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SENATE HOMELAND SECURITY AND GOVERNMENT
AFFAIRS COMMITTEE**

TESTIMONY OF

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COMMITTEE ON HOMELAND SECURITY

AND GOVERNMENTAL AFFAIRS

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Chairman Lieberman, Ranking Member Collins, and Members of the Committee: thank you for the opportunity to appear before you today to discuss the Department of Defense's initiatives to improve the management and oversight of Private Security Contractors (PSC) operating in Iraq and Afghanistan.

Contractors supporting our military forces in contingency operations, both at home and deployed, are performing critical support functions that are integral to the success of military operations. United States Government military and civilian forces have been downsized significantly over the last 25 years and dependence on contractors increased, as a result of several U.S. Government policy decisions, including:

- The shift to an all-volunteer force;
- An effort to capture a "peace dividend" following the collapse of the Soviet Union; and
- Many service and support functions being performed by contractors pursuant to performance-based logistics concepts.

In addition, the increasing technical complexity of DoD weapons systems and equipment requires a level of specialized technical expertise, but of limited scope, that the DoD does not believe can be cost-effectively serviced and supported by a military force capability.

The structure of our military forces has adapted to this environment, thereby increasing our dependence on contractor personnel to provide support services both at our home bases and with our deployed forces.

The current Global War on Terrorism (GWOT) deployments of Department of Defense (DoD) military forces are the first major contingency operations to reflect the full impact of the shift to reliance on contractor personnel for critical support functions. The scale and duration of these GWOT operations have required a substantial commitment of contractors for DoD support, including a significant deployment of contractor personnel in forward areas. As of the first quarter fiscal year (FY) 2008, the U.S. Central

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Command (USCENTCOM) reported about 163,590 DoD contractor personnel working in Iraq.

Faced with this unprecedented scale of dependence on contractors, we have confronted major challenges associated with visibility, integration, oversight, and management of a large contractor force working along side our deployed military personnel that, frankly, we were not adequately prepared to address. Contractors have become a significant and continuing part of our total force that DoD must manage on an integrated basis with our military forces.

Based upon a host of lessons learned, independent studies, the U.s. Government Accountability Office (GAO) and Special Inspector for Iraq (SIGIR) reports, and at the direction of Congress, we have launched several major initiatives that are strengthening our management of contractors and contractor personnel accompanying our military forces. These initiatives are based upon four guiding principles:

- Support the Warfighter and war-fighting needs;
- Maintain the capability to scale rapidly to support changing war-fighting requirements – surging, downsizing, and retrograding, as needed;
- Manage the total force, military and civilian, on an integrated basis; and
- Ensure that the initiatives to strengthen contractor management fit into a comprehensive integrated framework of requirements planning, contracting, contract administration, contractor personnel tracking and accountability, and expanded training of military personnel on the management of contractors.

DoD has several major initiatives underway to: (1) establish a strategic policy and program management framework for managing contractors and contractor personnel in future operations; (2) strengthen the management of current DoD contractor operations in Iraq and Afghanistan; (3) respond to the recommendations in the Gansler Report on Contracting in the USCENTCOM AOR; (4) implement the State Department – DoD Memorandum of Agreement (MOA) governing PSC operations in Iraq; and, (5) implement sections 861 and 862 of the Fiscal Year (FY) 2008 National Defense Authorization Act (NDAA). My testimony today will focus on the work the DoD

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is doing with the Department of State (DoS) to –strengthen the management of contractor operations in Iraq and Afghanistan.

Operations in Iraq have required PSCs to fulfill a variety of important security functions, operating in non-permissive environments in support of the DoD military mission and the DoS diplomatic mission. This includes the mobile physical protection for individuals and congressional delegations (CODELs), and facility protection for bases, buildings, and supplies. According to the first quarter FY 2008, USCENTCOM census, reported in January 2008, there were approximately 6,467 armed DoD contractor personnel performing static or mobile security functions in Iraq. The table below illustrates the distribution by nationality and delineates armed versus unarmed PSCs.

**DoD Private Security Contractors in Iraq
1st Quarter, FY 2008**

	Total	US Citizens	Third Country National	Local/Host Country National
Total DoD PSCs in Iraq	9,952	830	7,590	1,532
Armed PSCs in Iraq	6,467	429	5,318	720

Both DoD and State have recognized the need to achieve more effective coordination of PSC operations in Iraq. On December 5, 2007, DoD and State signed a Memorandum of Agreement (MOA) defining a framework for improving accountability and strengthening operations of U.S. Government (USG) PSCs in Iraq. This MOA covers a broad range of management policies and operational procedures to achieve more effective management coordination of PSC operations in Iraq that will:

- Establish core standards for vetting, training and certification of all USG PSC contractor personnel;
- Require full compliance with contractor licensing and other rules and regulations of the Government of Iraq (GOI), Embassy Baghdad, and/or the Multi-National Force – Iraq (MNF-I);

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- Require that all USG PSCs use only authorized weapons and ammunition.
- Adopt common standards for Rules on the Use of Force (RUF) and escalation procedures;
- Improve the effectiveness of incident management, response, and follow-up investigations;
- Assure transparent, timely reporting and investigations of incidents between U.S. Embassy Baghdad and MNF-I, with timely reporting of same to the GOI;
- Enforce compliance with Coalition checkpoint operations and requirements;
- Establish policies for timely, consistently, and appropriate condolence payments to be made for casualties or property damage among innocent persons; and
- Synchronize PSC operations outside secure bases to establishes real-time battle space commander and Regional Security Officer (RSO) oversight, visibility, and coordination of PSC convoy movements in the battlespace. When the battlespace commander determines there is a need for the PSDs or other convoy operations to alter routes or abort missions, PSDs will however, comply with the recommendations of the battlespace commander. Final authority for U.S. Embassy moves rests with the Chief of Mission, but he will generally honor the MNF-I recommendation. The purposes are to: (1) avoid situations with a high risk of incidents occurring; (2) integrate incident management follow-ups with the Ministry of Interior and TOC and with any persons affected by the incident; and (3) expedite incident investigations.

MNF-I has already executed Fragmentary Order 07-428, which establishes authorities, responsibilities, and coordination requirements for MNC-I to establish oversight of all DoD contractors and DoD civilians. State is developing a counterpart document to reflect U.S. Embassy Baghdad's PSC policies for U.S. Government agencies working under Chief of Mission authority.

Many aspects of the MOA have already been implemented. Interim procedures have been adopted where permanent solutions require additional work. Others are in stages of standardization and final design. At the Office of the Secretary of Defense (OSD), we are closely monitoring the implementation status of the major elements of the MOA identified above.

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On January 30, Deputy Secretary of Defense England and Deputy Secretary of State Negroponte co-hosted a meeting of PSC company executives to discuss new initiatives, issues, and improvements needed in contractor management of their personnel. In the meeting DoD and State officials covered key provisions of the MOA and other initiatives, including emphasis on contractor responsibilities for the elimination of sexual harassment, ethics, discrimination, and employee misconduct. Also covered was the implementation of the Uniform Code of Military Justice (UCMJ) for DoD Contractor personnel deployed with our military forces in contingency operations. We also discussed the efforts of State and DoD to obtain legislation to strengthen the Military Extraterritorial Jurisdiction Act, or MEJA, to clarify the legal accountability of non-DoD U.S. Government contractors overseas. A group of PSC executives who attended the meeting is also assessing the benefits of establishing a private security association to establish credentialing and certification standards to ensure full compliance with State and DoD requirements.

DoD and State are jointly developing a Memorandum of Understanding (MOU) covering matters relating to DoD, State, and U.S. Agency for International Development (USAID) contracting and contractor management in Iraq and Afghanistan as required by section 861 of the FY 2008 NDAA. DoD and State are in the process of reviewing a draft MOU addressing the requirements. Once signed, the MOU will be implemented through DoD, State, and USAID policies and regulations. Every effort will be made to implement the provisions of the MOU within the 120 days following the MOU signing, as required in the FY 2008 NDAA.

DoD and State are also moving ahead with efforts to comply with the provisions of section 862 of the FY 2008 NDAA, regarding management of PSC operations in Iraq and Afghanistan.

The DoD – State effort will build on DoD regulations which have been underway for some months now. The DoD effort establishes a framework that defines the roles and responsibilities for the management and integration of all DoD contractors operating under a covered contract in an area of combat operations. A DoD Directive and

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companion DoD Instruction will implement the requirements of section 861 and 862 of the FY 2008 NDAA .

The DoD and State have placed a priority on registering contracts and contractor personnel in the Synchronized Pre-deployment and Operational Tracker (SPOT) System. SPOT provides a web-based automated system to: (1) track contractor personnel movements within Iraq, Afghanistan, and CENTCOM AOR; (2) validate individual contractor personnel association with specific contracts; (3) verify their authority and their authorization for access to specific DoD facilities; and (4) establish their individual eligibility for specific DoD support services. By providing information on contractor location, training, and capabilities, SPOT improves the ability of the current civilian and military acquisition workforce to conduct program management activities relative to combat support, reconstruction, or other aspects of contingency operations.

With great effort and emphasis by DoD on implementing this program, we have achieved close to 100% registration and accountability of DoD PSCs. DoD's implementation plan includes all DoD contractors working in Iraq and Afghanistan, with the highest priority on private security contractor personnel, translators, and interpreters. We continue to expand the capability of SPOT and anticipate that it will serve as the interagency database for information on contractor personnel required by section 861 of the FY 2008 NDAA. In preparation for the anticipated requirement to establish a shared database, State has already been participating in a SPOT test case to begin tracking its contractors in Afghanistan, and USAID is evaluating how best to implement the system. Both agencies have conducted training on SPOT. DOD is committed to working with State to entering their prime PSCs, employed under the Worldwide Personal Protective Services contracts (in Iraq and Afghanistan), in SPOT by March 2008.

Taken together, these initiatives substantially strengthen DoD's, State's, and USAID's capabilities and performance in managing contractors and contractor personnel in a coordinated fashion compliant with section 861 and 862.

DoD appreciates the interest and support Congress is providing to this effort.

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At this time, I look forward to your questions and thank you again for this opportunity to appear before your Committee.

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