



# COMMISSION ON WARTIME CONTRACTING IN IRAQ AND AFGHANISTAN

CWC Special Report 3

July 12, 2010

## AT A GLANCE

### WHAT'S AT STAKE

Current planning for transitioning vital functions in Iraq from the Department of Defense to the Department of State is not adequate for effective coordination of billions of dollars in new contracting, and risks both financial waste and undermining U.S. policy objectives.

### WE RECOMMEND

1. The Departments of Defense and State accelerate, intensify, and better integrate their joint planning for the transition in Iraq.
2. All levels of Defense and State immediately initiate and complete planning with the Government of Iraq to address critical security functions now performed by Defense.
3. State use, on a reimbursable basis, DoD's LOGCAP IV contract.
4. Congress immediately provide additional resources to State to support its increased contracting costs and personnel needs.

## SPECIAL REPORT ON IRAQ TRANSITION PLANNING

# Better planning for Defense-to-State transition in Iraq needed to avoid mistakes and waste

By agreement with the Government of Iraq, United States military forces are to complete their exit from Iraq by December 31, 2011. In the interim, U.S. government policy requires American troop strength in Iraq to be no more than 50,000 by the end of August 2010.

The troop drawdown and ultimate exit from Iraq pose special challenges for the U.S. Department of State (State), for U.S. policy objectives, and for stewardship of American taxpayers' dollars. Iraq's government is in transition, operating amid great uncertainties and threats, but State will continue to operate in the country after the U.S. military leaves.

In stable, peaceful countries, State can count on the host nation to meet emergency needs for security or other services. Iraq, however, is not stable or peaceful. More than three months after inconclusive parliamentary elections in March, Iraqi politicians are still working to form a coalition government. More than eight years since the coalition attack that toppled Saddam Hussein, suicide bombings and insurgent attacks continue, with loss of many American, Iraqi, and third-country-national lives.

In this turbulent setting, State relies heavily on the military units and capabilities under control of the U.S. Department of Defense (DoD). U.S. military units perform medical evacuations by helicopter; mount swift, computer-assisted counterattacks against incoming rocket, mortar, or artillery fire; send armed quick-reaction teams out to respond to attacks on U.S. facilities or convoys; clear improvised explosive devices; recover damaged aircraft and vehicles; and more.

The resources of State’s Diplomatic Security Service are “inadequate to the extreme challenges in Iraq,” according to an April 7, 2010, letter to DoD’s lead acquisition officer from Ambassador Patrick Kennedy, Under Secretary of State for Management. The letter also said State has “a critical need” for logistical and life-support services provided under the Army’s worldwide LOGCAP (“Logistics Civil Augmentation Program”) contract.

As U.S. military forces leave Iraq—taking with them some vital services well ahead of the final exit target of December 31, 2011—State will have no practical alternative to meet its continuing security and support needs in Iraq than by greatly increasing its contracting.

Unless and until the Iraqi government develops suitable capabilities for support, increased contracting by State would entail great increases in expenditures, challenges of executing and overseeing contracts, and possibilities for unneeded and wasteful spending. In addition, inadequately staffed and resourced oversight could multiply opportunities for contractor mistakes or misconduct that might alienate Iraqi opinion and undermine U.S. policy objectives.

State and DoD are aware of this challenge. They have established high-level interagency contacts. They have compiled lists of drawdown-affected functions.

Working groups are addressing many aspects of the transition, including aviation, personnel, medical support, and policing. State has created a concept for a Baghdad Life Support Services contract in case it must arrange its own logistics support, and has briefed industry on its needs.

The departments deserve credit for these steps. But much remains to be done, including better high-level coordination and timely decisions on key issues. Meanwhile, the relentless advance of the calendar steadily shrinks the maneuver space for planning effective action, reduces the number of available options, and magnifies the potential costs of mistakes and overlooked needs.

Commissioners and staff recently completed a fact-finding trip to Iraq to explore the challenges of the DoD-to-State hand-off. Based on discussions, briefings, and observations in Iraq, the Commission is concerned that the ongoing planning for State’s operations in Iraq during the drawdown and after the U.S. military exit has not been sufficiently detailed. It has lacked input on key decisions needed to resolve policy issues and identify requirements, and has not fully addressed the contract-management



Drawdown duty: soldiers delivering a tank at the debarkation port in Kuwait. (US Army photo)

challenges ahead. Particularly troubling is the fact that State has not persuaded congressional appropriators of the need for significant new resources to perform its mission in Iraq.

## **BACKGROUND**

A U.S.-led coalition attack in March 2003 toppled Saddam Hussein's Baathist regime and led to an American and allied military presence that persists to this day. The U.S. Embassy in Baghdad reopened on July 1, 2004, in one of Saddam's former palaces. Embassy personnel moved to a new compound on January 1, 2009. The embassy compound comprises 21 buildings on a 104-acre site on the Tigris River, with several thousand State, DoD, and contractor personnel on duty.

In addition to the embassy, State's current plans for Iraq include five "Enduring Presence Posts" or EPPs on portions of current U.S. military bases in Basrah, Diyala, Erbil, Kirkuk, and Ninewa. These EPPs will replace the 22 Provincial Reconstruction Teams currently operating in Iraq with U.S. military support. State officials have informed Commission staff that additional sites may be required, raising the level of required support.

Given the post-Saddam turmoil and security challenges in Iraq, plus the country's damaged infrastructure and lack of robust commercial and contracting sectors, State has relied heavily on DoD, as well as on its own Bureau of Diplomatic Security Service and on private security contractors, to support its mission. In June 2004, before the reopening of the U.S. Embassy in Baghdad, State and DoD officials executed two Memorandums of Agreement on DoD provision of security and support services (facilities management, plus support for administration, logistics, contracting, medical care, and information technology) for State's "Green Zone" presence in Baghdad and for its regional offices.

So far, the security and logistical functions provided by DoD have worked well in the volatile and dangerous environment of insurgent-plagued Iraq. Under the Administration's current plans, however, that DoD support infrastructure will shrink in irregular rather than proportional fashion as units with specific military capabilities leave Iraq.

The U.S.-Iraq Status of Forces Agreement that set the year-end 2011 date for the exit of U.S. military forces was signed on November 17, 2008, and swiftly ratified by Iraq's parliament and presidency council. On February 27, 2009, the President of the United States announced that the U.S. military presence in Iraq would be reduced to no more than 50,000 troops by the end of August 2010, with a total military pull-out by December 31, 2011.

"After the departure of U.S. Forces [from Iraq], we will continue to have a critical need for logistical and life support of a magnitude and scale of complexity that is unprecedented in the history of the Department of State."

—Amb. Patrick Kennedy,  
Under Secretary of State  
for Management

## ‘LOST FUNCTIONALITIES’

The Departments of Defense and State have listed more than 1,000 tasks and functions that must be addressed in the DoD-to-State transition in Iraq. They range from real-estate management and portable toilets, to fire prevention and environmental clean-up. To complicate the transition further, most of the functions rely on long-standing DoD relationships with the Government of Iraq that currently have few parallels at State.

Of special concern is State’s “lost functionality” list—presented in a briefing to the Commission—of 14 security-related tasks now performed by DoD that State must provide as the military drawdown in Iraq proceeds:

- ▶ Recovering killed and wounded personnel
- ▶ Recovering damaged vehicles
- ▶ Recovering downed aircraft
- ▶ Clearing travel routes
- ▶ Operations-center monitoring of private security contractors (PSCs)
- ▶ PSC inspection and accountability services
- ▶ Convoy security
- ▶ Explosive-ordnance disposal
- ▶ Counter-rocket, artillery, and mortar notification
- ▶ Counter-battery neutralization response
- ▶ Communications support
- ▶ Tactical-operations center dispatch of armed response teams
- ▶ Policing Baghdad’s International Zone
- ▶ Maintaining electronic counter-measures, threat intelligence, and technology capabilities

State addressed some implications of the lost-functionality issue in Ambassador Kennedy’s April 7, 2010, letter to DoD:

After the departure of U.S. Forces [from Iraq], we will continue to have a critical need for logistical and life support of **a magnitude and scale of complexity that is unprecedented in the history of the Department of State**. ... And to keep our people secure, Diplomatic Security requires certain items of equipment that are only available from the military. [Emphasis added.]

State’s initial request for equipment included 24 UH-60 helicopters, four refueling trucks and trailers, 50 Mine-Resistant Ambush-Protected (MRAP)



Marine mortar crew preparing counter-battery fire in Fallujah, Iraq. (DoD photo)



vehicles, and security equipment for perimeter security and observation. Without the military equipment, Ambassador Kennedy wrote, State would “essentially have to duplicate the capabilities of the U.S. military” using less effective gear, so **“As a result, the security of [State] personnel in Iraq will be degraded significantly and we can expect increased casualties.”** [Emphasis added.]

The Kennedy letter also requested that DoD allow State to continue using the military’s LOGCAP contract and Defense Logistics Agency support. “[State] missions and their staff can normally obtain food and fuel on the local economy,” the letter said; “however, this is not the case in Iraq.” Ambassador Kennedy continued by noting that State, “on its own, does not have the resources or capability to provide life support either for the Embassy in Baghdad or for the EPPs” in the provinces.

The military is analyzing State’s request. Given the large uncertainties about the future threat environment in Iraq, the ultimate location, size, and nature of State’s Enduring Presence Posts, and State’s operational needs, evaluating the personnel and financial implications of the request pose a major challenge for the United States Government. For example, would DoD need to maintain contract-support personnel, most likely Army civilian employees, in Iraq? What level of support would be required from the Defense Contract Management Agency, the Defense Contract Audit Agency, and the LOGCAP Program Office? Until needs are clearly determined, both DoD’s support tasks and the costs State must reimburse are uncertain.

## **THE CONTRACT-MANAGEMENT CHALLENGE**

What does seem certain, however, is that State must greatly expand its contracting to prepare for the U.S. military’s exit from Iraq.

The difficulties of that expansion would be mitigated if State continued to draw support services from the Army’s LOGCAP contract, which ranges from equipment maintenance and laundry to dining halls and pest management. The LOGCAP Contracting and Program Offices have the capability of evaluating the planning and contracting for needed logistical support using its existing LOGCAP contracting mechanism. That support will, ideally, include an acquisition strategy centered on competition, using the proven LOGCAP IV process. But even if State had the resources and capability to reinvent the LOGCAP contract process, Ambassador Kennedy’s letter notes that “It does not have within its Foreign Service cadre sufficient experience and expertise to perform necessary contract oversight.”

Management and oversight challenges are not confined to State. As the Commission, the Government Accountability Office, and the Congressional



3rd Infantry Division troops on quick-reaction mission, Iraq (USAF photo)

Research Service have documented, the overall federal acquisition workforce has shrunk even as the scope and scale of acquisition activity has skyrocketed. Contracting officers, contracting officer representatives, subject-matter experts, auditors, and other acquisition personnel are in short supply, not always adequately trained, not always deployable to areas of need, and often overwhelmed with contract tasks. (See Chapter 1 of the Commission's June 2009 Interim Report to Congress for elaboration of this issue: [www.wartimecontracting.gov/docs/CWC\\_Interim\\_Report\\_At\\_What\\_Cost\\_06-10-09.pdf](http://www.wartimecontracting.gov/docs/CWC_Interim_Report_At_What_Cost_06-10-09.pdf)) Further, the Commission has established through research and hearings that serious weaknesses in contract management and oversight have occurred at DoD and the U.S. Agency for International Development, as well as at State.

## SECURITY CONCERNS

Although State has about 2,700 private security contractors in Iraq and the Bureau of Diplomatic Security is hiring more security specialists, a State Department official testified at a June 2010 Commission hearing that the Department will need “between 6,000 and 7,000 security contractors” for the future—more than doubling its current PSC numbers. With such a large increase in contract employees, existing weaknesses in contract management and oversight, not to mention funding and hiring challenges, can only grow more troublesome.

An additional concern is presented by the nature of the functions that contractors might be supplying in place of U.S. military personnel. What if an aircraft-recovery team or a supply convoy comes under fire? Who determines whether contract guards engage the assailants and whether a quick-reaction force is sent to assist them? What if the assailants are firing from an inhabited village or a hospital? Who weighs the risks of innocent casualties, directs the action, and applies the rules for the use of force?

Apart from raising questions about inherently governmental functions, such scenarios could require decisions related to the risk of innocent casualties, frayed relations with the Iraqi government and populace, and broad undermining of U.S. objectives.

To a non-combatant Iraqi who has lost a family member or a home as “collateral damage” in a firefight, an armed State Department contract employee will not look appreciably different from an American soldier. While many private security contractors are highly trained, with military or



10th Mountain Division soldiers provide security for a medical clinic in Iraq. (U.S. Army photo)

police backgrounds, the Commission has found that some fall far short of professional standards of training, ethos, and discipline. The already daunting tasks of contract management will grow more daunting as new security, policy, and political challenges emerge from the transition.

## FINDINGS

The Departments of State and Defense deserve credit for their efforts, amid the day-to-day challenges of operating in Iraq, to plan an orderly transition of responsibilities and functionalities as the U.S. military leaves the country.

Unfortunately, their efforts leave cause for concern.

State Department personnel worked with LOGCAP officials through 2009 to identify needs and issues. These working contacts led to the April 2010 formal request from State that it continue to receive support through LOGCAP and the Defense Logistics Agency.

Despite these inter-departmental efforts, the current planning for the Defense-to-State transition of vital functions in Iraq is not yet adequate for effective coordination of the billions of dollars in new contracting that appears to be necessary. Continued weakness in planning risks both financial waste and undermining U.S. policy objectives.

There is not enough evidence of a thorough, timely, disciplined planning approach to the coming transition, such as developing clear requirements, devising plans for contractor support, obtaining additional funding and personnel, and identifying ways to make best use of competitive forces in securing contractor support.

The Administration and the Congress face a fast-closing window of opportunity to avoid unnecessary and tragic loss of life; to reduce the risks of unmet needs, weak oversight, and lost or misspent funds; and to avert damage to the U.S. mission in Iraq and to broader policy objectives.

Iraq, according to a May 2010 State briefing to the Commission in Baghdad, presents a “continued critical threat environment.” In that setting, the need for rapid and effective action on the DoD-to-State transition is urgent.

The Commission’s recommendations follow.



Medevac mission, Iraq (U.S. Air Force photo)

## **WE RECOMMEND**

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The Commission on Wartime Contracting is an independent, bipartisan legislative commission established in Section 841 of the National Defense Authorization Act for Fiscal Year 2008 (Public Law 110-181) to study federal agency contracting for reconstruction, logistical support, and security functions in Iraq and Afghanistan. The Commission published an interim report in June 2009 and will issue a final report to Congress in July 2011.

### **COMMISSIONERS**

Michael J. Thibault, Co-Chair; Christopher Shays, Co-Chair  
Clark Kent Ervin, Grant S. Green, Robert J. Henke, Katherine Schinasi, Charles Tiefer, Dov S. Zakheim  
Executive Director: Robert B. Dickson

1401 Wilson Boulevard, Suite 300  
Arlington, VA 22209  
703-696-9362

[www.wartimecontracting.gov](http://www.wartimecontracting.gov)