

United States Institute of Peace
Association for Diplomatic Studies and Training
Iraq Experience Project

**TOM WHEELOCK
EXECUTIVE SUMMARY**

Interviewed by: W. Haven North
Initial interview date: September 8, 2004
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Tom Wheelock, 57, has a BS from the US Military Academy and an MPA Harvard University. In Iraq he was Director of the USAID Infrastructure Reconstruction Program. He was also Chief of Party for International Resources Group [IRG], a USAID contract to provide technical services, administrative and logistic support to the mission. He was posted (primarily) in Baghdad from February 2003-May 2004.

Wheelock describes the early planning phase under ORHA. Teams and advisors were broken out into sectors, for example: water, sanitation, power, buildings, airport, seaport. All sectors were considered by the ORHA team except oil, which was a separate contract the Corps of Engineers had with KBR. Every Iraqi ministry had an ORHA advisor tasked to plan and coordinate with the ministry. Planning was hindered by a short time-frame and limited information available in some (but not all) sectors. Some assumptions about post-conflict Iraq were "ludicrously optimistic", such as the belief that "the ministries would be there to work with."

Wheelock comments on the general state of infrastructure. The port of Umm Qasr was in generally good condition although the port hadn't been dredged in many months and had silted up. Roads and airports were in pretty good condition. The railroad system needed to be extensively overhauled. The water sector had been poorly maintained and was in very bad shape. Sewage treatment was virtually non-existent in most areas. The power sector was crippled. Neglect had led to the deterioration of plant equipment over the period of the sanctions. The telecommunications system was also largely damaged, although in this case damage was from strikes carried out during the coalition military assault (as well as looters).

Looting had negative consequences on most public sectors. Public buildings such as schools and ministries were gutted and burned inside out (some, such as many of the schools, had already been in poor shape). Organized looting (involving teams of men using cranes, trucks, and other heavy machinery) also took place and had severe impacts on the power and telecommunications infrastructure.

Wheelock notes that there was a long-standing gap between objectives and resources, where the funding needed to meet objectives wasn't always there. He does not blame this gap on a lack of intelligence, but rather on the unwillingness of the administration to "bite the bullet."

Wheelock notes that coordination between CENTCOM and ORHA could have been better. There was little effective interaction between the two groups on how to protect important infrastructure. For example, civilian planners were not planning to rebuild the telecommunications infrastructure. However, the military knocked out large parts of this infrastructure during the conflict. Reconstructing telecommunications therefore became a top-tier priority that was suddenly thrust onto USAID.

Wheelock breaks the reconstruction effort into three phases: (1) the Emergency Phase from March to June '03. This period is characterized by "quick fix" projects and needs assessments. (2) Reconstruction Phase I from June to December '03. This phase is characterized by reconstruction projects and contracts let under the first supplemental (initially \$680 million plus \$350 million added in September '03). (3) Reconstruction Phase II from January '04 to the present. This phase is characterized by reconstruction projects and contracts let under the second supplemental (\$18 billion).

During this emergency phase, the U.S. government contracting regulations precluded quick reaction from major contractors. His recommendation for future operations is to move faster, perhaps by using the existing capabilities of the Corps of Engineers. He notes that the Corps is better suited to handle infrastructure, especially in a conflict situation where you've got the military-civilian interface. USAID should focus on development (health, education, governance).

During Reconstruction Phase I, high priority was placed on telecommunications and power. Ambassador Bremer put a low priority on small infrastructure projects such as bridges. Wheelock agreed with this approach, as he believes major companies (i.e. those who received phase 1 contracts) are better suited for large-scale infrastructure projects. NGOs and local contractors should take the lead on small projects (bridges, schools, clinics, etc.). Such organizations are better at securing the community buy-in needed to protect the school post-construction. Nevertheless, a \$50 school rehabilitation program was let to a major contractor (Bechtel).

Reliance on Iraqi subcontractors was not the initial plan, but companies like Bechtel reoriented quickly. Bechtel had 1800 Iraqi companies registered with them and a very active outreach program. Part of this was training local contractors: how to do proposals, how to contact, and how to get insured. Wheelock gives Bechtel the nod for the success of their initiatives.

During Reconstruction Phase II, planning was very "hardcore" infrastructure oriented. Little consideration was given to capacity building or development of the public sector (health, education, governance, or security). Most needs assessments were done through the ministries without local neighborhood input. Wheelock notes the need for capacity building and to fix local services to normalize the situation and improve security. He was also disappointed in the creation of the Program Management Office (PMO), which he believed added an unnecessary layer of bureaucracy.

Wheelock comments that high turnover of CPA staff made the need to "reeducate" personnel burdensome. His Iraqi colleagues were competent, and brave.

The primary security lessons learned is that greater force-numbers are needed to keep the peace. On the reconstruction side, too little resources were available to have an immediate impact. Contracting mechanisms were cumbersome, although "quick impact" programs like OTI were effective. In the future such projects need to be better funded and interaction between USAID and the military must be improved.

Wheelock remains optimistic that the infrastructure will be rehabilitated successfully. Water and sewage service to poor areas (Basra, Sadr City) will be much improved. Attempts to increase power output to target goals will be successful. The major hindrance in achieving these goals is the deteriorating security situation.

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Q: Today is September 8, 2004. The interview is with Tom Wheelock for the Iraq Experience Project. Tom, when were you in Iraq?

The Assignment

WHEELOCK: I started with ORHA [Office of Reconstruction and Humanitarian Assistance] in early February 2003. I deployed with ORHA to Kuwait on March 16, 2003. My first day in Iraq was April Fool's Day at the port of Umm-Qasr. I was then back and forth in the southern part of Iraq and Kuwait until May 13th when I went to Baghdad. I stayed there a year until May 19, 2004.

Q: What was your position? You had two positions, didn't you, with ORHA and then...

WHEELOCK: Yes, but ORHA morphed into CPA. I was director of the Iraq Infrastructure Reconstruction Program for USAID. I was also Chief of Party for International Resources Group [IRG], which was under contract to USAID to provide technical services [as well as] administrative and logistics support to the mission.

Q: But when you were with ORHA, you were with IRG or were you with USAID?

WHEELOCK: The whole time I was with the USAID/IRG contract was in February 2003, providing the technical staff for support. That's how I got involved. I stayed under the IRG contract. The USAID mission treated us like we were part of the mission. So I'll be interchangeable using "the mission" and "IRG," but it was all one group; there was a lot of teamwork.

Q: That's fine. Let's take the ORHA period. You started in Kuwait, you said?

WHEELOCK: Yes.

Early planning

Q: What were you doing in Kuwait?

WHEELOCK: We got there March 17th. ORHA was getting ready to continue the planning, such as it was, and starting initial coordination with the military. The attacks started on March

19th, 20th, or 21st – I forget. After that, it was a continuation of the coordination with the military but also planning ahead toward the reconstruction.

Q: What kind of planning were you doing?

WHEELLOCK: We were broken out into sectors. [There was a] a water sector; water sanitation. We had power. [There was] a building program for airports and seaports. Everything except oil, which was a separate contract that the Corps of Engineers had with KBR.

Q: How was working with ORHA? What was ORHA trying to do at that point?

WHEELLOCK: At that point, ORHA had created senior advisors to ministers. For example, there was a person designated to the electricity commission. Generally, these were people from the Corps of Engineers. For every Iraqi ministry, there was an ORHA person who was supposed to coordinate things. So, there was a lot of planning with those people. We started the initial coordination with the military.

Infrastructure conditions

Q: Before you got there and after you had just got there and arrived in Baghdad, what was your understanding of the situation in Iraq? What were the conditions?

WHEELLOCK: I'll limit myself to the infrastructure stuff. Let's face it: we had a short time to plan this whole thing. I mean, Jay Garner was brought on in January '03. I started in early February '03. It was like 30 people in a small room in the Pentagon and then we grew from there. So, we had a short period of time to plan something that should have taken a lot longer (to plan) in my view. So, that's point number one.

Point number two, the information available by sector varied. For instance, there was a lot of good intelligence information about the port of Umm-Qasr, which was next to the Kuwaiti border. We knew what the capabilities of the port were and therefore we had a pretty good and detailed plan of how to go about getting the port operational. It was a very high priority early in the campaign so that we could open up the port for food shipments.

Q: What was the condition of the port?

WHEELLOCK: It hadn't been dredged in many months, so it had silted up. Grain ships that came in had to come in at high tide. Sometimes they got stuck. Often during unloading they were resting on the mud and they had to wait for high tide to come and lift them up. So, the number one priority was to get the dredging underway. I'm just using Umm-Qasr as an example of where we had good information.

The airports... If I recall, we didn't have that good information about what their condition was. As it turned out, their condition was pretty good.

The water sector, it was like a blank screen. Until we were working more and more with the NGOs and understanding the very bad, poorly maintained condition of the water treatment plants in Iraq – and we found that as soon as we got into Basra.

Q: Was that the same for the sewage system?

WHEELOCK: Sewage [systems were] non-existent, especially down south. In Baghdad, the three big treatment plants, as it turned out, were [fully] loaded. They hadn't been operational much before the war anyway, so they were basically by-passing waste right into the Tigris River.

But the power sector... We spent a lot of time before the war on power because it's the most critical element. We understood the limitations on generation. What we didn't know, and I don't know how we could have known, was the deterioration of the plant equipment that had taken place over the period of the sanctions, what a bad state of disrepair the whole power sector was in.

Q: Can you describe this deterioration so lay people can understand what it means?

WHEELOCK: You take a plant that was built maybe 20, 25, 30 years ago. It was probably built by Soviet or Chinese technicians. Immediately, there is a problem with the ability to get spare parts, which were non-existent toward the end. The Iraqi engineers did very well with band-aids and rubber bands trying to keep things patched together, but the reliability of the plant equipment was very poor, so you fixed something and then something else would break. It just was a continual treadmill of trying to keep plants operational.

The sanctions, of course, prohibited the import of computers. It also stopped the contact of Iraqi engineers with the outside world, for the most part, so they were way, way behind in terms of world-class practices in the power sector.

And then you had the post-conflict problem of the looting, which in my view tripled the cost of reconstruction.

Q: What did they loot?

WHEELOCK: They looted... If it wasn't nailed down, they took it all. For instance, in the transmission lines, there's valuable copper and aluminum. There were 16 towers down before the war. This is what the Iraqis tell us. Most of them were in the south. And some towers were damaged during the war because of the fighting. However, immediately after the conflict, it was organized economic looting. It was like Pac Man; they just started at one end of the transmission line and worked their way up, taking down the towers, taking away the valuable metals, smelting it down, selling it into Iran and Kuwait. The price of metal in the Middle East dropped dramatically during this period of time.

So, not only did you have poor generation, now whatever generation you had, you couldn't move it between different parts of the country. Effectively, the south was cut off from the center for a

period of eight to 10 months because we had to go back in and repair all this stuff plus provide security along the whole route.

All the computers, what computers they did have, were looted. The control centers and the communication lines to controlling the power grid – you have to have some kind of central control to stop generation or raise it or to throw a switch – it was gone. So there was no way to reestablish the network from a blackout situation in April 2003. USAID and the military provided the Iraqis with satellite phones (“Thorias”). If you’ve had a Thoria, you know you’ve got to be outside to make a call and hopefully your colleague at the other end of the call is outside too, so he can get it. It was just a nightmare, just a nightmare. All the communications and computers were gone. That’s something we asked the military to prioritize to protect those control centers. Nothing was done.

Q: Did you have anything to do with that?

WHEELLOCK: No. They protected key power plants; and they protected the oil ministry. For the power lines, they didn’t have enough assets. We didn’t have enough troops in the country to provide security. They couldn’t protect the power lines, and they weren’t about to devote resources to them.

Q: What about buildings and schools and ministries and all that?

WHEELLOCK: All gutted. Gutted and burned inside out.

Q: The ministries?

WHEELLOCK: [Yes] the ministries. Every ministry except the oil ministry.

Q: I see. And the schools and the hospitals?

WHEELLOCK: A lot of the schools were looted, [but] they were in bad disrepair to begin with. They weren’t necessarily burned. The burning that I saw took place at the ministry buildings and Baath Party locations.

Q: This was by our military or by them?

WHEELLOCK: Oh, no, by the looters. Our military didn’t do that.

Q: Then, you moved on to Baghdad. When did you move into Baghdad?

Objectives and resources gap

WHEELLOCK: In mid-May 2003. (I’ve got some points here so let me just go through them.) I already mentioned the compressed timeframe for planning. Secondly, there was a gap between objectives and resources.

There was a NSC-blessed interagency process. I guess it was called the Deputy's Committee. They mandated objectives within each infrastructure sector of Iraq. In other words, I remember, "increase generation by", I think it was, "25% over a period of 12 months". That was your objective. And some of it got very detailed for the different sectors. However, the funding to meet these objectives wasn't there. That's why I said there was a gap. And there wasn't even an effort to cost out these very ambitious objectives.

The money that we got in April 2003 for the first reconstruction contract was \$680 million. Well, that's a drop in the bucket. That doesn't even buy you a power plant any more, much less fix the entire country. So, there was this gap of objectives and resources. And so the objectives became to "return it to prewar standards." Well, we're not quite sure what prewar standards were, so we did some research and found out what they were, especially in the power sector. So, the initial reconstruction effort was sorely under-funded.

Q: Because of a lack of intelligence, I guess.

WHEELLOCK: No, it wasn't a lack of intelligence so much as the administration wasn't willing to bite the bullet on reconstruction funding.

I've already mentioned the information for prewar planning was excellent in some cases – like the seaport and others. [But] there were gaps in the planning process. Some of them were identified, but [nevertheless] they continued to be gaps.

Take telecommunications for example. This was not part of the original reconstruction mandate for USAID. It was a bureaucratic battle here back in Washington, and it had to do with people not trying to get in the way of the big telephone manufacturers or their cell phone systems. You have GSM versus CDMA technology and all this stuff. I think it was a misunderstanding by the people back here to differentiate between cell phone technology and basic phone line service. So, as it turns out, in the bombing campaign, one of the few infrastructure sectors that [actually] was hit was telecommunications. They took out 12 switching centers in Baghdad. [These centers] had dual civilian and military uses. So [postwar], half of Baghdad can't use the phone. It suddenly became a priority for Ambassador Bremer and suddenly AID was basically forced to take on telecommunications.

Q: They didn't want to take it on?

WHEELLOCK: They didn't want to take it on.

Q: Why?

WHEELLOCK: Because they didn't want to get in the way of the politics of the different competing cell phone technologies, which was totally irrelevant. At least that's my impression. I wasn't directly involved.

Q: Was there an assumption that private investment, private companies, would take it over?

WHEELOCK: In the cell phone area, that's what happened. But to fix your hardwire phone service, that's more of a public enterprise. Plus there's stuff that we destroyed. That was the first major gap.

No, it wasn't a lack of intelligence so much as the administration wasn't willing to bite the bullet on reconstruction funding.

It came to a point in the summer/fall of '03 where we were running out of fuel for the power plants and for the rest of the country. All of a sudden, they had to start importing a lot of fuel from neighboring countries (Turkey, Saudi Arabia, Kuwait). [The coalition was] trucking diesel fuel into the country.

Q: They didn't have any access to Iraqi oil fuel?

WHEELOCK: The planning was poor in this area, so they had to react at the end. Those are the two major gaps that I saw. They were [both] avoidable.

Coordination

[Let's move on to the] next point. In my view, given the compressed timeframe and the geographical distance, I didn't think there was good coordination between CENTCOM and ORHA. I don't believe the military had a good plan for what they call "Stability Operations Phase IV". They started on it, from what I understand, in December '03 and they should have been working on it way before then. [But] their focus was on fighting the war.

There were these assumptions about post-conflict Iraq that were just ludicrously optimistic – like the ministries would [still] be there to work with. Well, the ministries weren't there except for electricity (they did stick around and did a great job). [But] there was no risk analysis. What if your assumptions are wrong? What's the downside and what can we do about it? There was little effective interaction between CENTCOM and ORHA on how to protect important infrastructure stuff like the [telecommunication] control centers.

Q: Meaning that the military didn't protect the centers?

WHEELOCK: No. As I mentioned earlier, they got the oil ministry building protected, and they protected some major power plants, but the control centers were looted by the time they got there.

The next point is on the targeting plan. In some ways, we were flying blind ("we" being the civilian side). The military told us that few infrastructure targets were going to be hit, but beyond that it was more like serendipity that we found out that what they meant was in the power sector. They weren't going to hit any generation plants, but they might hit some switching centers...

So, we found that out. Again, it was kind of through back channels. So that helped us, "Okay, we don't have to worry about the generation plants in terms of war damage. What we may have to focus on [instead] is the transmissions."

On the telecommunications side, because of that gap, we weren't planning for telecommunications infrastructure, so the military knocked it out and there were no plans to reconstitute it at least before the conflict.

The other point is that it was a month into the conflict that the reconstruction contract was finally executed.

Q: This was the Bechtel contract?

WHEELLOCK: Yes. Bless its heart, USAID grabbed the ball and started working on a lot of limited competition contracts in a very compressed period of time. But given the nature of the U.S. contracting process, it does take time. So here the conflict was going on and I didn't know who my contractor was going to be. We couldn't plan anything. They had to mobilize. It wasn't until April 17th that it was signed and announced. Bechtel immediately started getting people over there, but it takes a while to get people mobilized and sent over.

Q: Sure. But AID had been planning ahead for that?

WHEELLOCK: Well, we thought the contract was going to be announced earlier. The target was before the end of March. But it wasn't until three weeks later. Again, it's the nature of the compressed time of the whole civilian planning side to reconstruction.

Q: You weren't aware that there was any planning work being done well before by AID or some of the other agencies; that there was some sort of a joint planning process?

WHEELLOCK: I had access to that but it wasn't that deep, believe me. And whatever the military did, I never saw. If they did anything, and I don't think they did, at least in terms of the infrastructure.

Emergency phase

Moving on now to what I call the "emergency phase," which was the March to June '03 timeframe. Here's where our reconstruction contractor, Bechtel, was mobilizing. We immediately began to address emergency needs like the Port of Umm-Qasr and the water situation and helping with the power restoration. Because we didn't have a reconstruction contractor and because the military didn't have any funding to do reconstruction work, there was about a six week period here during the conflict where there was no reconstruction going on.

The military had engineering units that were supporting the military. They did have some flexibility to work on some civilian projects, but they had no funding. USAID had the funding, but we didn't have the contractor. So, there was this gap here in the timing. During this emergency phase, a second lesson learned, I guess, is that U.S. government contracting regulations preclude quick reaction from major contractors. If the government's going to continue to do this in "failed states" where there's a military action and get in there and fix the problems, the infrastructure problems, to lessen the political impact, there's got to be a faster way.

Q: Is there a different way?

WHEELLOCK: The Corps of Engineers have what they call “indefinite quantity contracts,” IQC contracts. Those are mechanisms that are already in place. They could call on them to be able to come in. What USAID had to do was a limited competition, and that takes time.

In my view, the Corps of Engineers, their value-added is contracting and infrastructure. They also had the ability to work with the military. They’re mostly civilian, but they have all their contacts with the military units. I think it’s a more efficient use of government resources to use the Corps of Engineers in reconstruction. Let USAID do its value-added, which is development, health, education, governance, those critical things.

Q: Good point.

WHEELLOCK: That’s my take on things. Now, USAID has some great programs that can react quickly. The Office of Transition Initiatives [OTI] is an excellent vehicle. It moves fast; it has certain criteria that it has to meet for projects. So it’s not going to be able to fix a big power plant, but it can get in there and fix schools and work with local people, work with the military and civil affairs and have a coordinated civilian-military program at the unit level.

Q: Did you see some of their projects?

WHEELLOCK: Yes. They are great. They were Bremer’s favorite child. He loved that program because they could react quickly. It’s that kind of thing that AID and the military need to focus on in terms of the immediate aftermath of a conflict.

Another lesson in this emergency period – one that extends throughout all my experience – is that interagency coordination and cooperation can work. It works out there where the rubber meets the road. I was a champion of AID people getting along with [the Corps]. [I was a proponent of] the Corps of Engineers’ agreement to become what I in the private sector would call the “owner’s engineer.” [This was] where they do the contract administration and the quality control work over our contractor. So, we reached that agreement with the Corps. They provided a 30, 35, 40 person team. They did a great job. So, basically, the Corps of Engineers worked for USAID out there in the field providing this support.

Q: You were based in CPA or in USAID?

WHEELLOCK: USAID was part of CPA.

Q: Yes, but where were you?

WHEELLOCK: Within USAID.

Q: Was there anybody over you on the infrastructure business?

WHEELLOCK: Well, I reported to the mission director.

Q: But I mean, in the other parts of CPA?

WHEELLOCK: Well, the mission director reported to Ambassador Bremer. We took our priorities from Bremer.

Q: I see. So there wasn't anybody else outside of AID in CPA that was in charge of infrastructure.

WHEELLOCK: No. Well, it was a cooperative effort. As I mentioned earlier, we didn't have enough funds to fix all the problems, especially in the power sector. The Corps of Engineers had gotten involved early on and provided some guidance and communications capabilities. When it became apparent in the summer of 2003 that the system was broke and what we were doing was a drop in the bucket (and what was needed was a major effort), the Corps of Engineers, the military, and CENTCOM got involved.

There was a conference in August. The military said, "We're going to send a special Corps of Engineers team. They're contractors. We're going to provide them money." Well, the Pentagon didn't provide them money, so what Bremer had to do was take the oil money, the DFI funds (and it ended up [at around] a billion dollars). But if he hadn't done it, the situation would be a lot worse.

So, there was a team of teams in the power sector under CPA, under USAID, and under our contractor Bechtel. There was a Corps of Engineers and one of their contractors, plus the military was involved. So there was this very intense cooperative effort. We met three times a week. We met with the Ministry of Electricity to get the power back to prewar levels.

Q: There was a Ministry of Electricity?

WHEELLOCK: Yes, and they were there from the day one. They didn't disappear. They reconstituted and with the help of the military [they] got power back. Then they reached a plateau. The assumption in the summer of '03 was that the ministries would be able to do [all of] this themselves. Well, it turned out that they couldn't do it themselves. That's why we had the Corps of Engineers and this whole CPA effort to focus on power and getting power back up, and we did. In early '03, we got power back to the prewar level. Now it's beyond the prewar level, but the problem is people have got air conditioners and refrigerators now so demand is much higher.

Q: There was this target of 6000 megawatts everybody kept talking about being achieved by the summer. Was it or wasn't it achieved?

WHEELLOCK: Let's come back to that.

Q: Okay, we'll come back to that.

WHEELLOCK: There's a reason. It's getting close, but it hasn't happened.

Q: Let's come back to that. Let's carry on.

Reconstruction phase

WHEELLOCK: Okay. Those were my thoughts on the emergency phase, which was March to June '03.

Now what we all call the Reconstruction Phase I, which is about June to December '03. This is the first Bechtel contract initially funded with the \$680 million. An additional \$350 million was added in September '03, so it [came out at] about a billion dollars. Half of it went to power.

Now, how did we determine our priorities? Well, Bechtel was charged with doing an assessment of what needed to be fixed and making recommendations as to what needed to be done. A lot of that was done in cooperation with the Ministry of Electricity. If the ministries weren't around, then they worked with the senior advisors. So, the implementation plan was put together. It was vetted with the power sector and the Ministry of Electricity. We worked out what projects we would do; what projects someone else would do. Then, there was a final meeting before it went to Bremer among the different senior advisors and a couple changes were made. Ambassador Bremer had made it clear to me beforehand that he had a low priority on things like bridges, roads, and airports, but a high priority on telecommunications and power. So, power got the most money.

Q: What about the schools? Was that a high priority, too?

WHEELLOCK: Not as high priority, no. Power and telecom were number one. Telecom was like a \$50 million fix. Power... you can keep sinking money into power. We got it up to like \$500 million. For schools we did a building program, a school rehabilitation program, that was about a \$50 million program. It's goal was to get ten percent of the schools rehabilitated before the school year.

But the big contractors should not be doing the schools, [or similar] building projects. It's not the best use of their time, their expertise. They do big power plants. They do big water projects. They do transmission lines. They do the highways. They shouldn't be doing small schools. It's a waste of our money.

Q: Bechtel was doing this?

WHEELLOCK: Yes, Bechtel. The NGOs and the USAID/ICAP program. Those are targeted at getting local initiatives, where you get community buy-in to protect the school afterwards. Those are great programs. That's who should be doing the schools. [Them] and the military-civil affairs people, not the contractors. So, that's another lesson learned.

Unfortunately, I think, with this \$18 billion reconstruction program, they've got some big contractors—Parsons or something like that—doing schools. It's a mistake. They should give the money to the NGOs.

Q: You were in Phase I of the reconstruction.

WHEELLOCK: Okay. So, I was talking about the coordination of the implementation plan within CPA. It was pretty well coordinated among the infrastructure ministries. We got Bremer's stamp of approval in mid-July. Where we didn't coordinate well [was where] (1) we didn't have the time; and (2) we didn't have the channels of communication with the military. Bremer had already made his priorities pretty well known, and we didn't have enough money to meet those priorities. We [also] did not have the channels with CJTF7 (which was the military headquarters after the conflict). So, we put the plan together, which was fine, but we didn't brief it to the military until later. We had a lot of other priorities to do. We were working seven day weeks, 12 hour days.

Q: Did they have money for reconstruction, too?

WHEELLOCK: They didn't have any money. They had some, what they called the CERP program [Commanders Emergency Reconstruction Program]. That was a good program to do local level stuff. That's where OTI and CERP should be coordinating and the Bechtel kind of stuff should be at a higher level. But still, it affects the military commander in that region. He needs to know, "Is that bridge going to be fixed? Can I move my temporary bridge out of there and send my engineer unit home?" As we started to get into those kinds of feedback, we realized we needed to brief the military.

So, toward the end of 2003, Bechtel and myself made an active effort to go out to the different military units and brief them and establish a chain of communication between the Bechtel people and the division engineers. That's the best channel [to the unit commander], through the division engineer, the colonel. So, we finally fixed that. But it was spotty up until then.

Okay. I already talked about the appropriate use of large contractors – i.e., don't waste their time doing the small stuff, local stuff. [Now I'll talk about the appropriate] use of Iraqi subcontractors. Here's an "atta boy" that I think we should get to.

Early on, starting in May 2003, with Bremer's guidance and with USAID's guidance and Bechtel's own self-interest, they started using Iraqi subcontractors. This was not their plan going in. Their plan was to bring in the Turner Constructions of the world and turn over the building sector to them. But they reoriented quickly. They had like 1800 Iraqi companies registered with them. They had a very active outreach program.

Q: This was Bechtel?

WHEELLOCK: Yes. But it was not only outreach, they had to teach them how to do proposals. They had to teach them about contracting. They had to teach them about insurance. There were all these things.

I'll give Bechtel credit. They went the extra mile to help get these guys up and running, capacity building. You didn't have a banking system, so Bechtel was carrying bags of cash around the country to pay these people until a mechanism was set up. And insurance: [the Iraqi companies] didn't have insurance, so Bechtel did a wrap-around policy to include all their Iraqi

subcontractors. They did some really innovative things to build the Iraqi subcontractors. It paid off. Not only that, they also started to hire Iraqi engineers. By the time I left in the spring, they had over 300 Iraqi engineers on staff.

I'm setting the stage for what happened in the spring of '04 when the insurgency spiked. In March, April, and May of this year they were targeting the ex-pat reconstruction people with car bombs and bullets, whatever. A couple of big companies like Siemens and General Electric left the country. Well, Bechtel's Iraqi subcontractors were able to continue to work, so progress continued to be made. Bechtel's engineers continued to go to sites. They drove their own cars. They didn't wear their logos. But they continued to help monitor the situation while the ex-pats, including our Corps of Engineers, we were locked down for most of the time.

Q: "Locked down" meant what?

WHEELLOCK: We weren't allowed out of the Green Zone. So, it was a good thing to build that capacity early on.

Reconstruction phase II

Okay, moving on then to what I'll call Reconstruction Phase II, which was end of 2003 to the present. It's where the \$18 billion FY 2004 supplemental appropriation is planned, presented, and kicked off.

Q: What kind of planning was done before that to develop a budget for it?

WHEELLOCK: Boy, you're asking a loaded question there. It needed a lot of improvement, alright?

Q: Was there any planning for the \$18 billion? It was allocated, I guess, by category.

WHEELLOCK: There was a plan put together. It was done by DOD people, DOD out in the field. There was a lot of ministry input. The problem was it was very infrastructure-oriented. Little consideration was given to development, health, education, governance, or security training. It was compressed in a short period of time — getting these projects, listing them out, figuring out what's going to be done. It was [done with] the ministries input, not local neighborhoods' input. So it ended up to be overly oriented towards hardcore infrastructure, not the soft stuff, not capacity building. The plan was to build all this stuff, but if you don't have the ministry able to take care of it in 12-18 months, it's going to be rusty again. Capacity building needs to be put in there.

Q: Why do you think they didn't think about it?

WHEELLOCK: Because they wouldn't listen. They were too arrogant, too-

Q: They being who?

WHEELLOCK: The people putting it together: Dave Oliver, who was the head of the Program Office, and David Nash, who headed up the Program Management Office. The USAID mission director, Lewis Lucke, went to Ambassador Bremer and said, "Mr. Ambassador, we need some shifting of emphasis here." Basically, from what I understand, he told Lucke to go talk to Dave Nash and, of course, Nash wasn't going to change anything.

Q: I see. But even in the planning prior to that, the Congressional Presentation for that, there was no discussion of that kind of emphasis?

WHEELLOCK: No, it was put together in a short period of time. Now that the State Department has taken over, they've looked at those priorities and they have now shifted money away from the hardcore infrastructure projects toward police training, toward capacity building, and toward more local projects where the military and civilian components are working together.

Q: Before we go into that, let's finish up that phase.

WHEELLOCK: Right. You were asking me about the planning process. Obviously, I don't think very much of what happened to it.

Q: Right. Well, that's important.

WHEELLOCK: The other thing... This Program Management Office, PMO, was set up...

Q: That was when?

WHEELLOCK: This was in the fall of 2004. [They were set up] to manage this \$18 billion program. I think it was going to be Bremer's responsibility. He was sold on the idea by Dave Nash to set up this new bureaucracy when an alternative would have been to maybe have a smaller bureaucracy but let the Corps of Engineers and USAID – who already have contracts and already have executory capacities – do it. But instead, what happened was Nash set up this PMO office, which meant another layer of bureaucracy.

Q: There must have been some decision back in Washington to go that route, or not?

WHEELLOCK: I don't know. On that you'll have to ask Nash and company. Clearly, the Pentagon wanted to maintain control over the spending.

Q: That was probably the primary reason.

WHEELLOCK: Probably. So, in terms of speed, we were saying, "You've got these 15-20 new contracts in place — both for your supervisory contracts and your construction contracts. That's very ambitious. There's going to be a slippage." So, Bremer told AID to get a second contract in place, a reconstruction contract, as a bridging mechanism. [This way] we would have it in case there was slippage in these PMO contracts we would be able to continue to do work. So that was done. That was ready in early January '04.

Q: That was with Bechtel?

WHEELLOCK: That was the second Bechtel contract. Meanwhile, the Corps of Engineers also put in place some IQC contracts. So you had contractual vehicles ready to go to work in January, but PMO did not fund them up to where they should have been funded in my view. We made the argument, "Look, the political game has shifted. Now there's going to be a transition June 30th."

Bremer's goal was to get people to work and get some essential services restored before June 30th. Well, jeez, you [already] had the contractual vehicles. You had an experienced contractor who's got all the Iraqi subcontractors in place and knows how to do [the job]. Why wait for these new contracts to be let out? Why wait for them to get mobilized? Fill this guy up. He wouldn't do it. They got some projects, but not near what they could have had. I think it was a missed opportunity to get more people to work and more things underway before June 30th. By the time of Spring 04 came – in March when these contractors were awarded their contracts – the shit hit the fan with security and they couldn't mobilize. It was difficult getting the PMO contractors underway.

Q: What was the structure that PMO was setting up in terms of contracts? How were they going to manage the \$18 billion?

WHEELLOCK: A PMO office of U.S. government, [mostly] direct hires. They would supervise—

Q: How many were there?

WHEELLOCK: I don't know. And they would supervise in each infrastructure sector a civilian contractor called the sector PMO... So, for like the electricity sector, there was a civilian contractor, who I think was Parsons Brinkerhoff, and they provided people to staff this up. Now, these people have to get over there and get up to speed and all that. Again, it's the timing issue. And then you had all these construction contracts that were being let. For instance, in the water sector, there might have been three. In the power sector, there might have been three. In the oil sector, there were two. So, those contracts were being put in place in addition to the Bechtel contract and the U.S. Army Corps of Engineers contract.

Q: These were supervisory contracts?

WHEELLOCK: They were both. There were supervisory contracts (I forget whether there were five, seven, or something like that). And then there were like 10-12 construction contractors.

Q: And those were all let by..?

WHEELLOCK: By the end of March, I think. But they certainly didn't meet their January target. It was way ambitious.

Now, another lesson learned. Getting back to the military-civilian reconstruction interface, it wasn't until the First Cavalry Division came over in March/April '04 and we got together with General Chiarelli and started talking with him. He's a broad thinker and understands the problem; how it's a political/economic/military/social kind of game and you just can't isolate one factor or another. He was very frustrated about the inability to control infrastructure spending. He said, "Why are we spending money on these big projects when you can't even get the sewage out of the street in Sadr City? It's local services that need to be fixed so that people feel better about the progress. You get people to work so they can feed their families, so they're too tired to shoot at us at night."

Q: When was this?

WHEELLOCK: This was in April '04. I said to Spike —USAID Mission Director Spike Stevenson – "This is the first time I've heard a really well thought out, coordinated military-civilian approach. We ought to support this guy." He had the same thought.

So, USAID and the First Cav. started working together with PMO to try to get money to these kinds of projects. Spike was immediately able to get OTI coordinated with the military on what special projects they needed to target. But it was the bigger stuff where the funds needed to be made available. Because of the rigidity of the \$18 billion approval process, Nash had some flexibility, but he didn't have a lot of flexibility.

Q: Where did he have to get approval from?

WHEELLOCK: It was written into the legislation. He had some range for reallocations, but if he went above that range or between sectors, he had a problem.

Q: The congressional appropriation was locked into categories?

WHEELLOCK: It was locked in, yes. I think that problem has now been overcome, or it's being overcome, out there; the State Department got in the game and they support this kind of program. I think USAID and the First Cav are working together in Baghdad and with the other divisions in other regions to target the money in a coordinated effort with the military.

Q: This official who you said brought a different perspective, what was his role?

WHEELLOCK: He was the commanding general of the First Cavalry Division. He was responsible for Baghdad.

Q: I see. So he was more related to the Baghdad strategy, not to the country?

WHEELLOCK: Right.

Q: I see. And it changed.

WHEELLOCK: Yes, monies have been reallocated toward that. I don't know exactly what's happened since I left in May.

My last point is on the core competencies of USAID and the Corps of Engineers. I think the Corps is better suited to handle the infrastructure stuff, especially in a conflict situation where you've got the military-civilian interface. USAID [is more adapted for] development, health, education, and governance. [Nevertheless,] I think we did a good job under the circumstances.

Q: Why do you think AID is less well suited for infrastructure projects? I'm not disagreeing with you; I'm just trying to understand.

WHEELLOCK: They lost their technical infrastructure capabilities in the '90s. You were there. It hasn't been reconstituted. So, basically, we pulled together from scratch through IRG and the Corps of Engineers. So, in effect, they were involved.

Q: They were funded by AID.

WHEELLOCK: Yes, right.

Staffing

Q: What about the staffing both for CPA and maybe USAID, but particularly for CPA? What kind of views do you have of the capacity of the CPA?

WHEELLOCK: The Pentagon controlled it. You had a lot of temporary people over there [on] 90 day [stints]. So, every 90 days, we had to reeducate the new people. People came in with their own set of ideas, thought they knew everything. So you're constantly fighting [for] the reeducation process within the senior advisors of CPA and the other staff of CPA. AID, on the other hand, had long term people.

Q: Well, there was a lot of staffing though IRG?

WHEELLOCK: Yes. Now, we did have some turnover. The advantage of the IRG contract is if the Mission Director didn't like what the guy was doing, he was on the next plane out of there. None of this appeal process that you might have for government employees. Of the 180 people that went over on the plane with General Garner, a year later, there may have been 20 left. They were mostly in USAID.

Q: Right. So there was a problem with continuity, I guess.

WHEELLOCK: At CPA there was. USAID less so.

Q: Was there any effort to brief each other about how to go about doing things and getting things done? A lot of these CPA people were new to this kind of business, I would think.

WHEELLOCK: I wouldn't say in terms of formal briefing, no. I didn't have the turnover as much so [I couldn't comment].

Impact of Security

Q: How did security affect your work?

WHEELLOCK: It was the number one problem. By April 2004, a year after we took Baghdad, the situation was worse than it was a year before.

Q: And how did it affect getting things done?

WHEELLOCK: Up until April 2004, it didn't have much impact. Starting in 2004 we and Bechtel were doing the bulk of the work. Now it had an impact, for sure. [But] up until then the threats were IEDs. So, it hampered ability for the ex-pats to get out to the sites and monitor what was going on.

But then starting in April the insurgents started targeting the ex-pats, [like the] car bombs against the GE convoy, for instanc. [That was when] ex-pat companies pulled out – Siemens and GE in particular – until the situation calmed down. And we had other foreign companies who refused to come in. The Chinese wouldn't come in, and we needed them because they had done the work before. They wouldn't come in. The Italians wouldn't come in. So, it kept foreign companies away. Then in the spring of '04, companies that [had been] here pulled out and that slowed things down. And now the situation is such where even Iraqi companies are being intimidated. Iraqi workers are being told, "You will not cooperate. If you do, your families are going to get hurt." So now half of the workforce doesn't show up to work. This has only happened within the past several weeks.

Q: Did you travel around the country?

WHEELLOCK: I did. Not as much as I would have liked to.

Q: What kind of impression did you have of different parts of the country?

WHEELLOCK: Well, in Basra, those poor people, they live like dogs. They live on top of all this oil and they live like dogs. Very poor. Standing sewage. Poor water.

Q: And these are the marshland people, too?

WHEELLOCK: No, this is the city itself. I never saw the marshland. Most of the people have moved out. Then, of course, there's Baghdad which is a big municipality. I didn't go to Kurdistan, to the three northern provinces. [I wasn't able to go to] Mosul and Tikrit under the circumstances – there were big security problems. I wasn't able to get out as much as I wanted.

Impression Iraqi colleagues

Q: Right. What was your impression of the Iraqis that you worked with?

WHEELOCK: Very competent, very well educated. In many cases, the ones that worked with us were taking great personal risk, and they did it with kind of a fatalistic attitude. "God willing, I'll be alive. If not, I'll be dead." Very brave people.

More on the power and other infrastructure sectors

Q: Let's talk a little more about the power.

WHEELOCK: Yes. Prewar power peaked – they could generate about 4400 megawatts of power. That's out of an installed base of 10,000 megawatts. So, their efficiency, so to speak, is like 40-45%. That's really poor. You should be able to get availability of 80-95%-

Q: Because the equipment was-

WHEELOCK: Because of the deterioration of the plants.

Q: This was even before the looting.

WHEELOCK: This was before the looting, yes. So that 4400 megawatts wouldn't supply all of Iraq's power [needs] for 24 hours. They had to ration it. They would do rolling blackouts. One city gets it. Then it gets shut off and it's turned on in another city. It just kind of rolls along. Well, except for Baghdad. Baghdad got power 20-24 hours a day because that was the center and that's the Sunnis area, and [Saddam] took care of them. But Baghdad didn't have enough power plants to support itself, so he basically took power from the north and the south and fed it into Baghdad. That's pre-conflict.

Post-conflict, suddenly there's a big blackout. Now you reconstitute the network and what's your distribution plan going to be? Under CPA it was a more egalitarian distribution. Everyone shares the burden alike. Well, suddenly, Baghdad is down to 12 hours a day. People down in the south and up north are getting what they had before and maybe even more.

[Then there was the issue of] politics. Of course, all the media and the politicians are there in Baghdad, so you had an uproar over the power situation. It was bad, there's no doubt about it. But it was made worse by the fact that Baghdad was spoiled before the war and now is on the short end of the stick.

So, the big focus was on getting power back up to 4400 megawatts. We accomplished it in October. There has been a steady rise since then. Of course, the goal was to get to 6000 megawatts this summer. It's going to happen. The projects in the pipeline are going to make it happen. The problem has been the security situation.

Back in March, I thought we had a good chance of getting 6000 megawatts sometime in the summer. I told them it was way too aggressive to think it's going to be June. But sometime this summer we could have gotten there. But the security situation deteriorated. Your major expat firms (Siemens and GE) left the country. Even though work continued on the power projects, it wasn't the critical path work. It wasn't stuff that you had to get done so that everything else could get done, because that required the Siemens and the GEs of the world. So, it's being

pushed back. But I think now, last I saw, they were up to like 5300 megawatts on peak. But more importantly, they were over 110,000 megawatt hours as compared to 80,000 before. Now, that's a big increase. That means over the period of 24 hours, you're producing a lot more power. Their goal was to get up to 120,000 megawatt hours. They'll get there.

Q: But there was this big influx of additional air conditioners and whatnot...

WHEELLOCK: Yes, that's right. We knew that even at 6000 megawatts, there was still going to be a gap because you've got all this influx of stuff that eats up electricity. Of course, industry is trying to come back up [too].

Q: That's right. What's going to be required?

WHEELLOCK: Well, probably right now, you need 7000 megawatts, maybe 7500. So, it's a ways to go. But the point I want to make is, there's a big pipeline of new power coming online. A big pipeline, and it will get there.

Q: I gather the power was subsidized, that people weren't paying for it?

WHEELLOCK: Well, that's another problem. There's no incentive to conserve. There is a billing system, but it's less than a cent per kilowatt hour. Retail price in most of the world is like seven cents. So there is no incentive to save. Maybe 30% get billed. How many of them pay? Probably not many.

Q: Anybody working on that?

WHEELLOCK: Yes. In fact, one of the issues for USAID and for the Embassy is making these ministries self-sufficient and getting a billing system in place. But again, that's capacity building, something that the Supplemental initially did not take care of.

Q: What about some of the other sectors, like water and sewage? Where were they coming out?

WHEELLOCK: As far as the Bechtel program, there was a big focus on sanitation, on processing sewage. The three big plants in Baghdad were looted. I don't mean mom and pop stripping. I mean, these guys brought in heavy duty trucks; they brought in cranes; they lifted out the pumps; they lifted out the generators; they took everything; and I mean everything was gone.

Q: Who were they? They must have been well organized and big business.

WHEELLOCK: Well organized. I don't know whether they were criminal groups or whether they were ministry people or whatever, but they took everything.

Q: They knew what they were doing.

WHEELLOCK: They knew what they were doing. They took it all. Two out of the three sewage treatment plants in Baghdad had to be rebuilt almost from scratch. The third one was not as

heavily looted, but it's also being rehabilitated. There are maybe five sanitation plants in south-central Iraq that we're rehabilitating. So, I feel pretty good about the progress in that area.

In the water area, we had a major program down in Basra to rehabilitate 12 or 14 water treatment plants. We also had to dredge out the reservoir that holds the water and make some repairs along the Sweet Water Canal that brings water down to Basra. Again, that's a good program. When that's done, I think it will double the capacity of potable water in Basra.

Q: I see. Were there any other infrastructure sectors? What about telecommunications? Where did that come out?

WHEELLOCK: Telecom. Good question. In the summer of '03 when telecom became a priority for us (when USAID was forced to take on telecom) there were 12-14 centers in Baghdad that had been hit by the military. So what we did was put in temporary switches at these locations. The Iraqis then hooked up all the wires. There was a lot of heavy duty manual labor hooking everything up. Those were fully reconstituted in March of this year '04. So, local phone service in Baghdad was back to normal. And we also put in a satellite [expanding the phone system's] international capability.

Q: I see. What about the roads and transport sector, bridges and railroads and all that?

WHEELLOCK: Bridges was a low priority for Bremer. There were about 35 bridges that had been destroyed or damaged during the conflict, some of them intentionally. We only repaired three of them, three critical ones. One was on the major highway to Amman and that bridge needed to be fixed to bring in re-supplies, food, and everything. We didn't do anything on roads.

Q: The roads were not damaged?

WHEELLOCK: No. They had a pretty good road system. I was surprised. I guess [they were kept up] to move military units, like the Autobahn.

Airports were not severely damaged. What was hit was the radar capability. We probably spent [another] \$20 million on fixing the railroads.

Q: What about the management of the airports?

WHEELLOCK: Boy, that's a long story. The arrogance of the CPA advisors who came over from FAA and Transportation Security Agency... They basically shoved the Iraqis aside. [That was] partly because they didn't know who were the Baathists and partly because it's just the way the Americans were. We, USAID, kept saying, "You guys, we've got to work with these people. They are the civilian aviation authority. They are going to be responsible for the airports. You've got to work with them. They need to start helping to make decisions." Well, it took about nine to 12 months [until] suddenly CPA advisors are saying, "My god, we're going to be out of here soon. We'd better start working with these guys." So there could have been a lot more done in terms of training and working with the Iraqi management, etcetera.

Q: Were there contractors working on this?

WHEELLOCK: One of the contracts I was responsible for was the airport operations contract with Skylink USA. It was to help operate the airports. Part of the problem was that the CPA people limited what we were able to do with this contract. They didn't push for the training. Part of it was our internal problems with Skylink, in being able to push them to do some training. They wanted to do other things. But some training [was needed]. For instance, in the area of fire department. They had a great program going up in Baghdad and Basra to train [firemen]. So it was [overall] a spotty performance [with regards to training]. At the Port of Umm-Qasr...

Q: You were manning the port, weren't you?

WHEELLOCK: Yes. SSA Marine out of Seattle. Very difficult situation to take over that. Any port's always going to be a problem. There was a workforce that didn't show up for work but continued to get paid. You had a horrible security situation down there, horrible. The military didn't have enough people to provide security and it's a huge, huge area. Every night, the "Ali Babas" were going through the port stealing this and that, driving trucks in and out. Again, it was a situation of not enough money to-

Q: In the infrastructure ministries and areas, were there any programs for doing some long-term planning or strategic planning?

WHEELLOCK: I can only really speak to the electricity ministry, where we focused a lot of the attention. There was a lot of planning to fix short-term needs maybe a year out, on an 18 month-two year time horizon. And working with the oil ministry on fuel. So there was that. In terms of long-term planning, everyone recognized it's needed, but it's a matter of what's priority right now. That process was starting when I was leaving.

Q: I see. Were you involved in the oil sector at all?

WHEELLOCK: Only to the extent that it involved fuel for the power plants. Otherwise, no.

Q: And that was done by the military?

WHEELLOCK: It was done by KBR.

Q: And in the area of the buildings you talked about, the schools and the hospitals and the clinics and the ministry buildings and all that...

WHEELLOCK: We didn't do ministry buildings. We only did the schools: 1200-odd schools and 30-40 clinics.

Q: And that worked out pretty well?

WHEELLOCK: I think so. I mean, you always had problems with some subcontractor. I think there were two in particular in Baghdad that caused problems and probably skimmed a little on the work.

Q: That was done in a hurry, I guess.

WHEELLOCK: Yes, it was done in a hurry to get 1200 schools open by October 1st.

Q: I see. What were the programs for developing Iraqi capacity in terms of engineering? Engineering schools or anything like that?

WHEELLOCK: That's a good question. For every job order that we gave Bechtel, a component of that would be a capacity building component, but it was limited to maintain the plant. So, if there was a water treatment plant with equipment going in, there would be a program to teach the operators how to maintain it. So there was something like that for all these job orders. But that's down at the plant level. What was missing was (because there weren't funds for it) capacity building at the ministry level. They had the systems in place: they had the computers and the inventory system. But these people haven't ordered parts for a decade because they had been isolated and they were dependent upon the UN system.

Q: Did you have any sense of the training of engineers in Iraq?

WHEELLOCK: In technical training, they were good. [However,] they had gotten into bad habits. The education was good, but their habits, the O&M practices were very poor.

For instance, at the power plants they would get punished if something went wrong. So if there was an alarm (that under normal practices would require you to shut down the generator) they would hotwire the alarm so it wouldn't go off. Those kinds of things. And then since the problem didn't get fixed, sooner or later it would blow up and then you had to fix it.

Q: What about the engineering schools or the technical schools, the capacity?

WHEELLOCK: No. I know Bechtel had a very good training program for their engineers that they hired.

Q: You touched on this, but the effect of the sanctions specifically... Did you have a sense of how the sanctions program impacted on the infrastructure?

WHEELLOCK: Well, the problem of getting spare parts, lack of computers, lack of exposure to best practices in the world, all that had a debilitating effect on their ability to maintain the plant.

The power sector alone, I think the number is \$1.8 billion of parts that was stacked up. There was this whole process of identifying what contracts had been executed, letters of credit that were good letters of credit, and what did we need and what we didn't need. CPA did that. The power sector got way ahead of everyone else. It was really well organized. Two or three

military people were responsible for doing it. Bechtel provided a team of people to help, to assist in-

Q: They got ahead on what?

WHEELLOCK: They got ahead of everybody else in terms of identifying what was needed, getting it into the free trade areas in Jordan, getting it shipped into country and then distributed.

Q: Under the Oil for Food Program?

WHEELLOCK: Right. But in some of the other sectors, the performance was spotty.

One area where we tried to leverage up Bechtel's value-added was program management, and marry that up with CPA's ability to provide some funds from the oil revenues.

For instance, the sanitation plants in Baghdad: It cost about \$120 million to fully rehabilitate [these plants]. We reached agreement with CPA that USAID would fund \$30 million through Bechtel, Bechtel would do X, Y, and Z in these plants. The other \$80 million would come from CPA and that money would do A, B, C. Bechtel managed the whole thing. But we'd be able to take advantage of the CPA funds. Now, Bechtel couldn't spend that money. That money had to be contracted by CPA contract office based on guidance from Bechtel as to what was required. Well, the chokepoint was the CPA. Their contract office was way understaffed, a huge volume of work. Plus, they were buying parts for the power sector. This was a chokepoint that caused severe problems in the end of 2003 and into 2004. Stuff wasn't getting ordered.

Q: This was the contract office within CPA?

WHEELLOCK: Yes.

Q: Just for power or generally?

WHEELLOCK: This was for all the CPA contracts, everything. These poor people were working 12-14 hours a day seven days a week.

Q: How many people were there?

WHEELLOCK: Three.

Q: Three people!

WHEELLOCK: Three contract officers. Can you imagine? They were just overwhelmed.

Q: They had to do all the contracts?

WHEELLOCK: The users (like us), we had a problem here. CPA had kept an eye on the problem and then finally it got fixed, but it was, you know...

Q: Why was it so small? I don't understand that.

WHEELLOCK: I don't know.

Overview and lessons

Q: Let's take an overall look.

WHEELLOCK: I'm not going to get into the objectives of the war. People can argue that forever. In terms of execution, I think we had enough troops to win the war, we didn't have enough troops to keep the peace. We [also] allowed the police to not be reconstituted nor reconstitute the army. I don't buy the argument that they melted [away]. Yes, they melted away, but all you had to do was put out the word and show some money and these guys would have been back.

Q: Sure.

WHEELLOCK: I think we could [have] reconstituted the police. The Iraqis are so upset at us. When the car bombs would go off they wouldn't be mad at the terrorists; they would be mad at us because we didn't have enough troops to keep the security and we refused to allow the police and military back in. No wonder they were upset. And there I think it was the Pentagon, OSD, skimping on the number of troops when prior experience (in Bosnia and Somalia), given all these requirements, have shown you need a lot more [troops]. You'll talk to other people that know a lot more about it than I on that part of the plane.

On the reconstruction side, we came in with too little to have an immediate impact. Our contracting mechanisms were very cumbersome. We do have some programs like OTI and the Military Surplus Program that can have quick impact. They need to be funded better and the interaction with USAID and the military... The interaction did happen out in the field and is happening today with the First Cav (and those kinds of localized programs). But the larger reconstruction, the contractual mechanisms are too cumbersome.

Q: And setting up a new arrangement in the Embassy, what do you understand about that?

WHEELLOCK: That's more of a policy matter. That's not a contractual mechanism. As I understand it, IRMO [Iraq Reconstruction Management Office] will kind of be the policy center, taking that function out of PMO. Then you'll have the individual executing agencies: USAID, Corps of Engineers, and PCO (which is the successor to PMO). I don't think USAID or Corps of Engineers will have to report through PCO. I think that's what's happening.

Q: And is that a good idea?

WHEELLOCK: Yes, that eliminates that double layer of bureaucracy that I was complaining about earlier. I'm optimistic on the infrastructure side, or I was until the spring. We were making good progress. But the security situation has certainly slowed that progress. The security situation is driving the cost of providing security higher and higher. Our first year there in Iraq, security for Bechtel was about eight percent of the contract. I don't know what it is now.

Now I'm hearing upwards of – not necessarily for Bechtel, but for other contractors – upwards of... high numbers. At some point, it doesn't make sense to do the work. It costs too much to get security. But I feel good about the pipeline of projects that we undertook. I think we're making an improvement.

Q: When do you think a lot of these projects will begin to show results?

WHEELLOCK: Well, they're having results now in the power sector.

Q: You have seen that.

WHEELLOCK: All the major transmission lines have been reconstituted after the looting. Rehabilitation of old power plants has taken place. New power plants are coming online now. And they'll get to the 6000 megawatts. They will.

Q: And what about the other sectors?

WHEELLOCK: Water... By the end of this year, there will be significant improvement in the water in poor areas of Baghdad, [especially] in Sadr City. In Basra, it should be back up and running – like I said before – at double the capacity. So I think they'll be some headway made there.

Q: So you're really optimistic about the infrastructure side?

WHEELLOCK: Yes. I'd be more optimistic, if the security situation would be fixed.

Q: Well, thanks very much for the interview.

WHEELLOCK: Sure, Haven.

[END OF INTERVIEW]