U.S. military and civilians with villagers near Kandahar, Afghanistan. (U.S. Air Force photo)
Chapter 6

Agency structures and authorities prevent effective interagency coordination
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Contingencies involve interagency operations. For Iraq and Afghanistan, those operations have been poorly managed in Washington and in the field. The result has been failed and costly contract implementation. Government agencies have taken on responsibilities for which they were not prepared—through new missions, expansion of traditional missions, or both—and often have carried them out with only a cursory regard for what other agencies were doing.

Mission responsibilities have not been matched to resources. Blurred roles and demanding timelines for contracting support of expanded missions have contributed to unsatisfactory outcomes. Too often, contracts have been awarded without advance knowledge of specific requirements and without recognition of the importance of having adequate government resources for management and oversight.

Without more rational assignment of responsibilities and distribution of resources, agencies’ stark differences—in philosophies, approaches to contingency tasks, management structures, and resource allocations—will continue to spill over into the contracting arena, wasting dollars and losing opportunities. Moreover, without an integrated audit and investigative capability, much of this waste will likely go undetected.

The contingency mission stretches core competencies

Defense, State, and USAID have built their core competencies over decades, but the Iraq and Afghanistan contingencies have presented new demands on these competencies in type, tempo, and especially in order of magnitude. In both Iraq and Afghanistan, traditional civilian and military missions and core competencies have collided.

USAID has struggled to adapt its longer-term development practices to the military’s shorter-term objectives and timelines.

Defense has become heavily engaged in stabilization and reconstruction—tasks seen as more akin to development than warfighting. USAID has struggled to adapt its longer-term development practices
to the military’s shorter-term objectives and timelines. And State’s diplomatic and governance missions have called for costly and substantial contingency-contracting programs such as police training and major wartime construction, the scopes of which are well beyond its in-house experience base.

The following discussion outlines some of the “contingency unique” activities undertaken in Iraq and Afghanistan by Defense, USAID, and State.

Department of Defense

Defense views contingency challenges through a short-term prism, filling any and all perceived needs as they are identified. It has a highly centralized management structure beginning in Washington and branching regionally through the combatant commands. Since 2001, in Afghanistan and Iraq, Defense’s engagement in governance, reconstruction, and development is substantial, far-reaching, and extends beyond its core mission:

▪ Commander’s Emergency Response Program (CERP)—Conceived as a program of modest, community-focused activities to fund immediate humanitarian relief and reconstruction needs, CERP appropriations since 2003 are approaching $6.5 billion for Iraq and Afghanistan. 1 CERP has financed activities from small-scale community activities costing a few hundred dollars to large-scale power-generation and maintenance programs costing hundreds of millions of dollars. In the first quarter of fiscal year 2011 alone, Defense programmed more than 4,000 projects in Afghanistan costing $67 million dollars.

▪ Task Force on Business Stability Operations/Iraq (TFBSO)—As the “de facto primary tactical economic development resource for the U.S. mission in Iraq,” TFBSO deployed more than 600 business specialists to work throughout Iraq. The task force has promoted private investment,

re-started industrial and agricultural production, strengthened banking networks, and reformed budget and procurement policies.²

- National Guard Agri-business Development Teams (ADT)—National Guard units from nine states are mobilizing hundreds of soldiers each year to provide agricultural expertise in a dozen key Afghan provinces.

- Village Stability Operations—The special-operations command in Afghanistan is contracting for a multi-million dollar effort to field civilian agriculture experts in support of its teams seeking to establish security and promote stability and governance in key villages.

- AfPak Hands—A 250-strong cadre of career military officers who serve multiple tours in theater, some as embedded civilian advisers to senior Afghan civil servants, operates completely outside of the military’s traditional civil-affairs mission.

U.S. Agency for International Development

In contrast to Defense, USAID’s principal focus has been humanitarian relief and long-term, sustainable development. It is highly decentralized, normally operating at the country level. It is severely resource-constrained and thinly staffed both in Washington and in the field. Consequently, it generally seeks to focus and concentrate its efforts within a given country. In Iraq and Afghanistan, USAID’s traditional development approaches have been severely distorted in those fast-paced, highly insecure contingency environments.

- Afghan Vouchers for Increased Production in Agriculture (AVIPA)—In urgent need of a large stabilization capacity to support the troop surge, USAID dramatically expanded a modest $60 million food-security initiative to provide seed and fertilizer into an extensive $360 million stabilization project that included equipment purchases, cash for work, and community development in 2009. As noted in Chapter 3, the consequence was rampant waste and fraud.³

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• Strategic Provincial Roads (SPR)—In contrast to its normal practice of not undertaking development projects in insecure areas, USAID launched SPR in 2008 as its component of an interagency counterinsurgency (COIN) effort to strengthen security and promote stability in marginal and insecure areas by engaging communities and using Afghan contractors to construct gravel roads. Three years and $270 million later, the program is being closed down, having completed only a third of the planned 1,500 kilometers of roads, due mostly to the challenges of a steadily deteriorating security environment.4

• Kajaki Dam—The restoration activity was conceived and launched during the 2003-2005 period of relative calm and stability. Since then, a dramatic deterioration in security has essentially brought progress at the dam site to a halt.5

Because Defense, State, and the International Security Assistance Force (ISAF) coalition deemed progress on the dam a vital COIN interest, USAID has been spending millions of dollars in an attempt to keep the project moving forward. By the time it is completed, USAID will have spent a substantial amount of money trying to maintain project momentum: paying for helicopters to fly in heavy construction materials and equipment, fielding numerous armed guards, and sustaining a barebones construction crew on site, all in addition to what was budgeted for the entire project at its inception.

Department of State

State, while maintaining strong central direction, operates with a country focus, and often establishes special representatives to lead contingency efforts (for example, the Special Representative for Afghanistan and Pakistan). Its resources in people and funds, however, fall well short of the levels it seeks from Congress.

In Iraq and Afghanistan, State’s core governance and diplomacy competencies have been severely stretched, being tasked to undertake training and capacity-building contracts, award and oversee high-dollar construction contracts, and manage large numbers of security contractors. While State has performed all of these tasks world-wide for years, the efforts in Iraq and Afghanistan are


considerably larger than those it usually takes on. The following projects in the two theaters illustrate these concerns:

- **Pol-i-Charkhi Prison**—One of Afghanistan’s main detention facilities, this construction project valued at $24 million has been plagued by faulty requirements preparation, poor subcontractor selection, and problematic performance by the State Contracting Officer’s Representative.6

- **Iraq Police Training Contract**—In June 2004, State awarded DynCorp a $188.7 million task order for police training and support equipment. State paid $43.8 million to manufacture, store, and provide security for trailers that were not used, and $36 million for weapons and training equipment that could not be accounted for.7

- **Kabul Embassy New Housing and Office Expansion Construction**—The 1,000-plus civilians who were part of the 2009 U.S. surge—and the temporary housing and work space to accommodate them—are a mission-critical element of the U.S. transition strategy for Afghanistan. Unfortunately, due to poor contractor performance, the housing has only recently become available, roughly one year late and 18 months after the civilian surge began.

When interagency operations are built upon a divergent understanding of roles and missions, failure and waste often follow.

**Broken interagency processes hamper operations**

The previous examples show Defense, State, and USAID extensively engaged in activities beyond their core competencies and capacities, and struggling to perform many of them. Even more serious are interagency operations, where two or more agencies are working in concert to accomplish a COIN objective. When interagency operations are built upon a divergent understanding of roles and missions, failure and waste often follow.

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Police training in Iraq and Afghanistan

This mission is claimed by both Defense and State, but each views it differently. In Iraq, Defense's short-term view has emphasized completing the mission and deploying 135,000 trained and equipped Iraqi police officers as quickly as possible. State has viewed police training as a subset of long-term criminal-justice and rule-of-law development. The departments' metrics for success could not be more different. Defense focused on “hitting the numbers,” while State stressed integrating the effort into overall development of Iraqi government capacity.8

In reality, the Iraq requirement has been for both objectives, yet neither Defense nor State has brought the full package of capabilities to the table. Defense had the lead for police training, but lacked significant capabilities in nation building and civil governance. It depended on State to fulfill this role through sizeable police-training contracts.

State struggled to manage these contracts effectively. An Assistant Secretary of State said the mission in Iraq had “often outstripped our staffing and oversight capabilities, both domestically and in the field.”9 Moreover, no mechanisms have existed that could effectively integrate the planning and management of the overall police training program. Numerous audits and reviews have documented the ineffective contracting and waste that ensued.10

In Afghanistan, training the police is a monumental task due to high attrition rates, corruption, illiteracy, and sustainability challenges. Adding to the complexity, Defense and State initially spread these responsibilities across three contracts: training conventional police, training border police, and building capacity at the Ministry of Interior.

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9. Ambassador Anne Patterson, Assistant Secretary of State, Bureau for International Narcotics and Law Enforcement Affairs, House Committee on Armed Services, Subcommittee on Oversight and Investigations hearing, April 25, 2007, 4-5.

In 2009, faced with a challenge to dramatically expand the size of the police force, Defense moved to consolidate these disjointed contracts into a single program that it would manage and execute itself. Despite this effort to rationalize the contracts, Defense’s flawed acquisition strategy resulted in a protest and sole-source extension to the State contract, and in a lengthy delay in mobilizing the new contract, all costly and detrimental to the mission.\(^{11}\)

**The Defense–to–State transition in Iraq**

In two special reports and two congressional hearings, the Commission signaled its concern about lack of progress in the Iraq transition from Defense to State, while emphasizing that the rapidly approaching transition in Iraq is vital to stability in the region.

Expanding and sustaining State’s presence in Iraq would be a huge undertaking in the best of circumstances. But circumstances are not the best, or even good. Iraq is a heavily damaged country confronting challenges that include a dynamic insurgency and substantial turmoil in the region. A pressing need is to complete arrangements for handing over the many support functions that the U.S. military has been performing as part of its mission. Many of these duties will continue to be required after the U.S. military’s scheduled departure from Iraq by the end of December 2011, but as part of State’s mission.

State has turned to contracting in the face of this huge new security, governance, and development mission. It is struggling to resolve budget issues and prepare requirements for awarding a large number of contracts, along with mobilizing the many U.S. government civilians needed to effectively manage these contracts. This transition faces continuing challenges due to the magnitude and speed with which the handover is approaching, plus the uncertainty created by the possibility that a new intergovernmental agreement may extend some U.S. military presence beyond 2011.

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Other examples of broken interagency processes

Kabul–Kandahar highway bridges
In summer 2008, insurgents destroyed numerous bridges on the Kabul–Kandahar Ring Road constructed by USAID. Three years after an interagency consensus on the counterinsurgency imperative of reconstructing the bridges as soon as possible, agreement on using CERP for funding, and on USAID serving as the executing agency, none of the bridges is complete. The promise of this interagency consensus was frustrated by the slow transfer of funds from Defense to USAID, among other problems.

Private security contractor oversight
Agencies have been working for many months to address the problem of vetting, training, and registering private security contractors and sub-contractors. The lack of common protocols for sharing resources and responsibilities among Defense, State, and USAID entails the risk of thousands of Afghan nationals receiving weapons without proper vetting, training, registering, or effective oversight.

Counterinsurgency contracting
Throughout the spring of 2010, numerous U.S. and International Security Assistance Force entities and the Afghan government began to question how best to stem the leakage of funds from badly written and poorly overseen logistics, security, and reconstruction contracts.

After more than a year, agencies are finally beginning to arrive at a consistent interagency approach to contractor and subcontractor vetting, stronger contract clauses regarding contractor behavior, and limits on the layers of subcontracting, among other steps. In the meantime, however, hundreds of millions of dollars have flowed out to the networks of warlords, criminals, and insurgents, at huge cost to the COIN mission.\(^\text{12}\)

Challenges of in-country coordination

Effective in-country coordination requires clear delineation of roles and responsibilities for achieving mission objectives, effective interagency processes, and sufficient staff to perform the coordination tasks.

Roles and responsibilities are poorly defined

The government has recently devoted much effort to identifying, clarifying, and implementing agency and personnel roles and responsibilities. One strategic-level success in this effort is the Interagency Agriculture Strategy for Afghanistan, which clearly identified the roles and responsibilities of the U.S. Department of Agriculture (USDA), USAID, National Guard Agri-business Teams and the Afghan government.13

Other key development sectors, however, do not have such well-delineated strategies, whether developed outside or inside Afghanistan, for economic growth, infrastructure, health, education, or democracy and governance. Nor is interagency coordination effectively implemented in theater. Nevertheless, agencies plan, award, and manage high-dollar acquisitions in these sectors every month in Afghanistan.

The coordination process is exceedingly complex

The need for interagency coordination, particularly among Defense, State, and USAID, is not new. Processes exist that can execute interagency contingency operations during the early stages of a humanitarian contingency such as the recent earthquake in Haiti. However, facing the fast operational tempo and timelines of a military contingency, and absent a deployable cadre, the various entities create their own processes from scratch. The result is a proliferation of ad hoc, complex, and time-consuming inter-agency and civilian-military coordination groups.

In a typical U.S. embassy, the USAID mission director—along with small attaché offices for Treasury, Agriculture, Justice, and other agencies—normally serves under the aegis of the deputy chief of mission. With the advent of the spring 2009 Afghanistan surge, though, the Kabul embassy became responsible for planning, coordinating, managing, and reporting on an interagency portfolio of several billion dollars of stabilization, governance, and development programs. It was charged with overseeing the day-to-day operations of 14 federal agencies, four regional platforms in the battlefield, and more than 1,000 new civilians arriving as part of the surge. In addition, the embassy faced a massive challenge in

coordinating the activities of these civilian agencies with the U.S. and coalition military, other donors, and the Afghan government.

For almost all of the entities involved, this was a dramatically new way of doing business. Unfortunately, at the outset the embassy did not have either the personnel or standard operating procedures for taking on such a complex coordination role, and much valuable and expensive time was lost.

Figure 2 depicts the breadth of the interagency challenges arising from just one major element of the civilian mission, rule of law and law enforcement. State named a seasoned diplomat with ambassadorial rank to lead this effort. He created a complex rule-of-law (ROL) command-and-control structure over a six-month period to bring some order to a multi-faceted and fluid environment. Behind each box in this figure are numerous people working to keep up with meetings and a continuous flow of communications.

Figure 2. U.S. Rule of Law structure in Afghanistan


The U.S. ROL group is not an isolated case. Each development sector—economic growth, health, education, infrastructure, democracy, and governance—has its interagency working group. Additional groups have been created to coordinate critical cross-cutting issues, such as COIN contracting, anti-corruption, threat finance, stabilization, major
crimes, Afghan First, the Afghan Presidential Decree 62, and the 2014 ISAF-to-Afghan government transition.

Moreover, none of these efforts includes the interagency coordination required to manage the efforts of the 49 participants in the NATO/ISAF mission, or relations with the multilateral donors or the Afghan government.

More daunting yet is the fact that most interagency-coordination elements in theater may or may not be mirrored by counterparts in Washington. This raises the possibility that the interagency-coordination structure may be marred by gaps, duplications, and cross-purposes. Further, a score of immature interagency–coordination mechanisms can easily become costly drains on personnel and financial resources.

**Essential elements for effective interagency coordination are missing**

Chapter 5 stressed the urgency of strengthening contingency contracting capabilities and capacities at the agency level, and called for elevating the authority and responsibility to place them much closer to the agency heads. This is a necessary but not a sufficient step toward better coordination.

Agency heads perform strategic functions in their separate venues, but a single point of interagency-coordination authority with accountability is lacking. It is at this level that the essential elements for effective interagency coordination can be enforced and ensured by providing:

- a clear policy that identifies the accountable authority for overseeing interagency coordination and planning preparedness;
- a delineation of agency roles, responsibilities, and contingency core competencies, as well as a dispute resolution mechanism and associated funding commitments;
- an effective interagency contingency–planning process; and
- a mechanism for institutionalizing interagency coordination capability, through dedicated funding and a set of standard operating procedures.

In the absence of these elements, interagency coordination will remain ineffective.
Policy and authorities

Strategic direction must be provided by one individual to and through an interagency structure. Officials from each of the agencies constituting that structure need to perform the same strategic function within their own agencies.

In addition, officials need to translate strategic direction into operational direction for the field. A field-based structure therefore must be created to ensure parallel integration and coordination. That field-based structure, created with appropriate authority, must also have the resources necessary to manage the process.

Defense uses a common operating picture to ensure unity of command and purpose as the basis for its operations in the field. A field-based common operating picture for all agencies can enhance the interagency and multilateral process as well, particularly the effective and efficient use of contracted resources.

Roles and responsibilities

Effective interagency coordination demands that roles and responsibilities be clearly defined and assigned to the appropriate agency or mix of agencies. In both Washington and the field, interagency operations need to be staffed with the appropriate mix of civilian and military personnel. Yet no existing interagency process can assess arguments for or against substantial involvement of organizations operating in virtually identical spheres of activity. With billions of taxpayer dollars involved, this is a situation ripe for overlaps or gaps and the waste that comes with them.

Clearly delineating roles and responsibilities may involve reallocating resources, authorities, and responsibilities among agencies. Military and civilian staffing should include not only enough resources to conduct assigned missions, but equally important, enough to manage and oversee the contractors hired to fill government gaps.

Effective interagency planning

Much of the wasteful contracting in Afghanistan and Iraq can be attributed to poor interagency planning. Effective interagency planning takes time to arrive at a consensus, yet each of these contingencies was marked by little advance planning, ad hoc decision-making, and hurried implementation.
The existing planning vehicle in the Afghanistan theater is the *Integrated Civilian-Military Campaign Plan*, the first version of which was signed in August 2009 after months of preparation. Immediately after signing it, the principals launched an update process, coordinated by a seasoned military planner. In February 2011, they signed the *Integrated Civilian-Military Campaign Plan, Revision 1*, and immediately launched the planning process for Revision 2.

Having an integrated plan is commendable, assuming that it is disseminated, understood, and faithfully executed. What is troubling from the viewpoint of interagency coordination is that it took nearly eight years from the start of U.S. military operations in Afghanistan to get to an agreed-upon plan, then another year and a half to make the first revision.

**Institutionalizing the interagency capability**

The previous examples also contain the seeds of improvement for interagency operational readiness for the current contingencies and for those to come. Lessons can be harvested as they emerge from the Afghan and Iraq contingencies. In the absence of an overriding policy and body of operating procedures, however, members of the interagency community are doomed to re-create processes and procedures once a new contingency begins.

There are substantial opportunities both to deploy the resources of the whole of the U.S. government more effectively and to avoid repeating past contracting failures. But in a time of shrinking budgets and tight competition for resources, sustaining the hard-won interagency capability will be a challenge. A dedicated funding stream, a core set of standard operating procedures, and a central decision-making authority are essential to institutionalizing these capabilities.

**RECOMMENDATION 8**

**Establish a new, dual-hatted senior position at OMB and the NSC staff to provide oversight and strategic direction**

Congress should create a position in the Administration for a single dual-hatted official to:

- Serve at OMB and on the NSC staff.

- Ensure that each relevant agency has the necessary financial resources and policy oversight, as appropriate, to carry out its contingency-related mission,
and that agencies’ budgets are complementary rather than duplicative or conflicting. In OMB, this official should be a deputy director and thus a presidential appointee confirmed by the Senate.

- Oversee and ensure coordination of interagency contingency operations, including contracting-related matters. At the NSC, this senior official shall attend and participate in the meetings of the NSC as the principal advisor to the NSC on interagency contingency operations. This official should be a deputy national security adviser and deputy assistant to the President.

**Oversight agencies—a special challenge in interagency coordination**

Audit and investigative oversight is a critical component of effective contingency contracting. Given the dramatic increases in resources, personnel, and contingency contracts being deployed in the two theaters, no agency operating in Afghanistan and Iraq has sufficiently bolstered its audit and investigation capabilities.

**Table 8. Federal agencies and departments supporting contingency operations in Iraq and Afghanistan through contracts and grants**

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<td>5. Department of Health and Human Services</td>
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<td>17. Environmental Protection Agency</td>
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**Source:** www.USAspending.gov, last updated February 15, 2011.

Given the plethora of federal agencies and departments spending money for contracts and grants to support operations in Iraq and Afghanistan, it is a challenge to coordinate the efforts of five inspectors general, the Army Audit Agency, Defense Contract Audit Agency (DCAA), Defense, and service investigative agencies (Defense Criminal Investigative Service, Naval Criminal Investigative Service, among others), and the Government Accountability Office (GAO).
None of these audit or investigative agencies, except GAO, has the authority to look at all aspects of contingency operations, and the coordination mechanism mandated by Congress has been ineffective.\textsuperscript{14} In addition, when uncoordinated oversight occurs it leads to overlapping requests to the overseen entities for information, interviews, meetings, and reports. A permanent contingency inspector general could reduce the burden on entities operating in-country of multiple and duplicative requests for information and support.

Representatives of the audit community meet regularly in Washington and Afghanistan to share audit schedules and other matters. This has served primarily as an information-sharing meeting, and is insufficient to the task at hand.

Audits and investigations oversight requirements in Afghanistan and Iraq are mission-critical, given the scope, scale, and impact of waste and corruption in the two theaters and their pernicious effects on the U.S. mission. Civilian and military program managers acknowledge the critical value–added of the audit and investigative oversight, and seek timely feedback on what they might be doing better; all they ask is that they get the feedback in a timely manner so they can catch problems early.

The special inspectors general for reconstruction in both Iraq and Afghanistan, unlike the other inspectors general, have an interagency mandate. They have helped focus oversight attention and resources on contingency reconstruction problems. But their mandates do not include other important areas such as logistics or language services. Moreover, these offices did not exist at the beginning of the wars, were slow to get started, had problems in recruiting trained personnel with experience in a war zone, and operate under a statutory mandate for closing down.

Contingencies present unique risks and challenges to the oversight community requiring interagency-specific expertise in: contractor vetting, overseas investigations, the civilian-military interface, multi-lateral and coalition complexities, and host–nation relations. Given the heightened risk of waste, fraud, and abuse in contingencies, ensuring proper oversight has the potential to reduce vulnerabilities, save dollars, and hasten the accomplishment of the mission.

No entity exists with sufficient resources, experience, and audit and investigative capabilities to transcend departmental and functional stovepipes and develop experienced audit and investigative staff to ensure visibility into contingency contracting waste, fraud, and abuse. In addition, no inspector general organization has been able to deploy and execute operations at the outset of contingency. The work of the Special Inspector General for Iraq Reconstruction and other audit organizations has demonstrated the value of having oversight capabilities and a visible presence in theater.

In addition, there are no standardized certification requirements and training for auditors and investigators in contingency operations. A central office within a permanent inspector general that develops, plans, and delivers training for auditors and investigators who may be required to work in contingencies could help resolve this problem.

► **RECOMMENDATION 9**
Create a permanent office of inspector general for contingency operations

Congress should establish and fund a permanent inspector general for contingency operations to:

- Operate with a small staff in collaboration with agency inspectors general to regularly assess the adequacy of agency planning and readiness for contingencies, to be ready to deploy at the outset of a new contingency, and to expand as necessary.

- Exercise audit and investigative authority over all functions (such as logistics, security, and reconstruction) and across Defense, State, USAID, and other agencies participating in contingency operations.

- Develop, plan, and, as appropriate, deliver investigative and oversight training targeted to contingency operations.