

Testimony of

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“Oversight: Hard Lessons Learned in Iraq and Benchmarks for Future Reconstruction Efforts”

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Chairman Carnahan, Ranking Member Rohrabacher, and members of the Subcommittee, thank you for inviting me to appear again before this Subcommittee. Particular thanks to you, Chairman Carnahan, for taking on the important issue raised by this hearing early in your stewardship of the Subcommittee, as you succeed my friend Mr. Delahunt.

The topic of today’s hearing recognizes an important goal: the need to prevent repeating past errors of the Iraq reconstruction program in present and future stabilization and reconstruction operations (SROs). This issue is relevant to Afghanistan and future SROs; but it is also still very applicable to ongoing operations in Iraq. Up to \$9 billion dollars in new SRO money is being applied or has been requested to support the U.S. program in Iraq through 2012, this on top of the more than \$51 billion already appropriated for the mission since 2003. Adding the already-appropriated Iraq funds to those for Afghanistan pushes the total U.S. investment of taxpayer dollars in stabilization and reconstruction operations over the past eight years to in excess of \$100 billion, an unprecedented figure. Indeed, Iraq and Afghanistan are by far the two largest SROs in U.S. history.

The key issues that need to be addressed is who should be accountable for planning and executing SROs and what needs to be done to ensure that the necessary systems and resources are in place to achieve desired results. The stewardship of the Iraq program’s money was less than optimal, to put it diplomatically. Reforms are necessary to prevent future waste. Thus, the Congress should consider implementing comprehensive reform of the U.S. approach to SROs so as to provide clear responsibility for planning and execution and clear accountability for outcomes. The current system provides neither.

Six years of SIGIR oversight work has produced a body of evidence that supports the argument for reforming the U.S. approach to SROs. SIGIR just released our latest lessons-learned report addressing this issue, entitled *Applying Iraq’s Hard Lessons to the Reform of Stabilization and Reconstruction Operations*, a companion report to *Hard Lessons*, our book-length study of the Iraq reconstruction experience presented a year ago. *Applying Hard Lessons* proposes concrete solutions for this Subcommittee and the Congress to consider, solutions that could tactically

improve current operations and strategically strengthen how the United States prepares and executes future SROs.

Before I detail our reform proposals, Mr. Chairman, let me address several matters you have asked about.

You asked what are “the most effective metrics for oversight, which may include civilians trained, laws passed, voter turnout, levels of corruption and/or other indicators.” Stabilization and reconstruction operations present unique challenges. Their activities differ from the traditional development model, due to their emphasis on resolving conflict and maintaining security. Evaluating SRO outcomes and effects is inherently difficult. But evaluation of stabilization and reconstruction operations must move beyond the measurement of inputs, processes, and outputs (such as funds expended, laws passed, and soldiers trained) to the assessment of outcomes and effects on strategic objectives (such as security, governance, and economic development). SIGIR recently established a new Evaluations Directorate that will produce a series of assessment reports over the next two years, reviewing the reconstruction program in Iraq. We look forward to providing you, the Congress, and the Administration with the first of these reports later this spring.

In the area of police training, prudent practice should require all programs to be closely linked to a comprehensive Rule of Law (RoL) strategic plan. Handing out guns, building new facilities, and putting people through several weeks of basic training, outside the purview of a coherent RoL strategy, will not bring sustainable stability. This axiom militates in favor of a unified management system so that the expertise of the Department of Justice, the State Department’s International Narcotics and Law Enforcement Bureau, and Defense’s recently developed stabilization capacity are brought to bear in an integrated fashion that embraces the building of capacity in court systems, laws, prisons, and police forces. Piecemeal approaches will not solve systemic problems. Programs should be designed in a way that can achieve results within SRO environments— based on an understanding of the culture, capabilities, and capacity of the host country.

Inadequate management oversight translates into waste. In Iraq, the lack of a coherent and continuing SRO management structure contributed to the loss of billions of dollars in waste. As I have previously testified, an estimated \$4 billion in waste occurred during the Iraq program because of weak planning, repeated shifts in program direction, poor management oversight, incomplete outcomes, and an inadequate asset transfer process. SRO programs do not lend themselves to exact quantifications of waste. And it is certainly understood that, in these highly volatile situations, some waste will occur. But stronger internal controls, more integrated institutional structures, and better training could improve outcomes and reduce waste. This is why SIGIR is advocating today a new organizational structure that could provide better safeguards against waste.

SIGIR’s recent review of the Department of State’s oversight of the DynCorp International police training contract, released in late January, is a case on point. Our review of this \$2.5 billion contract, the largest yet managed by the State Department, found that State managed the contract while Defense implemented the program (because, in 2004, State happened to have a contract vehicle that could be used for the program). This produced a situation where Defense was implementing the requirements of the contract, while State was in charge of contract oversight. This bifurcation of closely linked responsibilities was the fruit of the *ad hoc*

management systems in place, which led to poor outcomes and put at risk over \$2 billion in taxpayer money. The bottom line is that no one person or entity controlled the resources, the contracts, and the requirements for Iraq police training.

Last week, the Inspectors General of State and Defense released an excellent audit reviewing the civil police training contract in Afghanistan and arriving at virtually the same conclusions as SIGIR's audit. Notably, this report found that the U.S. Chief of Mission in Afghanistan complained that "*the lack of a single, unified chain of command*" was a core problem leading to weak management oversight. Further resonant of the discontinuities in SRO management, State has agreed, in Afghanistan, to turn the entire civil police training enterprise over to Defense, while, in Iraq, the entire civil police training enterprise is now being turned over to State.

Mr. Chairman and Members of the Subcommittee, SIGIR's new report, *Applying Hard Lessons*, provides specific recommendations addressing a core finding identified in our previous studies, a lesson especially applicable to the issue of today's hearing— that is, the need for an "executive authority below the President ... to ensure the effectiveness of contingency relief and reconstruction operations."

Our new report provides background on the reform of SROs, identifies ten targeted reforms necessary to improving the current approach to SROs, and proposes a new structural solution that could more comprehensively remedy existing weaknesses in SRO planning and management — namely, the U.S. Office for Contingency Operations (USOCO).

I firmly believe that the USOCO proposal squarely answers the question "how do we get better results from SRO dollars?" If one institution is responsible for SRO management from beginning to end, one office held accountable for results, then the likelihood of good preparation and successful outcomes will increase. There is widespread agreement on the weak integration problem; current SRO structures have led to poor coordination and weak unity of effort.

My experience as Inspector General in Iraq has led me to conclude that the lack of unity of command and its consequent effect on unity of effort have been chiefly responsible for the failure to realize our ambitious reconstruction goals. I believe that the Congress and the Administration must act to address the current SRO problem — namely, the lack of a clear point of accountability and responsibility for the preparation and execution of SROs.

No single agency now has purview over the full spectrum of civilian-military stabilization and reconstruction operations, and thus meaningful accountability is missing. Rule of Law programs are divided among Defense, State, and Justice. Governance is handled by USAID, State, and Defense. Economic development is divided among State, Commerce, USAID, Agriculture, and even DOD, which has a special program to promote economic development.

This is not to say that things have not improved at all over the past eight years. The Department of Defense has responded to the new challenges by developing a significant new policy, doctrine, and capacity, and establishing stability operations as a core military mission on par with offensive and defensive operations. Similarly, the Department of State established the Office of the Coordinator for Reconstruction and Stabilization, which is now working hard to develop a civilian SRO capacity. However, despite these actions, fundamental structural problems remain in both Iraq and Afghanistan that impede success.

Applying Iraq's Hard Lessons suggests implementing concrete changes to the way the U.S. government conducts SROs. It provides ten recommendations for reform that could tactically improve current SRO operations:

- The National Security Council (NSC) should lead SRO doctrine and policy development
- Integrative SRO planning processes should be developed
- New SRO budgeting processes should be developed
- Federal personnel laws should be strengthened to support SROs
- SRO training should be integrated and enhanced
- Uniform contingency contracting practices should be adopted
- Permanent oversight for SROs should be created
- Uniform SRO information systems should be developed
- International organizations should be integrated into SRO planning
- Uniform geopolitical boundaries should be implemented

Notwithstanding their applicable merit, these reforms do not resolve the core management challenge inherent in the existing SRO system. USOCO could resolve those institutional weaknesses, which continues to impede current SROs. The Congress realized a similar need when examining the “whole of government” approach to domestic contingencies, creating the Federal Emergency Management Agency and centralizing planning for interdepartmental disaster relief operations. Similarly, the Congress recognized the need for a new office to provide better SRO accountability by establishing the Special Inspectors General for Iraq and Afghanistan. But this latter change was a temporary fix to a continuing problem and only related to oversight. Thus, the Congress should consider creating an office with cross-jurisdictional powers responsible for planning and executing SROs, which have missions that are part defense, part diplomacy, part development, but not exclusively any of them.

Creating USOCO could catalyze several important new dynamics: the development of a new culture of civilian-military expertise, the integrated application of best practices, and the concentration of a new capacity to tackle SROs — which have occurred about 15 times since World War II, which are ongoing in Iraq and Afghanistan, and which will certainly occur in the future.

I regularly have asked colleagues at the Embassy in Baghdad and military leaders in Iraq how interagency coordination is working. The answers have always been mixed, but usually tended to the negative. I found that important progress on coordination occurred through the excellent working relationship between Ambassador Crocker and General Petraeus. Today, that good relationship continues under Ambassador Hill and General Odierno. In addition, there have been other advances, some arising from our audit work, such as improved coordination in allocating Defense's Commander's Emergency Response Program so that it avoids conflicting with State's efforts. But below senior levels, there continue to exist bureaucratic stovepipes and duplicative efforts, resulting in wasted time and money and, more importantly, limited effectiveness of our strategies and policies.

Former National Security Advisor to two presidents Lieutenant General Brent Scowcroft stated that he believed USOCO could work. Former Ambassador to Iraq Ryan Crocker similarly observed that coordination is an extremely difficult task, and that USOCO could be the necessary

solution. Notably, General Stanley McChrystal, last August, concluded that, “We must significantly modify organizational structures to achieve better unity of effort.”

Creating USOCO would significantly modify U.S. government structures for SROs, answering the question of who is in charge of preparing for and executing stabilization and reconstruction operations. It would create a clear point of accountability for the success or failure of SROs. It would be an institution within which a core cadre of professionals could develop and refine the skills and expertise necessary for the U.S. government to plan and manage SROs effectively. And, most importantly, it would improve mission coherence, management integration, unity of command, and unity of effort. Creating USOCO would increase the likelihood of an SRO’s success, which must be the principal touchstone of any proposed SRO reform.

Mr. Chairman and Members of the Subcommittee, thank you for your time, and I look forward to your questions.