iraqis we hope to mobilize in the new process: those that have already participated in the democratic development process. Local councils, lacking formal authority or financial resources, may be perceived as irrelevant to local governance issues. Clearly, such attitudes may complicate even the most basic tasks of governance.

June through July: The new National Assembly will face a demanding public; there will be new leadership across the entire national government and in many of the local provinces. Security will increasingly be in the hands of Iraqi security forces. If there have been negative effects from food monetization and privatization of SOEs, public unrest may be at a peak. At the same time, fuel prices may rise again and charging for residential power may be introduced, impacting all Iraqis personally. The requirement for leadership and stability will be at an all-time high. Intelligence suggests that the threat actors are likely to retain a significant capability to exploit the situation.

C. CROSS-CUTTING ISSUES

The focus of this revised plan is on the new plans of the ministries and organizations that support the CPA mission. At the same time, CPA has recognized that a number of initiatives are needed that cut across ministerial lines. These initiatives are concerned with putting into place the fundamental building blocks for a sustainable, democratic, just and well-managed Iraqi state.

The international community, CPA advisors and their Iraqi counterparts are already working on these issues. The next step is for CPA to form cross-cutting working groups that will develop plans and coordinate implementation in these four areas:

- Developing a professional civil service

- Civil Service and ministry capacity building

- Anti-corruption

- Planning past the CPA

This section summarises the issues to be addressed, outlines the approach that will be taken and provides some "ground-truth" feedback from CPA RCs and GCs.

C1: DEVELOPING A PROFESSIONAL CIVIL SERVICE

An urgent task that cuts across all Iraqi ministries is the development of a professional civil service. This will involve systemic reform and development over a long period of time. Whilst most ministries will devote resources to this task in the period before transition, much further work will be required and much of it will need to be coordinated from the center. Key tasks are likely to include:

- Review of the role of the civil service (including 'political appointees' – may link to constitutional development) to determine revisions needed to civil service code;
- Development of a merit-based 'equal opportunities' personnel system (including any organizational changes needed to implement and safeguard);
- Review of arrangements for professional development, exchanges between ministries and between center and regions, and introducing new talent;
- Introduction of transparent planning, policy-making and budgetary and financial management systems, and mechanisms for co-ordination between ministries;
- Improving communications systems with the public, and public representatives;
- Assistance in reorganization, both internal to ministries (structures, job descriptions etc) and possible wider government changes (e.g. Office of Personnel Management, central government co-ordination/secretariat mechanisms).

These tasks will need to be pursued with full Iraqi buy-in if permanent foundations are to be laid for the future. They will be considered further in the light of an **initial scoping mission by DfID in the first week of December.** From that will be derived an **outline plan for consideration by the Administrator in mid-December.**

A Capacity Building Working Group including ministry representatives is being established to help to develop the plan and co-ordinate activity.

C2: CIVIL SERVICE AND MINISTRY CAPACITY BUILDING

In order to make the governmental systems work, it will be necessary to develop Iraq's human resources at all levels, from senior leadership to administrative personnel. Some ministries have developed ambitious plans for staff development and training but systematic, long-term programs remain in their infancy. A cross-cutting priority in the coming months is to accelerate training programs and to put down the foundations of a long term human resource development strategy.

Needs and priorities for capacity-building derive logically from the systemic civil service reforms outlined in C1 above, but some require more urgent action. The capacity building plan needs to encompass:

- Training needs analysis on appropriate scale;
- Development of existing Iraqi training facilities;
- Local governance training currently being provided by RTI (funded by USAID) – and the relationship with central government training;
- Extant proposals developed with Iraqis for Washington-based training in budgetary management;
- Focus for training that may be provided by DfID in Iraq, regionally or in the UK (Senior civil service? Future leadership? Particular ministries?);
- Scope for mentoring within ministries to increase capacity for planning, policy analysis, organization design, submission writing etc;
- Scope for other CIC donor assistance;
- More specialized ministry training and technical assistance requirements.

The Capacity Building Working Group will develop plans and coordinate activities.

C3: ANTI-CORRUPTION

An anti-corruption program is being developed by Judge [REDACTED] Ministry of Justice, who is leading a working group for that purpose. This program has two major elements:

- An Office of Public Integrity will be stood up before transition
- Each Ministry has been requested to stand up an Inspector General by the end of February 2004

To help inform the development of CPA and Iraqi policy on anti-corruption, we asked GCs and RCs whether the anti-corruption effort would have achieved substantial success by July 1. Replies were generally skeptical. The general view was that there are 'no quick fixes' and too little time to make structural or cultural changes in a society that is used to patronage, tribalism and bribery.

C4: *PLANNING PAST THE CPA*

Although the revised plan focuses on CPA's priorities out to July 2004, many of the ministries have plans that stretch beyond the life of the CPA. Indeed, many of the ministries make clear that the execution of their plans requires not just the development of Iraqi capacity but also the establishment of arrangements for bilateral or multilateral assistance. Several of the ministries are actively engaged in such planning, for instance scoping technical and advisory requirements. In addition, our cross-cutting priorities of capacity building, human resource development and anti-corruption all depend upon sustained international support.

The next stage in planning is for the CPA, working with the Iraqi leadership and the international community, to develop comprehensive plans that will ensure a seamless transition of authority and continued development of Iraq into a democratic, stable and prosperous nation.

The plan for transition beyond CPA needs to address the following issues:

International political framework
- multilateral framework (if any)
- role of the UN & IFIs
- bilateral relationships

Economic and technical assistance
- administration of supplemental and of other donor funds
- aid agreements
- capacity building and professionalization
- role of technical advisors
    - o logistic, contractual & security arrangements

Security relationships
- security agreement
- role of MNF in Iraqi internal security
- assistance programs (e.g. police, military training teams)
- force deployments and basing

Transition of bilateral institutions
- from CPA to US, UK, Australian, etc embassies

Planning the transition to Iraqi leadership
- role of MOPDC
- ensuring continuity of government during the transition period

We propose to take forward this planning process with a coordinating committee, supported by specialist working groups. Membership of the committee and working groups needs to be wide, including CPA and Coalition Forces, Iraqi officials and thought leaders, as well as international organizations.

Local governance after transition

A particularly challenging question will be the role of international assistance to local government after the transition. CPA Governorate Teams are being staffed up at present; they will face a heavy burden in supporting the reform of local government institutions that is proposed; and will not have completed their capacity building plans by the end of June. We asked for GC and RC views on the way ahead. Some of the responses included:

- An aid co-ordination role will probably be required in each Province.
- If the new Iraqi Government would acquiesce to the RCs and GCs providing some sort of effective monitoring/enforcement role, with an honest corps of civil servants and law enforcement officers to resort us to when necessary, this could be useful. We could definitely continue to play an important mentoring role.
- No, we do not need RCs and GCs beyond July 1, 2004. The Iraqis might ask for "advisors" to stay on at the local level and we will need them in any case for monitoring the US aid program. We note, however, that in a truly sovereign Iraq, such vestiges of a foreign occupation will be hard to swallow for the Iraqis.
- There will certainly be a role for advisors to the local Governor/government and for supervision of aid projects.
- Absolutely, need some kind of advisory capacity. If this were a normal UN mission there would be something that would continue for several years, transitioning along with the host country political transition.
- We recommend a new UNSC resolution to create a legal basis for a continued civilian role following the end of the occupation until the election of a new government.
- We need to consider whether or not we want a civilian presence in Iraq to engage in the following activities: monitoring implementation of the new political plan; serving in an advisory capacity; adopting traditional diplomatic functions; engaging in project management, donor coordination; providing political advice to the military; ensuring civilian contracting activities meet coalition political objectives.