

Testimony of
Stuart W. Bowen, Jr.
Special Inspector General for Iraq Reconstruction
Before the
Commission on Wartime Contracting in Iraq and Afghanistan
on
“An Urgent Need:
Coordinating Stabilization and Reconstruction
in Contingency Operations”

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Co-Chairmen Thibault and Shays, and Commissioners, thank you for the privilege of appearing before you today. It is especially fitting that this hearing occurs just over a year after I appeared before the Commission to present *Hard Lessons* — SIGIR’s comprehensive study of the Iraq reconstruction experience. For today, SIGIR releases a complementary report, entitled *Applying Iraq’s Hard Lessons to the Reform of Stabilization and Reconstruction Operations*, which provides specific recommendations addressing a core finding identified by 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.”

Applying Iraq’s Hard Lessons provides background on the reform of stabilization and reconstruction operations (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).

There is broad agreement that the existing structure for SRO management has led to poor coordination and weak operational integration, that these significant problems remain unresolved, and that they continue to inhibit SRO execution. Being a novel concept impinging upon current jurisdictions, USOCO will be subject to criticism. But I believe that, if the Congress and the Administration act boldly to address the core current SRO problem — the lack of a clear point of accountability and responsibility for the preparation and execution of SROs — then management of these critical interagency operations could be significantly improved, reducing the waste, inefficiency, and ineffectiveness that so often burdened the Iraq program.

Now let me turn to the specifics of how we reached our recommendations. Six years of experience as Inspector General in Iraq has led me to the conclusion that the lack of unity of

command and its consequent effect on unity of effort has been chiefly responsible for the failure to realize ambitious reconstruction goals in Iraq. Despite the very best efforts and sacrifices of our soldiers, civilians, contractors, and others, we still have yet to achieve unified effort nearly seven years into the Iraq effort. SIGIR is not alone in reaching this conclusion; a diverse array of leaders, government entities, think tanks, and public-policy institutes recognize it to be true. Simply put, the current bureaucratic divisions that hamper reconstruction efforts in Iraq today will recur in future stabilization and reconstruction operations unless significant changes are made.

To be sure, there have been notable lessons learned from Iraq. For example, the Department of Defense responded by developing significant new policy, doctrine, and capacity, and by establishing stability operations as a core military mission on par with offensive and defensive operations; and the Department of State created its Office of the Coordinator for Reconstruction and Stabilization, with the Civilian Stabilization Initiative underway to develop civilian SRO capacity. Notwithstanding these remedial responses, fundamental problems remain in both Iraq and Afghanistan that still limit the success of SROs. Funding continues to be divided, coordination and cooperation continue to absorb disproportionate amounts of resources and time, and outcomes are less than optimal.

The balkanized approach to SROs, born from the departmentalization of a unified mission, continues; no single agency 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, as well as by myriad contractors and international organizations. Economic development is similarly divided among State, Defense, Commerce, the World Bank, and USAID. “Stovepiping” is the word — and the reality.

To address this stovepiping, *Applying Iraq’s Hard Lessons* suggests implementing concrete changes to the way the U.S. government conducts SROs, positing ten targeted reforms that would improve coordination and implementation. But these reforms, while important, do not solve the largest problem — the lack of single-point responsibility and accountability. Thus, SIGIR suggests a new structural solution that could resolve the diffusion of responsibilities among civilian and military departments and agencies and the consequent accountability problems. Instead of endlessly tilting at the windmill of effective interagency coordination — in essence, attempting to make a virtue of the necessity of *ad hoc* solutions — taking a bold step to establish a new entity responsible for planning and executing SROs — USOCO — could resolve the structural weaknesses that still daunt the management of current operations. Waiting until a contingency occurs is a poor timeline for planning a response; trying to plan such a response through interdepartmental systems — when missions overlap and resources are imbalanced — has proven unworkable.

Coordination is a critical problem, particularly in expeditionary situations, where the degree of difficulty becomes many times more complex than otherwise. But — as Congress recognized when the Federal Emergency Management Agency was initially created — centralizing planning for an interdepartmental operation is essential to achieving unity of effort. The Congress established a novel office, the “Special Inspector General,” to focus on the problem of

interagency oversight challenges in stabilization and reconstruction in Iraq and later Afghanistan. In similar fashion, the Congress should consider whether the similar interagency dynamic should be addressed by creating an office with cross-jurisdictional powers to plan and execute a mission that is part defense, part diplomacy, part development, but not exclusively any of them. Everyone agrees that we need to focus on finding the gaps and overlaps between agencies and put strong, accountable leadership in place to make sure that gaps are filled. But it may be time to address the underlying structural problems that have obstructed reaching a comprehensive solution.

A separate agency for stabilization and reconstruction is essential if the “shared responsibility and pooled resources” concept takes hold in the United States, as outlined in Secretary of Defense Robert Gates’s December 15, 2009, memorandum to Secretary of State Clinton. Secretary Gates’s proposal seeks a new model for cooperation between cabinet agencies, with a series of dual-decisional controls over joint funding. This envisions an important improvement over today’s departmentalized funding arrangements, but it alone would not solve the problem of balkanized SRO planning or insufficiently coordinated execution.

During my tenure at SIGIR, 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. And 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 stovepipes and duplicative efforts, resulting in wasted effort and money and, more importantly, limited effectiveness of our strategies and policies.

I recognize that a single-agency structure like USOCO is not a panacea. It is no substitute for strong and conscientious leadership. Even strong and conscientious leadership cannot ultimately overcome the strictures of a faulty management structure. In other words, good leaders bound by inefficient, outdated structures will find their successes stymied.

An example of the problems that arise from the balkanized, *ad-hoc* structures is found in our recent audit of the Department of State’s administration of the DynCorp International police training contract — a contract that is many times larger than any one State has previously handled. State’s officials in the field did not sufficiently accomplish their role in the critical area of invoice review; SIGIR auditors found that those officials believed that the reviews were occurring in Washington, whereas State’s staff in Washington expected the invoice oversight to take place in the Iraq. Thus, sufficient invoice review was not occurring at all. Perhaps this weakness arose from the fact that this was State’s contract, but it was not State’s money or requirement. The contract was being handled by State on behalf of Defense, because, in 2004, it was found that State had a contract that could be extended to include the police training mission, which Defense formally took over that year. Thus, Defense was implementing the requirements of the contract, while State was in charge of contract management. This bifurcation stems from a lack of management integration, leading to poor oversight and putting at risk \$2 billion in

taxpayer money. SIGIR has an ongoing audit of the DoD execution of the contract, which we plan to release this summer.

The bottom line is that no one person or entity controlled the resources, the contracts, and the requirements for Iraq police training. This fractured approach is no way to do business, particularly in an expeditionary situation where huge amounts of taxpayer money and the pressure to spend make it difficult to find and correct waste and deficiencies.

A recent excellent audit reviewing the civil police training contract in Afghanistan, prepared jointly by the Inspectors General of the Departments of State and Defense, arrived at conclusions very similar to those reached in the SIGIR audit. The arrangements between the two departments were like those we found in Iraq, and the same failures were found regarding State's contract administration. Importantly — and relevant to our USOCO recommendation — the report notes that the State Department's Chief of Mission thought that “the lack of a single, unified chain of command” was a problem. Further resonant of the current 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. This reactive management process slows progress.

Let me briefly list some of the other recommendations we have made in *Applying Iraq's Hard Lessons*. These targeted reforms are consistent with and could best be implemented through the USOCO concept, and they must be achieved if we are to realize better outcomes:

- 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

Before reaching the conclusion that the formation of USOCO could work, we considered alternatives such as proposing that State, USAID, or Defense be in charge. We held numerous roundtables, reviewed hundreds of other reports and studies, solicited feedback from dozens of experts, listened to and weighed the evidence. In the end, however, we believe that existing cabinet agencies, if given the overall responsibility for planning and executing SROs, would put too strong a stamp on the effort and would not effectively use other talents and resources available across the government. Enhancing the status quo is equally unsatisfying, as the moniker “whole of government” practically ensures that no one is in charge or held accountable. The only way to truly achieve a whole-of-government approach is to fill the gaps between the existing agencies through a new organization.

Creating USOCO would allow several new dynamics: the development of a new culture of civilian-military expertise, the integrated application of best practices, and the concentration of capacity to take on SROs — which have occurred about 15 times since World War II, and which will certainly occur in the future.

I recently read that the UN would not be involved in NATO's reconstruction plans for Marja in Afghanistan, because the UN does not want humanitarian activities to be linked with military activity — they called it resisting the “militarization of aid.” That statement clearly highlights a current conundrum in stability and reconstruction operations discussion. As noted, they are not Diplomacy, Defense, or Development – and they are not all three. In fact, SROs are unique – and they need a unique management solution.

Establishing USOCO would, in our opinion, increase the likelihood of success, but it is not the 100-percent solution. There is no 100-percent solution to this “wicked” problem, as it was so appropriately termed in a seminal paper from the 1970s. But continuing to do business the way we have over the past eight years and expecting a different outcome is not efficient, or even rational.

This idea is driven by what I have been told over the past six years by the leadership in Iraq, by experts from here in the United States, and by others around the world who have examined this issue. 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 USOCO is a necessary solution. Notably, General Stanley McChrystal, last August, stated: “We must significantly modify organizational structures to achieve better unity of effort.”

USOCO would streamline U.S. government operations by 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 important, 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.

Thank you for your time, and I look forward to answering the Commission's questions.