

Statement of
Michael Thibault, Co-Chairman and Grant Green, Commissioner
Commission on Wartime Contracting in Iraq and Afghanistan
Before the Committee on Government Oversight and Reform
United States House of Representatives
September 23, 2010

Chairman Towns, Ranking Member Issa and other Honorable Members of the Committee:

I am Michael Thibault, Co-Chairman of the Commission on Wartime Contracting in Iraq and Afghanistan. Beside me is Commissioner Grant Green. Thank you for inviting us to testify today. I will very briefly summarize our joint statement and request that the full statement be entered into the record.

Congress created our bipartisan, eight-member Commission in 2008 to study America's contingency contracting operations in Iraq and Afghanistan. Commissioners and staff have subsequently taken a total of 11 extended fact finding trips to Iraq and Afghanistan to evaluate potential opportunities to improve current contracting processes and oversight. The Commission's charter requires that it report findings and recommendations on matters including: the extent of government reliance on contractors; contractor impact on logistics, security, and

reconstruction operations; the extent of and accountability for contract waste, fraud, and abuse; government organizational structure and practices; and lessons learned. The Commission made an interim report to Congress in June 2009 and will submit a final report in July 2011.

While the calendar is running on the Commission's work, it is also running on United States military involvement in Iraq. The 2008 Security Agreement with the Government of Iraq requires that all U.S. forces be out of the country by December 31, 2011. That is just over 15 months away and will mark the end of more than eight years of U.S. military presence in that former dictatorship.

But the future of the new Iraq is unsettled. Six months after national elections, a new Iraqi government has yet to be formed. American troops have been involved in sharp-fire fights three weeks after the announced end of the U.S. combat mission in Iraq. This past Sunday, as the Washington Post reported, six car bombings in Baghdad and a suicide bombing in Fallujah killed 37 people and wounded more than 100 others. Iraq remains a dangerous place under constant threat of insurgent terror attacks. While American, allied, and Iraqi forces have reduced insurgent activity compared to four or five years ago, the current security threat persists and is unlikely to disappear anytime soon. As a consequence, the contracting environment in Iraq continues to be impacted greatly by security considerations.

This combination of a military withdrawal, a persistent security threat, and a return to customary intra-governmental relations brings us to our concern for this hearing. The U.S. State Department closed the American Embassy in Baghdad before the first Gulf War, leaving a U.S. interest section at the Polish Embassy. After the overthrow of Saddam Hussein's regime, the American Embassy was reopened on July 1, 2004, in one of Saddam's former palaces in Baghdad. In January 2009, the staff relocated to a new Embassy, America's largest, in a 21-building complex along the Tigris River in Baghdad's so-called "Green Zone."

The U.S. Embassy, reestablished during an insurgent uprising, will remain after U.S. troops withdraw from Iraq. In addition, the State Department plans to operate four other geographically dispersed posts—two as Consulates General and two as Embassy Branch Offices. These locations include Mosul, Erbil, Kirkuk, and Basrah. Initially, the State Department identified a critical need for an office in Diyala, but funding limitations resulted in that workload being absorbed by the other four posts.

These circumstances combine to create what may be a unique situation in American history: a diplomatic presence reestablished and expanding in a country that appears unable to provide normal host-country security and services, while the U.S. military withdraws.

The concern is not just for security, important as that is. The State

Department also relies on the Department of Defense for logistical support, for food and fuel, and for literally hundreds of other functions. The scheduled withdrawal of U.S. military forces leaves State very little time—even if it had the financial and management resources—to arrange for the alternative provision of functions including, among other things:

- Emergency medical evacuations;
- Removal of improvised explosive devices (IEDs)
- Counter battery fire
- Downed vehicle and aircraft recovery;
- Personnel recovery;
- Convoy security; and
- Fire prevention and life-support services.

This unusual and troubling situation was underscored by recent Commission travel in Iraq. Commissioner Green, as you may know, is former Under Secretary of State for Management, a former Assistant Secretary of Defense, and a former staff member of the National Security Council. In other words, he understands issues and practical realities in both departments. Commissioner Green's concern for the Defense-to-State transition in Iraq was validated by our June 21, 2010,

Capitol Hill hearing, “Private Security Contractors in Iraq: Where are we going?”

Among the troubling testimony we heard that day were these data points:

(1) The Department of State estimated that, without U.S. military support, it would need to raise its private-security contractor force in Iraq from 2,700 to between 6,000 and 7,000 people;

(2) Under Secretary of State Patrick Kennedy had written to the Department of Defense on April 7, 2010, to request a substantial amount of military equipment, plus continued access to the Army’s LOGCAP logistics contract and continued food-and-fuel supply through the Defense Logistics Agency; and

(3) DoD’s Joint Staff had not yet forwarded that request with a recommendation to the Office of the Secretary of Defense.

These facts troubled us for several reasons. First, even if State could obtain the funds for more than doubling its private-security force, it is not clear that it has the trained personnel to manage and oversee contract performance of a kind that has already shown the potential for creating tragic incidents and frayed relations with host countries. Second, Ambassador Kennedy’s request highlighted the enormous reliance that State was obliged to place on the U.S. military in a wartime setting—14 critical security-related functions, logistical support, food and fuel, and about 1,000 other detailed tasks. Third, any DoD delay in processing State’s request could prolong uncertainties, promote reliance on contractors for work

previously performed by the U.S. military and DoD, and potentially create unacceptable safety risks to American government and contractor personnel as military capabilities disappear in the drawdown process.

As we reviewed the results of our hearing and the supplemental information that flowed in afterwards, our concerns rose. On July 12, 2010, the Commission released a unanimous, bipartisan Special Report #3, "Better planning for Defense-to-State transition in Iraq needed to avoid mistakes and waste." We submitted the report to Congress, distributed it widely to interested parties within and outside of government, discussed its findings with print and broadcast media, and posted it on the Commission's Internet site, www.wartimecontracting.gov. We have included a copy of the report with this statement, and we respectfully request that it be made part of the record of today's hearing.

Unfortunately, the advent of autumn has not eased the concerns we reported in the summer. We appreciate that the transition issues in Iraq are vast, complicated, and not amenable to quick and easy fixes. We are aware of and assured that working groups have been busy here and in theater discussing these issues. Lieutenant General Kathleen Gainey, the Director for Logistics, J4 of the Joint Staff, tells us that a decision package has been forwarded to the Office of the Secretary of Defense through the Under Secretary for Policy.

Nonetheless, it is now nearly six months since Ambassador Kennedy's

formal request for assistance to the Department of Defense. When we checked earlier this week, no decision had yet been communicated. Specifically, State Department leadership informed us two days ago that their request for DoD support remained outstanding and that they have been compelled to pursue two separate contracting strategies simultaneously—one that assumes the requested DoD support, while the other develops a separate and greatly expanded contractor workforce to replace functions previously performed by DoD. The need to develop two separate plans is simply the result of the Department of Defense’s reluctance to articulate where and how they can best support the Defense-to-State transition in Iraq.

Senior level leadership, at the State and DoD Secretarial level, needs to engage and provide direction on this process. It is simply too important to do otherwise.

Compounding the challenge of transitioning this work is the need for the State Department to build-out and support at least five, and more likely nine, other separately located sites for the Department of Defense’s Organization for Security Cooperation, which will manage foreign military sales activities in Iraq.

This transition limbo has other deep implications. It raises the serious risk that State will be required to undertake a very large, hurried, expensive, and unprecedented exercise in contracting unless some change is negotiated in the

Security Agreement or unless the Government of Iraq demonstrates serious capability and intent to provide the normal array of host-nation security and commercial services. Further, even if State meets the resource and funding challenge of greatly enlarging its security contractor forces, it still risks the policy and political consequences of having private companies performing potentially inherently governmental functions that have been previously performed by the U.S. military.

Another significant implication is that the great, lingering uncertainty about the Defense-to-State transition indicates a failure to take a “whole-of-government approach” to contingency operations. Activities in Iraq and Afghanistan involve hundreds of thousands of U.S. military and federal civilian employees from Defense, State, the Agency for International Development, Treasury, Justice, Agriculture, and other departments; American, host-country, and third-country contractors; and a variety of non-governmental and international organizations. But as we and other organizations have observed, a lack of transparency, visibility, and basic data—not to mention the lack of a lead coordinating agency for contingency operations—has caused or contributed to duplication, gaps, and cross-purposes, and has permitted unnecessary incidents of waste, fraud, and abuse.

We are now entering into an unprecedented phase of contingency transitioning between Defense and State, and there is no clear guiding policy. As a

result, planning is taking the form of what can be called a “pick-up game.” Well-intentioned State Department and Defense Department employees are attempting to transition future requirements without a game plan. This approach stands to lead to organizational confusion, poor planning, the potential for contract overruns and waste, and an entirely new role for contractors on the battlefield. Executive leadership and decision-making is critically needed at this point in time.

Last of all, and perhaps most critically, due to State Department program funding limitations, there stands to be a 50 percent reduction in staffing levels at the planned consulate offices in Basrah and Erbil and the Embassy Branch Offices in Kirkuk and Mosul. There are insufficient funds to staff the known requirements for the planned diplomatic presence in Iraq’s provinces. There are now four posts where five were required. There is now half the State Department program staff to carry out known mission objectives, including:

- Balancing foreign interference;
- Mitigating and mediating Arab-Kurd, Sunni-Shia, and provincial-Baghdad tensions;
- Strengthening the capacity of provincial institutions along key flashpoint locations;
- Providing a platform for the United Nations (UN) and other organizations;

- Promoting the safe return and resettlement of displaced persons;
- Encouraging foreign investment and economic development;
- Reporting on strategic trends, events, and drivers of Iraqi instability;
- Presenting American policy and promoting mutual understanding and respect for American values; and
- Providing limited services to American citizens.¹

In summary, State Department program leaders have been dealt a hand that includes: unknown contract and program support from the Department of Defense; funding limitations likely to impact mission capability; and the need to contract for and perform functions that have never been done by their department. The State Department has been placed in an unfair position as they work to deliver on critical mission requirements in the continuing effort to stabilize and reconstruct Iraq.

Our comments today in no way detract from the tremendous efforts that the men and women of America's military have made in Iraq, including the protection and support they have extended to other federal departments. But the lingering concerns raised by the Defense-to-State transition in Iraq should serve as a clear call to improve coordination arrangements in the event that we are ever again called upon to fight insurgents, conduct diplomacy, and rebuild a country all in the

same place, at the same time.

That concludes our joint statement. Mr. Chairman and Ranking Member Issa, we thank the Committee for its attention and welcome your questions.

#

¹ This list originally contained in the State Department's August 25, 2010 presentation entitled "The U.S. Government's Future Presence in Iraq."