

# International Reconstruction in Iraq After Protracted Conflict

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### A Critical Assessment of International Reconstruction in Iraq After Protracted Armed Conflict

The invasion of Iraq in March 2003 presented the United States and the wider international community with a daunting challenge of reconstructing a country that had survived over two decades of tightly controlled state and security institutions, a population who had been decimated by crippling United Nations sanctions, and who have lived in continued fear of sectarian violence. These were critical issues that prevailed the 2003 invasion. To many foreign policy and development critics, the lack of support for the invasion was seen as critical to the numerous failures that have taken place in Iraq's reconstruction since 2003. My thesis argues that one must consider the history of Iraq since the emergence of the Ba'ath Party and the situation in Iraq prior to the war when evaluating the failures of post-conflict reconstruction.

This essay does not seek to assess all sectors that have been part of post-conflict reconstruction in Iraq. My essay will provide a macroeconomic assessment of the security apparatus, efforts to target corruption and attempts to restore proper oil governance. I will argue that these targets for scrutiny should be evaluated in a lens that also considers the historical and sociological background of Iraq prior to the war in order to determine whether they can truly be categorised as a success or failure.

The key donor agencies involved are key to understanding the complexities that hampered reconstruction efforts. In the United States, following the March 2003 invasion, and a public declaration of the 'end' of hostilities in Iraq, the Coalition Provisional Authority (CPA) – the transitional government in Iraq – were initially authorised up to \$42 billion for reconstruction.[1] By September 2012, \$212.32 billion in the form of grants and loans had been made available for the relief and reconstruction of Iraq through various US, Iraqi, and international channels.[2] The vast amount of funds that were made available along with the scores of agencies that were involved, from both donor countries and the host nation made coordination in the early stages problematic and corruption in the long term, rife. The lack of international support for the US invasion of Iraq initially affected the disbursement of international community funds towards the International Reconstruction Fund Facility for Iraq (IRFFI), a UN Development Group and World Bank mechanism. Pasel describes this hesitancy was primarily due to the lack of support for the war, but more importantly because they were concerned that the US would control the flow of funds for reconstruction projects.[3] The creation of the IRFFI eased these concerns by assuring international donor governments that their committed funds would be managed by two international organisations that had their support and had earned their credibility.[4] However, the creation of a multi-party trust fund such as the IRFFI would also bring coordination problems due to the competing interests of donor governments, non-governmental agencies, and Iraqi development personnel. This raises the question whether a reconstruction effort as large as that which faced the international community in 2003 could ever be adequately and efficiently managed due to the number of competing national interests.

Prior to 2003, corruption in Iraq was prevalent and had become rooted in its history. Under Hussein's authoritarian-structured system, and increasingly during the economic sanctions of the 1990's, Hussein directed resource funds, rations, governmental positions, utilities and investment towards specific villages in the western Sunni regions in exchange for loyal service to his Ba'ath regime, simultaneously withholding resources from other Shia villages as a

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'punitive mechanism' to further instrument his rule.[5] This policy created some of the local rivalries that still exist today in Iraq and which need to be considered when evaluating international reconstruction efforts to curtail corruption in Iraq.

Looking at corruption in Iraq today quantitatively shows a rise in corruption since the ousting of Hussein. Transparency International and the World Bank show that Iraq is still one of the world's most corrupt countries, with the 2012 Transparency International 'Corruption Perceptions Index' showing Iraq to be 18/100 (0 being the highest).[6] The World Bank's 'Worldwide Governance Indicators' shows that in five out of the eight available worldwide datasets, 'control on corruption' has worsened from 2003 through to 2011 and has remained in the lowest 10% percentile in global corruption rankings.[7] The impact of corruption has had a debilitating impact on reconstruction efforts in Iraq, with Williams labelling corruption as a 'spoiler' of post-war security that threatens to hinder the emergence of a legitimate central government.[8]

However, when assessing corruption in Iraq, one must take a comparative perspective and look at the history of corruption before making the assumption that corruption has simply become a post-war phenomenon. Although corruption has worsened after 2003, it has been endemic in Iraqi society for decades, and the absence of a legitimate central government for several years has simply allowed the continuance of an on-going problem. At the height of the Ba'ath regime, centrality of power, lack of accountability and oversight amongst the political elite allowed corruption to grow and became the norm of any political or economic transaction.[9] The corruption that was found in Ba'athist Iraq sowed the seeds of distrust amongst the Iraqi people and led to a deterioration in social capital at all levels, which has contributed to the continuance of corruption in Iraq that has been seen today. The effects of corruption have been real in their financial impact, as the Special Instructor General for Iraq Reconstruction (SIGIR) has identified losses totalling up to \$4 billion in revenue due to corruption from smuggling in the informal economy.[10] Additionally, at least 10% of fuel that has been refined in Iraq has been sold in the informal economy, while an additional 30% of imported fuel has been smuggled out of Iraq.[11]

Iraq joined the Extractive Industries Transparency Initiative (EITI) in 2010 to enhance the transparency of payments and reimbursements from oil revenues. The EITI pushes oil, gas and mining companies to publish what they have paid in the form of taxes and royalties to the government, as well as for the Iraqi government to disclose their receipt of such taxes and revenue.[12] Considering the EITI was formed in 2002, and the frequent occurrence of corruption-related activities prior to and after the invasion in 2003, it is difficult not to form an assumption that these efforts should have been made more urgent sooner. However, one cannot simply form an assumption on corruption, or efforts to tackle corruption post-war, without looking at it through a historic lens. Looney describes the deterioration of 'process-based trust', which describes the existing ties between the remaining members of the Ba'ath Party and Sunni criminal groups that thrived as a result of their ties to the government. Instead it has shifted to 'ascribed trust', which looks at the increasing relationship between kinship groups and family members. This deterioration of social capital between the government and the Iraqi population began in the early 1980s, and so the Iraqi people's values have been diminished by years of authoritarian repression that has entrenched corruption in many individuals in Iraq.[13] One must first assess the trust that has been diminished amongst local actors when questioning efforts of the international community to impose greater levels of transparency into Iraq's extraction activities. By doing this, it can explain why this has affected international efforts to impose programmes that target corruption, as there is no 'quick-fix' in rebuilding trust networks. However, Looney believes that renewed efforts to tackle corruption in Iraq have further infuriated Iraqi citizens, who have not noticed any changes in extraction revenues that should have 'trickled-down' to them in the form of improved public services and infrastructure. This has fed the growing disillusionment with the international presence in Iraq, whose anti-corruption initiatives have created weak institutions.[14]

The historical and sociological issues that surround the issue of corruption are also similar to international reconstruction efforts to reform the police and security apparatus in Iraq. The military intervention and the insurgency that followed have made security reform in Iraq increasingly difficult to accomplish. The political atmosphere in Iraq has drastically changed in order to usher in democratic and civilian reform.[15] However, this is also an extensive operation that requires time, as well as a sustainable atmosphere of peace that can make life after decades of autocracy in the national police apparatus attainable. In order to provide a critical evaluation of what an ideal 'end-

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state' should be regarding the role of the police in Iraq, it is important to assess the relationship of the police to the government of Iraq.

According to Deflem:

"Over the course of history, police systems have become more independent in institutional and functional respects and become involved in policing society and crime, rather than with state and political dissent".[16]

However, in pre-invasion Iraq, the power of the police remained closely tied to the government in order maintain civil obedience and maintain power, using violent force as a means to maintain this order. The methods used to reform the security apparatus of Iraq were tied into the dismantling and reformation of the Iraqi state through 'de-Ba'athification', which consisted of removing all traces of the existing Ba'ath members from government positions. This was followed by the dismantling of the Iraqi army by the CPA, which, unforeseen to the United States, quickly led to the creation of a security vacuum and rapid breakdown of law and order. Dodge identifies a link between the US attempt to overhaul a complete reconstruction of the state and security infrastructure and that of British attempts during and in the aftermath of the First World War.[17] Both attempts to impose order on Iraq – according to Dodge – are doomed to fail from the beginning, however, because of the failure to make accurate assumptions on whether the occupation would be swift, or whether it would need to be an extended occupation.[18] The failure to impose order in the immediate aftermath of Hussein's collapse from power affected the occupation's credibility and legitimacy.

Despite a widespread view of an international failure to establish and maintain security in Iraq, the number of coalition-related deaths dropped from 961 in 2007 – the height of the insurgency – to 54 in 2011 and the number of Iraqi civilians killed has also fallen.[19] Biddle, Freedman, and Shapiro cite the interaction of the 'Surge' of US forces and the 'Anbar Awakening' for stemming the brutal violence of the insurgency.[20] This period of relative peace has allowed new programmes such as the US Department of State Bureau of International Narcotics and Law Enforcement Affairs' 'Police Development Program', which is intended to improve Iraqi capacity and capability levels to fight against crime and terrorism, while promoting the rule of law and respect for human rights. This follows earlier programmes that focused on basic police and counter-insurgency training.[21] This is critical, as the US has since turned over responsibility of maintaining security to the government of Iraq and its police forces. However, despite a continually expanding number of international security advisors in Iraq, and the building of police forces in Iraq, what is more important is not the number of sufficient forces, but whether this will be enough to ensure a structural change towards an effectively functioning civilian police institution.[22] This structural change will be tested since the withdrawal of American and coalition forces in 2011, as from 2003-2010, the number of Iraqi police officers killed in targeted suicide bombings constituted 14% of civilian deaths.[23] They are perpetrated by those who are against the pacification of society, which provides the international community with another sociological and historical challenge on what an ideal 'end-state' would consist of in regards to security in Iraq. A pacified Iraq, according to Deflem and Sutphin, is highly unlikely because states with a strong military and dictatorial past have inherent difficulties in stabilising, and hinder the normalisation of social life for the Iraqi people.[24] Therefore, it may need to be accepted that a minimum level of intra-communal violence will continue.

The final assessment I will make will look at infrastructure reconstruction in Iraq. The United States was aware of the damage that would be created as a result of the invasion to key infrastructure. However, as has been mentioned earlier, the assumptions made on a swift peace restoration were miscalculated as the insurgency slowed the rate of reconstruction. The result of rising civil hostilities in Iraq led to a sense of increasing ambivalence towards the governing CPA, with many Iraqis believing that they had fallen short of expectations.[25] Despite the negative speculation that has shrouded Iraq's reconstruction, the infrastructure-spending programme, which the US envisaged has begun to take hold, with the International Monetary Fund forecasting Iraq's Gross Domestic Product (GDP) growth to be upwards of 14.7% for 2013. This forecast places Iraq three times higher than that of Qatar (4.9%), and almost fifteen times that of Iran (0.8%).[26] Average crude oil production output has also topped 3 million barrels per day for the first time in almost two decades, earning the government of Iraq an estimated \$80.67 billion in 2012 oil receipts.[27] These numbers shown represent progress in the efficiency of extracting Iraq's key exports, and this is part due to the coalition's success in quelling the insurgency.

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However, corruption and Iraq's antiquated banking system is still starving the government of an estimated \$4 billion a year in tax receipts. In October 2012, the Governor of the Central Bank of Iraq was fired due to investigations of corruption.[28] The country still relies on the extraction of oil and gas to provide for 95% of its foreign exchange earnings and 60% of its real GDP, while only accounting for 1% of total jobs created.[29] Thus, with the departure in 2011 of coalition forces, post-conflict reconstruction failed to broaden Iraq's economic base beyond oil and gas. Nevertheless, what is more important to analyse is these efforts by the United States and the international community to restore proper oil governance and corruption in Iraq in the long-term by looking at its history.

The creation of the 'modern' state of Iraq by the British after World War I also created an unequal society driven by commercial interests and patronage through Sunni elite networks. The Hashemite monarchy continued Iraq's pattern of institutionalised corruption and the Ba'ath regime of Hussein continued to ensure dominance through patronage and coercion by using the oil windfall of the 1970s.[30] Thus, a pattern can be made of state-controlled oil revenues consolidating the hegemonic position of the elite, of which Hussein was simply a caricature that continued this pattern of power in Iraq. Any progress that has been made in Iraq remains in danger with the recent withdrawal of coalition forces due to Iraq's continued reliance on oil and gas revenues and the danger of commodity pricing shocks, and the continued regional ambivalence of a government having been created by international forces. Iraq's strategy of centralisation of authority and maximum state control has plagued its history, and it is only in the long-term that we will be able to see whether the measures taken by the United States and the international community to reconstruct Iraq by tackling corruption, reforming its security apparatus and restoring oil governance will be maintained in its absence.

In conclusion, I have provided an assessment on three key areas of international reconstruction in Iraq. Although the early stages of reconstruction were littered with anarchy and disorder due to a widely-condemned invasion, the security vacuum that followed, and the insurgency that succeeded the creation of a new government, it is possible to see signs of progress with high levels of commodity revenue, initiatives to improve transparency, and the creation of a new Iraqi security force. It is clear that there are many areas of the economy that have yet to see progress, however, in the long-term, what is more important to Iraq's future is whether the continued peace reconciliation can be maintained in the absence of international forces. This is particularly important in the area of corruption, where I examined the importance of rebuilding trust networks between different religious groups; this should be the first area of focus before bringing in international programmes, such as the IEITI, to enhance transparency and reduce corruption. Secondly, I have discussed the importance of evaluating these reconstruction programmes that take into consideration Iraq's historical structural problems, such as organised state violence, the control of oil revenues to enhance state power, and economic sanctions that were already in place before post-war reconstruction. This is important as it provides a critical assessment that is fair and balanced in its approach, and does not look at the failures of reconstruction simply due to the lack of initial support for the invasion, but looks at it through a historical lens prior to the war. Ultimately, one can only attribute value to the reconstruction of Iraq many years after it has taken place, and this should be evaluated by measurable indicators such as the absence of conflict, the continuance of multi-party elections and increasing GDP growth.[31]

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