

U.S. Diplomat Wants More Funds for Iraqi Security

Plan Shifts \$3.37 Billion In Reconstruction Money Mainly to Fight Insurgents

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The new U.S. ambassador to Iraq, arguing that the insurgency there has become more protracted than anticipated, wants to shift more than \$3 billion in U.S. aid away from reconstruction projects and into efforts aimed at improving Iraqi security, creating local jobs and boosting oil output, U.S. officials said.

John Negroponte, who arrived at his post in late June, described the dire security situation in a lengthy cable sent last week to his superiors at the U.S. State Department. He argued for reallocating to these new priorities a total of \$3.37 billion now slated mostly for water, sewage and electricity projects, according to officials familiar with the cable's contents. The funds are part of \$18.4 billion in reconstruction aid that Congress approved in November.

The proposal represents the State Department's first attempt to place its

stamp on U.S. reconstruction efforts since the Defense Department handed over the reins to the State Department's Mr. Negroponte in July. If accepted by the Bush administration and approved by Congress, the plan would shift U.S. spending away from big-ticket projects favored by the Pentagon that are aimed at restoring Iraq's shattered infrastructure. These projects have been plagued by delays and insurgents' attacks. State and Defense Department officials have clashed since before the U.S. invasion of Iraq over reconstruction planning.

More than \$1.8 billion of the \$3.37 billion would be used for hiring, training and equipping more Iraqi security forces, including 45,000 additional Iraqi police, 16,000 national-guard troops and 16,000 border guards, according to a breakdown of the spending.

Pumping more money into Iraqi security forces could be controversial. These forces have performed poorly and in some cases have been overrun, losing their weapons to insurgents.

Senior Bush administration officials will meet this week to discuss forwarding the plan to Congress, which must sign off on the spending changes. A spokesman for Mr. Negroponte, Robert Callahan, declined to discuss the plan. He confirmed

that the ambassador sent the cable and said it was being discussed by officials from various agencies. He said no decision has been made on reallocating funds. The officials who described the cable generally favor Mr. Negroponte's plan.

The plan could draw opposition from Pentagon officials still committed to their approach, as well as from lawmakers with ties to contractors that stand to lose if the money is reapportioned. In addition, Iraqi officials briefed on the plan have warned the U.S. Embassy that shifting money away from infrastructure is certain to be unpopular in Iraq. Failure to restore regular water and power in many parts of the country is one of the biggest sources of public anger at both the U.S. and the new Iraqi government.

It's unclear what sort of financial impact the proposed funding reallocation will have on existing contractors, the officials said. Much of the money slated for rebuilding electric and water facilities hasn't been spent. So a portion of the transferred funds will probably come from contracts that have been awarded but are still at an early stage.

Because of bureaucratic delay, logistical problems and the unwillingness of contractors to move ahead with budgeted

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projects when security is so poor, only about \$600 million of the reconstruction money appropriated has been spent, officials say. Mr. Negroponte argues in his cable that contractors and investors working on private projects will continue to hold back unless Iraqi security forces can be improved and other rapid steps are taken to quell the insurgency, the officials said.

U.S. Marines operating in western Iraq recently decided not to hire any new Iraqi security forces in their region until January so they could concentrate on weeding out incompetents and insurgents suspected of infiltrating the force.

Iraqi National Guard troops are supposed to police their own hometowns and villages. But in many cases the soldiers refuse to arrest anyone for fear the insurgents will seek revenge against their families.

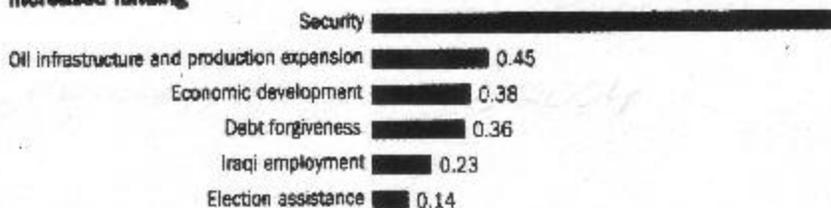
"I've seen insurgents put [remote-detonated roadside bombs] 100 meters from my Iraqi National Guard checkpoints," said Staff Sgt. Nicholas Fox, who oversees a company of about 90 Iraqi soldiers outside Fallujah. When Sgt. Fox asked the Iraqi soldiers why they didn't stop the insurgents, the soldiers replied that they were afraid their families would be targeted.

Two Iraqi National Guard units in al Anbar province, which encompasses Fallujah and Ramadi, were overrun earlier this month by insurgents who stormed their headquarters. The insurgents kidnapped the units' battalion commanders. The dead body of one of the commanders was found a few days later; the other man is still missing. The insurgents also took most of the two 800-soldier battalions' guns, helmets and body armor.

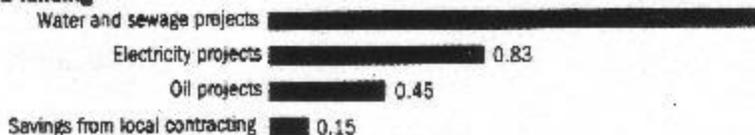
Moving the Money Around

Highlights of \$3.37 billion reallocation of U.S. reconstruction aid to Iraq proposed by U.S. Ambassador to Iraq John Negroponte:

Increased funding



Decreased funding



Source: U.S. government document

The police haven't performed well, either. Recently the Marines detained the police chief for the province, who is suspected of cooperating with the insurgents. His officers were guarding the provincial governor's home when it was attacked by insurgents and the governor's two sons were abducted. The police didn't fire a shot.

Many of the Iraqi National Guard units in western Iraq remain poorly equipped, but military officials in the region say the problem isn't a lack of money or equipment. They say the fledgling Iraqi government has been slow to distribute the goods.

Mr. Negroponte wants to spend \$652 million on forming 20 more 800-man Iraqi National Guard battalions as well as \$221 million to create a new "civil intervention force." An additional \$48 million would go for creating a separate "Iraqi intervention force," though officials could not supply details about these entities. Around 100 border posts would be established on Iraq's largely unpoliced borders with Iran and Syria. Some \$62

million would be used to equip special-operations units in the Iraqi army. In addition, airfields and bases would be fixed up. Overall, the U.S. goal is to improve the Iraqis' capabilities, in addition to adding more bodies, the officials said.

Iraqi civilian employment would also receive a boost. The plan calls for the U.S. Agency for International Development to spend \$236 million for what is described as "employment acceleration"—in effect raising employment rapidly by emphasizing small-scale civil-works projects, one official said.

More than \$255 million is aimed at expanding production at the Kirkuk and Rumaylah oil fields. The goal, one official said, is to raise Iraqi oil output to three million barrels a day by the end of the year from the current 2.2 million.

Mr. Negroponte is also proposing that the U.S. forgive \$360 million in outstanding Iraqi debt in hopes other countries will follow suit at talks next month of the Paris Club, a group of officials from creditor nations organized to deal with debt owed them by developing countries. Iraq has \$122 billion in outstanding foreign debt. The country owes about \$42 billion to Paris Club countries, which so far have said they are prepared to offer only limited debt relief.

Between the fall of Saddam Hussein in April 2003 and the inauguration of the interim Iraqi government in June of this year, the country was overseen by U.S. administrator L. Paul Bremer. He was criticized for his decision to disband the Iraqi military, a step that some critics contend fed the insurgency.

Late last year, Mr. Bremer campaigned for and won a large infusion of U.S. reconstruction aid, arguing that restoring basic infrastructure was critical to quelling popular support for the insurgency. But money was also allocated for rapid hiring of police and national-guard units, an area that would receive even greater emphasis in Mr. Negroponte's proposal.