

Statement of
Stuart W. Bowen, Jr.
Special Inspector General for Iraq Reconstruction
before the
Subcommittee on the Middle East and North Africa
of the
Committee on Foreign Affairs
U.S. House of Representatives
on
“Learning from Iraq: A Final Report from the Special Inspector General for Iraq Reconstruction”
July 9, 2013

Chairman Ros-Lehtinen, Ranking Member Deutch, and members of the Subcommittee, thank you for asking me to appear before you today to discuss *Learning from Iraq: A Final Report from the Special Inspector General for Iraq Reconstruction*. It is an honor to appear once again before the Committee, and I am pleased to bring before you a proposal that could substantially strengthen our national security architecture.

I. Introduction

We issued *Learning from Iraq* in March of this year, culminating 8 prior lessons-learned reports, 220 audit reports, 170 inspection reports, 87 convictions, \$1.6 billion in financial benefits from audits, and over \$200 million recovered from investigations. Also in March, I completed my 34th trip to Iraq over the past nine years, meeting with, among others, Prime Minister al-Maliki, Deputy Prime Minister al-Shahristani, and President of the Central Bank Abdul Basit. While in Baghdad, I also visited with our Ambassador to Iraq, Stephen Beecroft, and the head of the Office of Security Cooperation Iraq, Lieutenant General Robert Caslen.

This summer, I will make my final trip to Iraq, before we complete our mission in September. Our current work focuses exclusively on investigations and recoveries. We expect to have secured over 100 convictions and recovered over \$300 million by the time we close our doors at the end of the fiscal year.

This testimony marks the 35th I have delivered on Capitol Hill since being appointed the SIGIR in January 2004. This testimony focuses on the overarching lesson from our collective work: the palpable need to reform the U.S. approach to stabilization and reconstruction operations. This idea, which surfaced in our earlier reporting, has been echoed by others and only grows more compelling the more we learn about the Afghan program. The upshot is this: the Congress should consider creating the U.S. Office for Contingency Operations, charging it with the responsibility for planning, executing, and overseeing future stabilization and reconstruction operations.

II. Learning From Iraq

Learning From Iraq complements our previous book-length study of the Iraq program, *Hard Lessons*. That earlier review plumbed the depths of how the relief and reconstruction effort began, from the short-lived Organization for the Reconstruction and Humanitarian Assistance to Iraq to the Coalition Provisional Authority, which ruled Iraq from mid-2003 to mid-2004. The book delved into how our mission moved from “Liberate and Leave” (what we planned for) to “Occupy and Rebuild” (which we did not plan for), revealing this unsurprising result: a series of one-year rebuilding programs rather than an integrated, multi-year strategic effort.

Hard Lessons explicated the creation of the \$20 billion Iraq Relief and Reconstruction Fund, exploring its uses and abuses across rebuilding sectors and identifying programs that worked and projects that failed. It traced the subsequent tripling of U.S. financial commitments (to \$60 billion), as the program expanded to a size much greater than initially anticipated, indeed, much larger than any overseas rebuilding mission in our history. Afghanistan has since surpassed it, however, with reconstruction and relief appropriations for that mission approaching \$100 billion. *Hard Lessons* carried the Iraq story to the end of 2008, recounting progress into, through, and out from the surge, with the rebuilding mission surviving the devastation of the major security collapse that stifled progress from early 2005 through 2007.

Learning From Iraq provides the complete rebuilding picture. It chronicles how the reconstruction mission moved into a transition period in 2009 (mapped by the 2008 Security Agreement and Security Framework Agreement); how it moved toward exclusive State Department control in 2010; and how the major programmatic downshift effected by the military’s departure in 2011 changed the assistance effort’s capacity, tempo, and scope. In 2012, the State Department and USAID sought to make the most of remaining reconstruction dollars, while the Office of Security Cooperation-Iraq robustly expanded its support to the Government of Iraq. Security assistance remains the most substantial aspect of continuing U.S. engagement with Iraq.

I conceived of *Learning From Iraq* as the capstone to nine years of voluminous productivity by SIGIR. The report contains seven chapters. Here is a brief break-out of the major points contained in each:

1. Oversight In A War Zone

Lays out the scope and effect of SIGIR's audit, inspection, investigation, and lessons learned programs, detailing the benefits derived from each. Lists best practices for audits, inspections, and investigations executed during stabilization and reconstruction operations.

2. What Happened and To What Effect

Contains 44 interviews that I conducted largely in person with 17 Iraqi leaders, 15 U.S. senior leaders, and 12 congressional members. This is the report's original material, derived from asking each interviewee his or her views of the effects of the rebuilding program and what lessons were learned. The Iraqi responses indicated frustration at the program's insufficient effect and the failure of U.S. authorities to consult adequately with Iraqi leaders on program and project selection. The U.S. senior leaders generally lent support to idea of reforming the U.S. approach to stabilization and reconstruction operations. Congressional members were transparent about the reconstruction programs' shortfalls and the importance of oversight.

3. Nation (Re)Building By Adhocracy

Delves into the adhocracy created to implement projects and spend appropriations in Iraq. Identifies the varying governmental organizations that participated in rebuilding work. A comprehensive chart lays out the contracting systems for each of the major rebuilding funds.

4. How Much Money Was Spent

Identifies the money appropriated to the five major rebuilding funds: the Iraq Relief and Reconstruction Fund (\$20.86 billion); the Iraq Security Forces Fund (\$20.19 billion); the Economic Support Fund (\$5.13 billion); the Commander's Emergency Response Program (\$4.12 billion); and the International Narcotics Control and Law Enforcement Fund (\$1.31 billion).

5. Where the Money Went

Details how the money was spent among the reconstruction sectors: electricity (\$5.36 billion); water and sanitation (\$2.71 billion); oil and gas (\$1.76 billion); transportation and communications (\$1.25 billion); security (\$26.16 billion); rule of law (\$1.20 billion); governance (\$7.48 billion); capacity development (\$2.27 billion); public services (\$2.55 billion); humanitarian relief (\$840 million); and civil society (\$1.82 billion).

6. Pathways Toward Reform

Details the U.S. government's response to the challenges of Iraq, laying out varying reform attempts. Describes USOCO's purpose, mission, and structure, laying out its proposed structure and operating profile.

7. Final Lessons

Provides seven final lessons for consideration as the U.S. government pursues the reform of its approach to stabilization and reconstruction operations.

III. The Primary Lesson

Create an integrated civilian-military office to plan, execute, and be accountable for contingency rebuilding activities during stabilization and reconstruction operations.

Just over ten years ago, the United States deployed to Baghdad a retired Lieutenant General and a small, hastily-recruited staff, with \$2.4 billion in taxpayer money to help stabilize and reconstruct Iraq. Within a month, that General was replaced by a retired Ambassador, who was given \$18 billion more and put completely in charge of an ad hoc, short-lived, and ultimately unsuccessful temporary organization. Iraq soon devolved into open conflict, remaining severely unstable through 2007. The Congress eventually appropriated \$60 billion for Iraq's reconstruction, with results generally falling short of expectations because of poor unity of command and weak unity of effort.

Today, the U.S. government does not have an integrated institutional capacity to plan and carry out stabilization and reconstruction operations. In truth, these operations are an "additional duty" for the major departmental players: State, Defense, USAID, Treasury, and Justice.

In a world filled with fragile or failing states, U.S. structural weaknesses in planning, executing, and overseeing stabilization and reconstruction operations limit the President's options and thus threaten our national security interests. The lessons from Iraq illumine a path toward an effective reform that would ensure the President has a variety of choices should the need for a new stabilization and reconstruction operation materialize.

Currently, no executive branch department has the primary responsibility for carrying out relief and reconstruction activities during an SRO. Instead, responsibilities are scattered among the agencies and thus are not well integrated or resourced. This prevents good planning, weakens execution, and thwarts accountability.

Past executive branch attempts to provide a remedy have not produced a durable, integrated solution. The "Whole of Government" approach did not close the hole in the U.S. capacity to plan and execute stabilization and reconstruction operations. Given conflicting or overlapping jurisdictions, the agencies cannot correct the current structural weaknesses on their own.

The Congress could provide a solution by creating the U.S. Office for Contingency Operations. It would ensure a civilian lead in all future stabilization and reconstruction operations. USOCO would have a joint military and civilian cadre of about 125 charged with planning, executing,

and overseeing stabilization and reconstruction operations. It would closely coordinate with the departments and report to the President's National Security Advisor and the Secretaries of State and Defense. USOCO's operations would resemble FEMA's; that is, it would integrate civilian and military components in managing disastrous circumstances, with jurisdiction activated by presidential order and continuing until the President declares an end to operations. This would provide a needed limit to the scope of such operations.

USOCO's annual cost would be \$25 million, an amount vastly outweighed by the strategic benefits it would render and the savings from waste it would avert. Offsets from existing agencies would make USOCO's creation budget neutral.

Congressman Steve Stockman recently introduced legislation in the House (H.R. 2606), with the support of Congressman Peter Welch of New Hampshire, to establish USOCO. It is modeled on H.R. 2660 of the 112th Congress, introduced by Reps. Carnahan, Burton, Connolly, Welch, Jones, and Ellmers.

The bill would assure the Congress that an agency is planning for the next stabilization and reconstruction operations before it begins. "Building the airplane in flight," as we did in Iraq, is bad policy. The planning process itself would help assure that United States would then have the capacity to execute a judiciously managed and thus successful stabilization and reconstruction operation. Further, USOCO would secure effective program oversight, a missing ingredient early on in Iraq.

HR 2606 clearly would strengthen the protection of our national security interests. By concentrating authority over relief and reconstruction efforts into a single office, the Congress would enable unity of command and unity of effort in future stabilization and reconstruction operations: both elements were missing in the Iraq rebuilding program.

Operational integration is achieved by preparatory action. Upon creation, USOCO would accomplish the following:

- develop doctrine
- establish uniform personnel regulations
- implement coherent contingency contracting rules through a Stabilization Federal Acquisition Regulations (S-FAR)
- ensure a uniform IT system for efficient project data management
- create reliable accounting systems to manage rebuilding funds
- build relationships with other country's stabilization and reconstruction offices
- craft an IG office to oversee rebuilding operations

Current geopolitical events make the need for a reform like USOCO quite compelling. A number of fragile states, including Syria, could soon require integrated stabilization and reconstruction assistance. As of now, however, no integrated capacity exists within the government to respond effectively to such an eventuality.

IV. Other Lessons

These are the six other lessons from *Learning from Iraq* worthy of review. Of note, the creation of USOCO would ensure that each of these would be properly addressed.

1. Begin rebuilding only after establishing sufficient security, and focus first on small programs and projects.
2. Ensure full host-country engagement in program and project selection, securing commitments to share costs (possibly through loans) and agreements to sustain completed projects after their transfer.
3. Establish uniform contracting, personnel, and information management systems that all SRO participants use.
4. Require robust oversight of SRO activities from the operation's inception.
5. Preserve and refine programs developed in Iraq, like the Commander's Emergency Response Program and the Provincial Reconstruction Team program, that produced successes when used judiciously.
6. Plan in advance, plan comprehensively and in an integrated fashion, and have backup plans ready to go.

V. Conclusion

USOCO would resolve the lack of locus within the executive branch for planning, executing, and overseeing stabilization and reconstruction operations. The idea has gained favor among a variety of influential leaders, including my estimable colleague Ambassador John Herbst, who led the Office of the Coordinator for Reconstruction and Stabilization at the State Department.

The interest here is simple. We will again face stabilization and reconstruction operations. We have faced them nearly every year since 1980. The last ten years presented extraordinarily challenging operations, from which many lessons have been learned. But we have yet to apply the most important lesson. Creating USOCO would apply it.