

AN URGENT NEED: COORDINATING RECONSTRUCTION AND STABILIZATION IN
CONTINGENCY OPERATIONS

MONDAY, FEBRUARY 22, 2010

Commission on Wartime Contracting

Washington, D.C.

The Committee met, pursuant to notice, at 9:30 a.m., in Room 216, Hart Senate Office Building, Hon. Christopher Shays, Co-Chairman of the Commission, presiding.

Present: Commissioners Shays, Ervin, Green, Henke, Tiefer, Zakheim

SHAYS:

Good morning. I'm Christopher Shays, co-chairman of the Commission on Wartime Contracting in Iraq and Afghanistan.

This opening statement is made on behalf of Co-chairman Michael Thibault, my fellow commissioners, and myself. The other commissioners that are present today are Clark Ervin—Ervin to my left, Charles Tiefer, Grant Green, Robert Henke and Dov Zakheim.

We titled today's hearing "An Urgent Need: Coordinating Reconstruction and Stabilization in Contingency Operations." That title was carefully chosen. The commission believes we face an immediate need to improve coordination of the many programs intended to brighten the long-term prospects of the people of Iraq and Afghanistan and thereby to reduce the ability of extremists and terrorists to find receptive havens in these countries.

For most Americans, military operations and security threats dominate the news from Southwest Asia. The United States has begun adding 30,000 troops to its forces in Afghanistan. Coalition allies have pledged thousands more.

At the January security conference in London, President Hamid Karzai said Afghan national security forces will grow to 300,000 members by the end of 2011 and will be in control of the entire country within five years. In Iraq, meanwhile, 60,000 U.S. troops are scheduled to leave by the end of August as the handoff to Iraqi forces proceeds.

The history of the former Republic of Vietnam reminds us, however, that military power does not guarantee political survival. General Stanley McChrystal, the U.S. and NATO commander in

Afghanistan, recently told the German newspaper *Der Spiegel* that besides military action, “what defeats terrorism is two things. It's the rule of law, and then it's opportunity for people.”

That wise view is widely shared among U.S. agencies, coalition partners, international organizations and nongovernmental entities. All of them are engaged in reconstruction and stabilization programs in Southwest Asia.

Since the start of its current contingency operations, the United States alone has appropriated more than \$53 billion for reconstruction operations in Iraq and another \$51 billion in Afghanistan. Additional assistance running into billions of dollars has been committed by the United Nations, the European Union, the World Bank, the Asian Development Bank, the International Monetary Fund, and numerous nongovernmental organizations.

Since the early years of the past decade, international pledges have totaled \$17 billion for Iraq and \$62 billion for Afghanistan, though not all of these sums have been dispersed. These are very large sums devoted to very important purposes.

The financial commitments fund a huge assortment of projects, including roads, water treatment plants, clinics, schools, small business development of agricultural programs. They include, of course, initiatives by the U.S. Department of Defense and State and the U.S. Agency for International Development. DOD's Commanders' Emergency Response Program, similar programs by State, provincial reconstruction teams, and the AID projects are the main mechanisms for directing U.S. funds into reconstruction and stabilization efforts.

Less visible to the American public, but also important, are reconstruction efforts led by other coalition members. In Afghanistan, for example, Hungarians have financed a village flood-control dam. A Czech has helped complete two provincial dairy centers. An Italian team with EU backing has helped build a health center for the government of Herat province.

Unfortunately, as in other areas this commission has studied, there is no central hub to identify and assess, much less coordinate these important activities. NATO's International Security Assistance Force for Afghanistan is tracking many governance and reconstruction projects, but it is just getting started in this work.

The U.S. government has no shared visibility among its agencies, and even single-department efforts have problems. In January, for example, the Special Inspector General for Iraq reconstruction wrote to the U.S. ambassador to Iraq to point out that no agencies are using the State Department's Iraq reconstruction management system as their main reporting tool, that the system has long-standing problems, and that a proposed follow-on system would not be ready until after almost all U.S. reconstruction spending in Iraq has stopped.

Calls for improvement have gone out. In December 2009, Secretary of Defense Gates memoed Secretary of State Clinton to propose establishing joint Defense-State funds for security assistance, conflict prevention, and stabilization. But that idea is still in the nascent stage and would not by itself improve coordination with U.S. partners, international organizations, and NGOs.

Contractors figure heavily in reconstruction and stabilization efforts in Southwest Asia. Our main concern today, however, is not the process and detail of contingency contracting. It is a strategic concern about the roles and responsibilities, the planning, the visibility, and especially the interagency coordination of efforts that rely on contracts. Without good planning, visibility, and coordination among agencies and nations, the risk of waste, unwanted, duplicative or unsustainable projects is high.

We have asked our witnesses to summarize their testimony in five minutes to allow adequate time for questions and answers. The full text of those statements will be entered into the hearing record and posted on the commission's Web site. We ask that witnesses submit responses to any questions for the record and any additional information that they may offer to provide within 15 business days following this hearing.

We have two witness panels today. The first consists of the government's two special inspector generals for reconstruction, General Arnold Fields for Afghanistan and Mr. Stuart Bowen for Iraq. Their organizations, SIGAR and SIGIR, made new quarterly reports to Congress at the end of January that include many observations bearing on today's hearing.

Many of you will recall that Mr. Bowen was a witness at the commission's first public hearing just over a year ago, at which time he unveiled SIGIR's highly informative report on five years' experience in Iraq, called *Hard Lessons*. We are keen to hear his and General Fields' views on developments in the past year and there portends for the future.

Our second panel has three distinguished witnesses, who can offer views from outside the federal agencies directly involved in reconstruction and stabilization work. They will highlight coordination issues between nongovernmental organizations and U.S. coalition agencies and draw upon their experiences to depict the reality on the ground at the strategic and tactical level.

Our witnesses will be Robert M. Perito, a senior program officer with the U.S. Institute of Peace, an independent nonpartisan organization chartered and funded by Congress; Mark Schneider, a senior vice president with the International Crisis Group, who has also served as director of the Peace Corps, and as deputy assistant secretary of state; and Seth Jones, a political scientist with the RAND Corporation and adjutant professor of security studies at Georgetown University. Mr. Jones spent most of last year traveling with Army Special Forces teams in Afghanistan.

Once the witnesses have been sworn in, we will hear first from General Fields, the Special Inspector General for Afghanistan reconstruction. The commission appreciates the cooperation of our witnesses and looks forward to an informative session.

I will note that the commission will ask the Department of Defense and State and the Agency for International Development to attend a follow-on hearing to share with us their reactions and intentions relating to the concerns and recommendations that will emerge here today. In fact, I think those requests have already gone out.

I'd like to swear in our witnesses, and I would ask them both to stand.

Do you solemnly swear or affirm that the testimony you are about to give is the truth, the whole truth and nothing but the truth?

FIELDS:

I do.

SHAYS:

We'll note for the record that both our witnesses have responded in the affirmative.

And we're going to ask you, Major General Fields, to go first. And I'd just like to point out that SIGAR's first full budget was October of '09, so they're a little newer in this process.

And, Mr. Bowen, you have been in operation since January of '04.

I'd just like to say to both of you we're very impressed with the work you do.

And, Mr. Bowen, you have an incredible record of achievement over so many years.

And we know that General Fields is on his way to do the same.

So we'll start with you, General Fields.

FIELDS:

Thank you, Chairman Shays and members of the commission. Thank you for inviting me as the principal representative of SIGAR to talk about issues that must be addressed to improve the effectiveness of the reconstruction effort in Afghanistan.

As you have already noted, Mr. Chairman, the Congress since 2002 has appropriated more than \$51 billion to rebuild Afghanistan. This figure will grow in F.Y. 2011 and, in all likelihood, surpass the \$53 billion that has been provided for Iraq's reconstruction. The success of the U.S. strategy in Afghanistan depends on the effective use of these funds to build the Afghanistan security forces, improve governance, and lay a foundation for sustained economic development.

As you are aware, SIGAR has a broad mandate to provide oversight of reconstruction activities funded through and implemented by multiple agencies. Through its audits and investigations, SIGAR seeks to improve the effectiveness of U.S. programs and deter fraud, waste and abuse by fostering a culture, a culture of accountability that permeates every aspect of the reconstruction effort in Afghanistan.

SIGAR's work to date has shown that U.S. agencies, contractors, and the government of Afghanistan all need to do more to provide good stewardship over the money the United States is spending on reconstruction in Afghanistan.

Let us start with the implementing agencies. The primary obligation for oversight must rest with the agencies administering the funds. The Department of Defense, the Department of State, USAID, and several other agencies have been allocated reconstruction funds for Afghanistan. Each of these agencies is responsible for spending taxpayer dollars carefully and wisely.

In Afghanistan, several agencies are often involved in designing and implementing projects that are part of larger programs. Unlike in Iraq, the international community is also making significant contributions through some programs in Afghanistan. Successful reconstruction in Afghanistan requires significant interagency cooperation and coordination with the international community and, of course, with the government of Afghanistan.

And program coordination with the Afghan government is an important issue, and I might add, as important as that which needs to take place between U.S. implementing agencies. SIGAR is conducting a variety of audits to, one, assess the ability of individual agencies to manage and oversee their programs and, two, the degree to which agencies coordinate programs with each other and with the international community. I described some of these audits in my written statement and will be happy to discuss them during the question-and-answer period.

Let me turn to contractors.

The United States depends on contractors to perform a wide variety of reconstruction activity. Contractors must, as must be all others, be held accountable for their work and activities. They need to have systems in place to ensure that they complete projects in compliance with their statements of work on time and, of course, within budget.

While U.S. agencies will continue to rely on contractors to implement many of their reconstruction programs, the new U.S. strategy calls for working in greater partnership with the Afghanistan government. To this end, the United States and other donors have pledged to increase the proportion of development aid delivered through the Afghan government to about 50 percent in the next two years.

This brings us to the important question of Afghan government capacity. We believe that the Afghan government should be much more involved in every aspect of reconstruction. However, for this approach to work, Afghan institutions need to be more accountable.

They must have the capacity and desire to manage funds and protect them from waste, fraud, abuse, and other kinds of corruption. Afghanistan's future depends on improving and reducing corruption. This is why we must strive to work with our Afghan partners to transform what is perceived to be a culture of corruption into a culture of accountability.

This must be at the very heart of our reconstruction effort. If we fail, we will have surely wasted scores of billions of taxpayer dollars. This is why SIGAR launched an anti-corruption initiative last year to, one, assess U.S. and donor efforts to build the capacity of Afghan institutions to deter corruption and strengthen the rule of law and, two, determine the extent to which national and local institutions have the systems to account for donor funds and use them effectively.

SIGAR's goal is to see our implementing agencies and the governing institutions in Afghanistan improve their capacity to manage programs and projects, including conducting the oversight needed to be accountable, both to the U.S. as well as to the Afghan citizens. Accountability is at the core of good governance.

Once again, I appreciate this opportunity to share with you our observations on the reconstruction effort. And I look forward to continuing to work with the commission as you carry out your very important obligations. Thank you very much.

SHAYS:

Thank you, General. We'll be having a number of questions.

Mr. Bowen?

BOWEN:

Thank you. Thank you, Chairman Shays and commissioners for the privilege of appearing before you again almost exactly one year after my presentation to this commission of *Hard Lessons*, which took a close look at the Iraq reconstruction experience.

Complementary to that report released today is SIGAR's latest lessons learned report entitled, "Applying Hard License to the Reform of Reconstruction and Stabilization Operations," directly addressing the issue, Chairman Shays, that you raised in your opening statement—the strategic concern of promoting better planning, sound planning, more visibility and, as General Fields just noted, better accountability for how the United States carries out stabilization and reconstruction operations. This is about two chief things: responsibility and accountability. Who is responsible for planning and executing stabilization and reconstruction operations? And then whom do you hold accountable?

The Iraq experience shows that there was not sufficient planning, that there was not sufficient management of the execution. And because virtually all of the organizations created to manage it were temporary, there is no one really left to hold accountable for it, notwithstanding 300 audits and inspections that paint a picture of great need for accountability.

“Applying Hard Lessons” addresses what I consider the most salient lesson from our report last year, *Hard Lessons*, specifically that there is a need for an executive authority below the president to ensure the effectiveness of contingency relief and reconstruction operations. This report begins by providing a background of the many actions taken over the last 10 years, mostly executive orders, executive branch directives, to help shape how the United States should approach this.

It then engages in a tactical review of specific lessons, 10 targeted reforms that could improve current stabilization and reconstruction operations and finally presents a proposal that could take on, Chairman Shays, the issue of the need for a strategic solution to how the United States approaches this: specifically, the creation of an office that would integrate the planning and the execution of contingency operations, the U.S. Office for Contingency Operations. There's broad agreement that this problem exists, that there is a weakness in accountability, there is weakness in responsibility for planning, that there is no clear point for preparing for SROs.

General Scowcroft, a national security adviser to two presidents, when briefed on this issue found it appealing and feels like it could be a good solution. Ambassador Ryan Crocker, former chief of mission in Iraq for two years, similarly agreed that USOCO could be the answer.

And Spike Stevenson, who was the USAID mission director the first couple of years in Iraq, agreed that this was sensible. Indeed, General McChrystal said last August, "We must significantly modify organizational structures to achieve better unity of effort," speaking to exactly this issue, the strategic concern that there's not sound planning, enough accountability, or visibility in how to carry this out.

The Gates memo that you mentioned, Mr. Chairman, issued in December, proposes something like the U.K. model of conflict pools, which we addressed before the commission last year. And it highlights the fact that how the United States funds stabilization and reconstruction operations is still very much in flux, promotes three different pools that would have State and Defense approval for spending.

And that points to the key issue: how does the Congress, how does the country fund these stabilization and reconstruction operations as well. And every time it comes up, a debate over whether money should go to CERP (the Commanders Emergency Response Program) and the economic support program, to DOD or DOS. This is reflective of the balkanized approach to SORs, which we substantiated again in our latest audit of police training in Iraq, a \$2.5 billion program showing really a lack of capacity for oversight.

DOD and State, interestingly, last Friday issued a similar report. And in that report, the chief of mission told them that the chief problem was the lack of a single unified chain of command for managing this contract. Ironically in Afghanistan right now, DOD is taking over the mission from state, the police training mission, because of the failure of the contracting oversight. Meanwhile, in Iraq, State is taking over the police training mission from DOD, although the problems are very similar.

The 10 targeted reforms can be done now. They can improve what's going on in Afghanistan. They can help strengthen the system. But they won't solve the strategic concern, Mr. Chairman, that you raised—the need to create a clear point of accountability. USOCO would improve mission coherence, strengthen management integration, address the problem of unity of command, which I was told over and over again by leadership that I interviewed for this report and for *Hard Lessons*, was a core weakness, and by strengthening unity of command, allowing unity of effort, increases the likelihood of success for a stabilization and reconstruction operation, which, Mr. Chairman, must be the principle touchstone for any proposed SRO reform.

Thank you for your time. And I look forward to your questions.

SHAYS:

I thank both of you. We'll have a number of questions.

And we'll start with Mr. Green.

GREEN:

Thank you, Mr. Chairman.

I think, as Mr. Bowen said and as he so clearly stated in his statement for the record, that there is, in fact, very broad agreement that the existing structure of stabilization and reconstruction has led to poor coordination and weak operational integration. I think we all agree to that.

Certainly, the members of this commission do. The two special IGs agree with it. Criticism has come from other sources, from the Congress and from the most senior positions in the U.S. executive branch.

Mr. Bowen has proposed a solution, an office for contingency operations. I don't know whether that is the answer.

But I would like, General Fields, your thoughts, even though SIGAR is considerably newer to this business than SIGIR is. Your quarterly report, and other audits that we have been privy to, indicate some of the same frustrations that Mr. Bowen has laid out in this area. And since Afghanistan might benefit from some of the lessons learned in Iraq regarding prioritization and coordination of projects, I would like your reaction to the USOCO concept.

And in responding, I'd like you to include whether or not a comprehensive solution like this is needed. Or do we currently have the principles, the processes and the structures in place and we're just not implementing them?

FIELDS:

Thank you, Commissioner. I'm very pleased to respond to the USOCO concept.

Mr. Bowen and I, at least on a couple of occasions, have talked about this concept. I received on Friday of last week a copy of it, not the more formal one that is being distributed today. I did review it to some extent over the course of the weekend.

At this time, I'm not prepared to give it the assessment that it really deserves. I am prepared to acknowledge, though, the very points that Mr. Bowen, as well as this commission, has pointed out, that we do need to improve the manner and means which we coordinate across agencies within the federal government of the United States. We can no longer afford to do it the old-fashioned way when we're engaged in significant situations such as Iraq and Afghanistan.

Regarding the focus of coordination and oversight and the extent to which there are systems in place currently to address these matters, our growing inquisition—my personal growing inquisition is that when it comes to the oversight of what happens within the context of the execution of appropriated funds, the first level of defense, as I pointed out in my opening comments, should be at the agency level. And specifically, the Department of State, Department of Defense, USAID, and any other agencies who are bringing their appropriated money to bear upon the initiatives in Afghanistan, in my case, should be held accountable.

This is why we have spent time from the vantage point of SIGAR asking, testing, and determining whether we are doing enough with the existing resources to provide the oversight that the Congress and the American people expect. I don't know if USOCO is the answer. It will mean that we will stand up yet another agency, in effect, another inspector general to provide what we—in advance of what we are now doing by way of my office—were expecting for about eight years in Afghanistan.

So I am suggesting that we need to ensure that the systems that do exist, and to which considerable attention has been given by the Congress in authorizing these agencies and funding them, I think we should ensure that those agencies are measuring up to the full measure and expectation of their mandate. Thank you.

GREEN:

Thank you.

Mr. Bowen, I think that both of your organizations have very similar missions, and both are faced with some of the same problems that the other is faced with.

I'm curious as to why or why not this concept was not more formally vetted or coordinated with SIGAR since you're both in the same business, and you both have a very big stake in the successful prioritization and coordination of reconstruction and stabilization activities?

BOWEN:

The USOCO concept looks at the management of stabilization and reconstruction operations, of which inspector general oversight is a small component. Thus, we vetted this and we engaged in multiple meetings. As a matter of fact, for the last year—for the last three years—this was initially raised in our Program Management Lessons Learned, then articulated again in more detailed formats in *Hard Lessons*, and now presented in this report very succinctly.

But let me take up the management oversight of this because there is a system in place that's not working. The interagency management system, IMS, was established almost exactly three years ago by the NSC. It created something called the Country Reconstruction and Stabilization Group. It created something called the Integration Planning Cell, and it created something called the Active Response Teams, none of which are operational today.

The system that was created is not operating. It's not a question of whether they're carrying out their mission effectively or not or need more resources. It's a question of whether the system that is in existence that was created is working. And the answer is no.

Instead, it's diffused among several agencies: Department of State, Department of Defense, the U.S. Agency for International Development, the Department of Treasury, DOJ, the Department of Agriculture. Those are the key players in the stabilization and reconstruction operation.

And the system or the process right now for tackling supporting those operations is at State through the Coordinator for Reconstruction and Stabilization, NCRS, and DOD, through its stabilization operations entity. Let me take those two in turn.

NCRS is developing something called the Active Response Corps, 250 positions divided between State and USAID, 91 at USAID, the rest (180 or the balance) at State. It's a program that was begun, as I said, years ago. NCRS was created over five years ago. Today, there are about 89 individuals on board at NCRS—just 16 in Afghanistan, three in Haiti. That's the deployment. That's the system; that's the accomplishment to date.

GREEN:

Let me interrupt you for just a second.

I don't question whether or not the systems that we have in place—and there are many that were designed to fix this problem—my concern, or my question is, since you both have similar missions, why there was not an attempt to better coordinate this concept?

BOWEN:

Again, the mission that we have similarly is inspector general oversight. And as you pointed out earlier, Inspector General Field is just getting into this mission at a very early stage.

The issue that we're talking about is not inspector general oversight, but management oversight and execution, which is the purview right now of several agencies—Department of State, Department of Defense, U.S. Agency for International Development—with no clear accountability, no clear responsibility at any one of the agencies.

Here's the issue, Mr. Green. It's the 3 Ds—defense, development, or diplomacy. That's the language within which this is discussed today. Stabilization and reconstruction operations have elements of each, but they are exclusively none of them. And what that means is that there is no single point of accountability with any of the agencies who have those primary missions.

There is no single point of responsibility within any of those agencies. Indeed, stabilization and reconstruction operations are a subset, an additional duty of each of those agencies. And that's why creating some accountability, bringing together responsibility within one organization

will assure that there is one agency that is responsible and one agency that's accountable. That's not the case today.

GREEN:

Yes.

SHAYS:

Let me go to Mr. Tiefer.

TIEFER:

Thank you, Mr. Chairman.

Mr. Bowen, first I want to ask you about the particular great example, one of the biggest examples of the interagency difficulties which your own statement highlights, which is the police training program in Iraq, which you describe as a balkanized ad hoc structure. And no one's quarreling with you, either.

And then, after looking at that particular big example, look at the larger picture, that huge police training contract in Iraq, which is held by DynCorp. Interagency-wise it's split, right? The DOD has a command that supervises it programmatically, named MNSTC-I. And INL does the bills. You audited INL?

BOWEN:

Right.

TIEFER:

Yes. It's your audit that I'm interested in. Just January 25th— it seems like yesterday, it was yesterday—you did this gigantic study. How bad did you find the situation? How much money did you find was at risk in this program?

BOWEN:

\$2.5 billion, that's the amount of money in the INL contract that supported police training in Iraq since 2004. This is our fourth review of this.

We initially looked at it in 2005 and 2006, and found serious shortfalls in the task order that we examined. When we got into the paperwork, literally, we found that the receipts were in such disorder that it was un-auditable. And indeed, the State Department asked for five years to get the documents in order. We went in again in 2008 to look at the remedial measures that the department was taking, and found it looked like that they were beginning to address them.

But last summer we went in to do the follow-up. And as you point out, the audit that we issued revealed that certainly not enough has been done to protect the taxpayers' interest. In a \$2.5 billion contract, there's still about \$700 million left to spend, so it's highly relevant that the issues raised, specifically invoice review and contracting officer representative oversight, be implemented quickly.

By the way, I met with Deputy Secretary Lew on this issue before the audit was released, and he agreed that these are significant problems, and he agreed that he is going to take a personal interest in ensuring that these issues be resolved.

TIEFER:

Let me go in on that.

I'm going to ask you whether there's a risk going forward. That's \$2.5 billion that's already out the Treasury door. As for the risk going forward, here's some newer news. A week-and-a-half ago I was in Baghdad, and I met with the INL's program head there. His name is **Joe Mansell**. I think your office also meets with him.

BOWEN:

Yes.

TIEFER:

And I also met with Odierno's deputy, Brigadier General Anderson. They say that going forward the program has to be a new one because DOD is going down in Iraq, and the old contract's expiring anyway. And they say it's going to be a transformed program—might be \$815 million a year. I've heard higher figures, but that was the number that was repeated, \$815 million a year.

That State is going to train higher-level police commanders and specialists, not sort of raw recruit grunts. And that they need 700 security people and that they're going to have more security people than trainers— that this is an entirely new element to the program.

I suspect that you're following all this?

BOWEN:

Yes.

TIEFER:

What I want to know is, number one, is this a really big new program? Is it a preponderance of the ISFF money? Is it the biggest in the world of this kind? Are you doing an ongoing audit?

And, above all, are there reasons for concern about this multi-billion dollar program going forward? Your January 25th study said security costs in the budget are projected—these were your words—"to quadruple" as the military draws down.

And the report you issued today—"Applying Hard Lessons"—the ink is barely dry on it. It says, on page 19, that "State, however, does not currently have sufficient staff or systems to oversee its growing contracting responsibilities."

So I'm asking, is this big? Are there reasons for concern?

BOWEN:

Yes. Let me answer those three questions.

One, this contract is the largest State has ever overseen, \$2.5 billion. Indeed, last Friday, as I mentioned in my statement, the DOD IG and the State IG issued an audit of the same issue in Afghanistan of a contract worth more \$1 billion—probably the second largest contract that State is managing—finding exactly the same problems: lack of in-country contractor oversight, lack of invoice review, lack of detail about contract management.

And you're right, the bifurcation here, as I pointed out in my statement, is a perfect example of the lack of integration, the bifurcation of oversight. Contract management is being done by the Department of State. Contract execution is being done by the Department of Defense. It's DOD money that's flowing through this—DOD money that's flowing through this State contract back to DOD. And the reason why is because a vehicle was found back in 2004 to do that.

And the reason why it was switched is because the State Department wasn't doing an adequate job in training the police. At least, that was the view of the policy people sent. Ironically, that's exactly the view today. That's the recommendation of last Friday's audit from the DOD IG, that

the mission be transferred from the Department of State to the Department of Defense for its management. Déjà vu all over again, to quote Yogi Berra, that's the case on this issue in Iraq.

TIEFER:

All right. Let me ask you about...

BOWEN:

And we do have an ongoing audit of the DOD side.

TIEFER:

Oh. I don't think we've had a public announcement of what the audit's about, or even precisely when it's going to . . . I vaguely sense there's another audit, but what's coming?

BOWEN:

It is announced, and it's looking at the execution side. The January 25th audit looked at the contract management side.

TIEFER:

Yes.

BOWEN:

We're going to look at the DOD side and try to find out what was accomplished through this contract.

TIEFER:

Alright, let me jump in and ask you, what would USOCO do in this situation? What would you do?

BOWEN:

It would certainly obviate the recurrence the bifurcation of contract management and contract execution. To the most basic observer, splitting the two is inefficient and a recipe for waste, at least, if not creating vulnerabilities for fraud that we have identified. And that the Department of Defense IG also identified in its audit.

But more importantly, as we recommend in the report, the entire contingency contracting scheme needs careful preparation before this stabilization and reconstruction operation even begins. This is something we pointed out in our contracting Lessons Learned report and reiterated last year in *Hard Lessons*, that that sort of preparation has not been done because it's diffused across a spectrum of agencies that operate with different versions of FARC.

TIEFER:

OK. My time has expired, but I thank you, Mr. Bowen.

SHAYS:

Mr. Henke?

HENKE:

General Fields, General Bowen, I thank you very much for being here today. It's good to see you in tandem.

I'm a big fan of the thoughtful work and really vigorous oversight that you are providing and have provided for a number of years. I commend you for that work and the staffs that support you.

I have a question for General Fields. Sir, your quarterly report, that was issued in January that covered the fourth quarter of calendar 2009, indicated that you have increased your staffing from, in that quarter, from 57 to 72 people. And I commend you for matching the tempo and the surge of operations and the criticality of the effort in Afghanistan.

Two brief questions, and then an extended question on another topic. First, the report says you have a plan to increase your staffing to 118 this year, in fiscal year '10. Do you have the resources to do that?

FIELDS:

Thank you, Commissioner.

Resourcing is a very important issue, especially for the standup and activities of a new organization, needless to say. And for one, conducting the work that we do, most of which is conducted in a very dangerous environment, requires a special select staff in order to carry out this work.

I am pleased in spite of very slow start that this organization received on the front end of its development, that for this fiscal year...

HENKE:

Yes?

FIELDS:

. . . at \$35 million, we are finally able to grow our staff to at least reach our intended goals.

I will add . . .

HENKE:

That is 118, plus or minus?

FIELDS:

A hundred and eighteen, sir. But actually, by 1 October, we want to roll into fiscal year 2011 with 132 members on our staff. . .

HENKE:

Yes, sir.

FIELDS:

. . . which is refined in a budget request and that the administration has thus far approved that budget request.

HENKE:

Sir, that was my next question. So, you're funded in '11, fiscal '11, at the right amount to support your staff.

FIELDS:

We are funded in fiscal year 2011 at the level for which we made request by way of OMB.

HENKE:

Yes, sir. Thank you.

My next topic, your written statement makes some very penetrating observations about the issue of corruption. And I wanted to explore that a little bit with you here.

It seems to me that we could establish these perfect organizational entities with the right boundaries and the right cultures. And we could then, in our reconstruction efforts, contract for things perfectly and then administer perfect contracts.

But at the end of the day, if we're dealing with an entity, a nation, a sovereign nation, that has a very different culture, and much of that culture currently involves corruption, that our efforts would be impeded, if not wildly ineffective.

Your testimony—and I want to quote this for the benefit of the audience—a recent survey in Afghanistan by the United Nations found the average Afghan is more concerned about corruption than insecurity or unemployment.

More concerned about corruption than security or unemployment—that's fascinating. Half of the Afghans surveyed said they had to pay at least one kick-back, half of the country at least one kick-back to a public official in the preceding 12 months, and the average amount was \$160, which might not seem like a lot until you realize the per capita GDP is \$425—\$2.5 billion in bribes in Afghanistan, 25 percent of the country's GDP.

So, sir, my question to you is, what work are you doing to look at anti-corruption efforts? And what efforts are you looking at in the U.S. government to ensure that we have the right anti-corruption programs for the Afghan ministries?

FIELDS:

Thank you very much. This is another major issue, and actually, Commissioner, one to which the United States has thus far not committed very many direct dollars.

If you look at what we have done to shore up corruption or anti-corruption activities and initiatives in Afghanistan, you will find that we have really invested directly in support of this issue only \$1 million.

And I will also add that SIGAR has been criticized for not having conducted an audit, assessing corruption and our support to initiatives to rid Afghanistan of this, when, in fact, our investment has only been \$1 million.

But we feel a bit differently about this. If we are going to invest and continue to invest at the magnitude at which we are, and with increased involvement by the government and people of Afghanistan, and employing our contracting efforts accordingly, we need to establish an environment in which the American taxpayers have full confidence that their money is not going to be squandered, wasted or corrupted on the Afghan side, as well as on the U.S. side.

So, this issue of fighting corruption for SIGAR started last year about this time, brought to my attention by Ambassador Holbrooke, who had discussed this issue with the minister of interior who had asked that, if it were possible, the United States provide enough resources for my office specifically to be resident in all 34 provinces of Afghanistan to help the minister and the president of Afghanistan fight corruption.

I immediately sent letters to the Department of State, Department of Defense and the USAID asking, "What are we doing to address this very significant issue?" And unfortunately I found that we were not doing very much.

Later, I met with President Karzai. At the very first meeting I had with him, he told me, "General Fields, I know you are probably being kind, and you have not mentioned to me the issue of corruption. I want to discuss that with you."

And so, it was the president of Afghanistan who first brought this to my attention formally by way of the government of Afghanistan.

So, what have we done?

First, we alerted and asked the senior leadership, who are the implementers of our reconstruction activities in Afghanistan, "What are we doing?"

I must add that there has been a significant increase, I feel, of attention being brought to this issue of corruption.

So we have followed up more recently with an audit. We conducted an audit of the High Office of Oversight. We found that the High Office of Oversight needed a lot of work.

First off, it was stood up in the summer of 2008. It doesn't have the funding that it needs. It doesn't have the quality of folks, but certainly, there are folks in the organization who are well qualified. I've been impressed with the director of the High Office of Oversight, and his deputy director. I've met with these folks. I have personal confidence in them.

But at the time we conducted our audit, the director of the High Office of Oversight was also an adviser to the president, and we felt that this was a conflict of interest. And I'm very pleased to say, as I understand it, that as a result of the London conference held on the 20th of January, President Karzai has announced that he will, by executive order, provide more horsepower to the High Office of Oversight, to conduct the investigatory activity it needs to address all matters associated with corruption, to include matters associated with high government officials.

HENKE:

Thank you, sir.

FIELDS:

I hope that answers your question, sir.

HENKE:

It does. Thank you.

SHAYS:

Let me just ask you quickly. Should we hold our breath that corruption is going to be a sincere effort of the Afghan government?

I'm asking it without an answer. Thank you. I mean, I'm not going to ask you to answer it.

Dr. Zakheim?

ZAKHEIM:

Thank you, Mr. Chairman.

Mr. Bowen, welcome back. It's always good to see you. And I would echo what several of my colleagues have said, that I think you and your team have done a fabulous job from day one.

BOWEN:

Thank you.

ZAKHEIM:

You and, hopefully, General Fields, now that he's in his position, are really the conscience of what we're doing out there. It's very important for American taxpayers and the American people.

You know, there was once a Bureau of Insular Affairs in the United States government. And it was created, actually, to do what the agency you're talking about is supposed to do. It ran the Philippines. It ran other places.

As I recollect, the director of that bureau would be the equivalent of an assistant secretary today, maybe even an undersecretary.

Could you talk a little bit about what needs to be done to implement this? I mean, presumably there's legislation involved. What's been the reaction from members of Congress? What's been the reaction from the administration?

I consider this to be a very, very important proposal. But, you know, you've talked about implementation. Well, what's the implementation story here?

BOWEN:

Great question. What legislation is necessary?

In 2008, as part of the National Defense Authorization Act, interestingly, the Reconstruction and Stabilization Civilian Management Act of 2008 was passed, formally known as Lugar-Biden, and failed in three previous congresses as a standalone bill.

It created an ambitious program for stabilization and reconstruction operations, placing it within the Department of State, effectively statutizing SCRS.

I think you could take that legislation and expand upon it to develop the U.S. Office for Contingency Operations, bringing into it the significant work that's been going on at DOD under DOD Directorate 3000.05, now DOD Instruction 3000.05, bringing into it the kind of thinking embodied by Secretary Gates' memo, bringing into it the existing but, frankly, emaciated capacity within the U.S. Agency for International Development and the Office of Transition Initiatives and the Office for Foreign Disaster Assistance—these existing entities that are below half of what they used to be 20, 25 years ago as far as in staffing and funding —and putting

together an organization that all of these disparate pieces now a mission, a mission that this disparate pieces now take on.

And they take it on, by the way, without very much coordination. Is there an urgent need for improving coordination? Yes. That's the answer to this hearing. But it can't be done just through meetings in Iraq or Afghanistan.

ZAKHEIM:

So, what kind of reactions have you had when you've bounced this off people on the Hill?

BOWEN:

On the Hill, as you said, there's been interest. We're actually going to have a hearing addressing this on Wednesday in front of a subcommittee of the House Committee on Foreign Affairs. There is continuing dialogue and discussion with Foreign Affairs and Armed Services Committees and staff, committee staff, specifically.

The question...

ZAKHEIM:

You are getting into people's turf.

BOWEN:

Yes, and so...

ZAKHEIM:

Not only in the executive branch, but on the Hill.

BOWEN:

. . . no surprise, there's resistance. . .

ZAKHEIM:

OK.

BOWEN:

. . . to it within the departments.

I attached to the report the responses of the Department of Defense and the Department of State. Both of them found it an interesting and timely idea. The Department of State pretty much endorsed all of our targeted reforms, but believed that going forward with this was not the right option now, because SCRS is the answer . . .

ZAKHEIM:

I see.

BOWEN:

. . . for them now.

The problem is that, when you ask an agency, you're asking it within the culture of that agency within its stovepipe to move, to operate outside its stovepipe, to operate permanently outside its stovepipe on an issue that is fundamentally—more than any other issue, I think—inter-departmental.

ZAKHEIM:

Thank you very much.

General Fields, I think you make a very important plea against corruption in your statement. We have now been in Afghanistan closer to nine years than eight. I don't think anybody who ever dealt with Afghanistan—I mean, if you didn't bump into corruption, you probably were wearing blinders.

And all you have to do is look at the front page of the *Washington Post* today, which mentions certain people that you've mentioned.

My question is: we've just heard Mr. Bowen talk about a very practical proposal for action. Would you propose that the United States government withhold funds in the face of corruption? What should we do?

We all know that corruption is a bad thing. There's a corruption index. You know, it's the opposite of motherhood and God and Chevrolet, or what have you.

But what do we do about it?

FIELDS:

The question, sir—thank you very much for the question, first off, commissioner—the question of withholding funds has come up before in dialogue I've had in my capacity with various other senior leaders.

Let me add one component to the previous question of what is SIGAR doing at this time to address the corruption issue.

In addition to our audit of the High Office of Oversight, we are conducting a series of audits to determine the actual capacity of the Afghanistan complex, if you will—government leaders at the Kabul level as well as the provincial level—because, as I mentioned in my opening statement, the government of the United States and in conjunction with the international community is about to significantly increase the amount of money in reference to reconstruction that will flow through entities of the Afghanistan government community.

We are examining what is there now, on which we can hang our hat, so to speak, in terms of the confidence that the American taxpayer needs and the government of the United States needs in order to fulfill what it has already suggested it desires to do.

So we hope that, as a result of our investigatory audit work, we will be able to provide some perspective on the degree to which Afghanistan, at whatever level, is ready to accept increased funds.

As a dimension of that, sir, it may be a policy which I believe at this time has not yet been fully implemented, but there may be a policy, and probably should be a policy, to hold back funds from those Afghan institutions who have not suggested to SIGAR or to sufficient authority that they have the mechanisms in place—the control and management mechanisms in place—to handle increased funding.

ZAKHEIM:

So very, very quickly, then—it's good to hear you say that. How quick do you think you can have a report like this out? As you say, money is flowing in. We've already poured in, according to what you say, \$51 billion into Afghanistan. That's not a trivial sum. And then as my colleague

Mr. Henke pointed out, from your testimony there's a lot of money flowing out in all kinds of bad ways, including apartments in Dubai.

So the question is how quickly can you get this report out? And will that report specifically address the question of withholding funds?

FIELDS:

Sir, we will make it a part of our audit work and a part of our recommendations—whether or not if the senior leadership of the government of the United States decides, as a policy measure to hold back funds—to assess and recommend as a part of our work whether a certain institution or entity in Afghanistan should have money held back, because it does not have the facilities and components in place to assure sufficient oversight.

ZAKHEIM:

Thank you.

FIELDS:

Yes, sir.

SHAYS:

Mr. Ervin?

ERVIN:

Thank you, Mr. Chairman. Likewise, I want to thank both of you for being here. I likewise am very impressed by the work that both of you have done, and I think we're all in your debt. The American people are in your debt for what you've done with regard to this issue.

I want to start with you, Mr. Bowen. I wanted to pick up on the colloquy that you had with Mr. Green. You know, I generally agree, as you know, with both your analysis and your recommendations not 100 percent, but 1,000 percent.

But in this instance, with regard to the Office for Contingency Operations, I think all of us agree with the analysis, as the chairman said at the beginning, that there's inadequate interagency coordination now with regard to stabilization and reconstruction.

But I question the prescription, the recommendation that you have laid out here: the need for a new office to oversee this. Partly, it's ideological, being a conservative like you, but mostly it's experiential. As you know, I was the first inspector general of the Department of Homeland Security and the notion behind the creation of a Department of Homeland Security was that we had too many agencies involved in counterterrorism efforts and we needed one centralized place for accountability and effectiveness.

Likewise, the notion behind the creation, as you know, of the Office of Director of National Intelligence was just that, to make sure that in the future we connect all the relevant dots, and this Christmas Day bombing indicates that we have yet to do that.

So I am always skeptical of an organizational response, creating a new organization or rearranging existing ones when it seems to me—and I'd like your thoughts on this—that the fundamental problem is really a lack of resources, both financial and manpower, a lack of leadership, a lack of accountability.

And you mentioned, in response to Mr. Green's colloquy with you about this, that the existing mechanism, which, I think, you said is led by the National Security Council (more about that in a second) is under-resourced. Isn't that the primary issue here? And isn't it the role of the National Security Council, by the way, to serve this interagency coordinating function?

BOWEN:

I think that it is under-resourced, because that is certainly the statement from the Department of State, USAID, both of which have seen massive reductions in their budgets and staffing over the last 30 years.

This is a new issue that's been presented squarely by the experiences in Iraq and Afghanistan. The National Security Council has addressed this through some directives, but as I said to Mr. Green, the interagency management system is not operative. That's the system in place created. That's not a question of resources. That's a question of execution.

But ultimately, as I also said earlier, this is a unique method or process or approach for the United States and how the United States protects its interests abroad. It's not diplomacy. It's not defense. It's not development. It has elements of all three, depending on the situation, but it is not the paramount mission of any one of those agencies.

That's why it's been very difficult for the Congress to find a place to house it. The reconstruction, stabilization, and civilian management act of 2008 housed a significant part of it within the Department of State, but there's still, almost 18 months later, no assistant secretary appointed to head it. And the mandates spelled out in that act are not executed.

The office within State that addresses this from a staffing perspective is not very far along.

ERVIN:

Well, just to interrupt on that, you know, I agree with everything you say. It seems to me that you're making a very eloquent case, though, for a more empowered National Security Council on this issue. Have you had discussions with the National Security Council about how it could play a more effective role with regard to this than it presently is?

BOWEN:

Yes. We did meet with NSC representatives on this concept, and they recognized that there's a lack of coordination, there's a lack of integration, and that they're looking for a solution here.

ERVIN:

Do they endorse this concept?

BOWEN:

They didn't respond. We sent it to NSC for response, and they didn't respond. . .

ERVIN:

OK.

BOWEN:

. . . and they deferred to the agencies.

ERVIN:

Thank you.

General Fields, I want to follow up on the colloquy with you about resources. Needless to say, that's very important for your office. What degree of cooperation would you say you have now and over the course of year or so in office had from DOD, from State, from AID to help you do

your work? And what degree of interaction do you have with senior leadership in those three critical agencies?

FIELDS:

Thank you, Commissioner.

First, in terms of interaction with the senior leadership of those agencies, I think my interaction is pretty good. I have yet to meet formally with Secretary Clinton. I have had a dialogue with her informally, and so I basically understand where she wants to go with this.

I've met with the deputy senior leadership of the Department of State. I met with the secretary's predecessor as Secretary of State. I have had a dialogue on at least two occasions with the Deputy Secretary of Defense. I've had a dialogue with the Secretary of Defense himself. He has been supportive of our work and of our initiatives and programs. And they have been responsive, I feel, to the recommendations we have been making as a result of our audit and other work.

So, from the standpoint of my relationship with them, I think it's very good. I have a close working relationship with Ambassador Eikenberry and his staff, as well, in Kabul.

I might also, in reference to a previous question about the number of folks in our organization, add that we have, as of today, 21 folks on the ground permanently in Afghanistan, 20 of whom are located inside the wire, if you will, at the embassy.

All of that requires coordination. And so they have, in fact, really been responsive.

We do also have facilities associated with the Department of Defense. And currently, at least two, at actually three locations, and supported by U.S. Forces Afghanistan.

ERVIN:

OK, sir, let me stop you there. Thank you for that. You've given me the general answer. Let me ask you a couple of other quick questions in the time I've got.

Speaking of coordination, which is what we're here to talk about, is there a formal process to coordinate lessons learned from SIGIR, given its longer tenure, with regard to SIGAR? You have a formal process in place to make sure that what Mr. Bowen has learned during the course of standing up his office, staffing and interacting with agencies as applied to Afghanistan, likewise, is there some formal process to apply the lessons learned in Iraq, not just with regard to inspectors general, but the broader lessons learned with regard to all the issues under our purview?

FIELDS:

Mr. Bowen can help me on this one, but as far as I know, there's not a formal process, per se, associated directly with the lessons learned. However, we do talk about lessons learned from the Iraq experience, and we certainly are aware of the lessons learned, pointed out in Mr. Bowen's hard lessons.

As we meet around the inspector general community by way of various forums of which we are members, I feel that those interactions do help to focus on lessons learned, but I don't think there is a formal process that deals with lessons learned.

ERVIN:

Alright, in the last few seconds let me get Mr. Bowen's comments on that. What's your sense of how it works now? And what's your view of whether there should be formal processes for that?

BOWEN:

As General Fields said, he and I have regularly met on this. As a matter of fact, we've discussed the Iraq lessons learned program and suggested an audit applying the lessons of Iraq to Afghanistan would be useful.

We've also developed a special inspector general council that would enable the exchange of these ideas and that would formalize the informal meetings that he and I have had regularly.

I think that within Iraq, we have a department within my office that does regular follow-ups on all our findings, including our lessons learned findings, and to ensure that the agencies are being responsive. And as our latest audit shows, responsiveness is mixed at best.

ERVIN:

Thank you both.

SHAYS:

I thank the gentleman.

From my standpoint, I'd like to know two things. One, I'd like to know about the coordination. The other part is I'd like to know if you could give a grade to USAID, State, and Defense for responses to recommendations you've made. I'll start that way.

Mr. Bowen and General Fields, this commission cares deeply that your work is not on deaf ears. So would you give a grade for each of these departments as it relates to paying attention to what you're saying, responding to it, and making a good-faith effort to deal with it—even if they haven't succeeded? DOD—give me a grade. I don't want a long sentence.

BOWEN:

OK.

SHAYS:

I've got a lot of questions.

BOWEN:

OK. I would say DOD, probably a B on that.

SHAYS:

USAID?

BOWEN:

We've done fewer audits there, but I would say B- minus.

SHAYS:

And State?

BOWEN:

In the past, it was a C, but their recent indicators from Deputy Secretary Lew to follow up, as I mentioned during my discussion, it looks like that grade's coming up.

SHAYS:

OK. General Fields, thank you.

FIELDS:

Thank you, sir. Our work, given that we are a new organization is. . .

SHAYS:

I know you're new, so if you can't grade each of them, don't, but can you grade some—one or two of them?

FIELDS:

Yes, sir. I would say, for the Department of State, I would give them an A-minus.

SHAYS:

OK. You're an easy grader. Next.

FIELDS:

Yes, sir, because. . .

SHAYS:

Just tell me the next. How about DOD?

FIELDS:

Yes, sir. I would say, for DOD, about the same, in that, subsequent to the very first...

SHAYS:

I don't want an explanation.

FIELDS:

No qualifications.

SHAYS:

OK. USAID?

FIELDS:

USAID, I would give them a B at this time.

SHAYS:

I would like you to give me an example, each of you, of something they have done that's responsive to what you've suggested and you find encouraging and something that so far you're just not seeing anything happen?

BOWEN:

I would say, on DOD's front, the Commander's Emergency Response Program, we've done five audits on that. The first one showed really weak record-keeping. Our most recent one showed significant improvement.

SHAYS:

Have they been responsive?

BOWEN:

Yes.

SHAYS:

So you say that's an example where they have responded...

BOWEN:

Yes.

SHAYS:

Give me an example of something you feel they're just not paying much attention to?

BOWEN:

Well, we issued a report on the maintenance contract at Taji, a \$700 million contract, last July, criticizing them for not effectively overseeing AECOM, a contractor, and they've extended the contract most recently to AECOM.

SHAYS:

So you would say that was pretty unresponsive?

BOWEN:

Yes.

SHAYS:

OK. General Fields? I realize your reports are new. They don't have the length of time that SIGIR has. But do you have any example of a good response and an example of a bad response? You can pick one that just sticks in your head.

FIELDS:

Yes, sir. I will go back and pick up where I left off with the first audit that we actually conducted, which was of the Department of Defense associated with the Afghanistan security forces fund.

SHAYS:

OK. And were they responsive?

FIELDS:

Yes, sir.

SHAYS:

OK. Give me an example of one where they weren't responsive, or State wasn't responsive, or, maybe USAID. Do you want to think about it? There's got to be something that just ticks you off, that you just haven't felt they're paying any attention to.

FIELDS:

Yes, sir.

SHAYS:

Which one would it be? Which department, which agency, and what would the issue be?

FIELDS:

Yes, sir. In that, I mean, first off I will say that we have conducted 19 inspections.

SHAYS:

Sir, I don't have much time for my questions.

FIELDS:

OK. Thank you. I'm not prepared at this moment, sir, to actually identify such an issue.

SHAYS:

Right.

FIELDS:

We'll provide it to you, though.

SHAYS:

I know you will. Thank you for that, because I'm going to ask you to give me five examples each from each of you where you're relatively pleased and five examples where you're not. And that will be for the commission's purposes, if you do that.

And the whole point is part of the role of the commission is to really track the hundreds, if not thousands, of recommendations and say, "You know, are we spinning our wheels? Are we making successes, having seen some real success here?"

Successful people attribute part of their success to the fact they deal with reality, not the way they want things to be. They deal with reality. And when you deal with reality, you make better decisions.

Now, it strikes me that we have a general who's in charge of the Afghan effort who said something we all agree with. To defeat terrorism it's the rule of law and then it's opportunity for people. Opportunity for people strikes me as nation building. And we don't want to deal with the reality that we're into nation building. Nobody talks about it. We don't describe it that way, but that's what we're doing.

It then begs the question of who should be doing nation building? Should it be DOD? Should it be State, should it be USAID? In theory, if you're looking at it, you would think it was more USAID and State, and not DOD. But we understand DOD is right in the thick of it, and may be doing it better, frankly.

So the question is, would you need coordination if it was just State or if it was just USAID that was involved in nation building and the military was doing its job of fighting terrorism, dealing with the rule of law, which should be police work, and the work of the military?

This isn't a trick question. I'm just wondering if you've wrestled with this kind of issue.

BOWEN:

Very much. It's a great question, not a trick question. The same general you were referring to said that we must significantly modify organizational structures to achieve better unity of effort in the stabilization and reconstruction operations.

SHAYS:

He didn't say nation building.

BOWEN:

Well, he didn't say nation building.

SHAYS:

It's not a criticism. It's just a fact.

BOWEN:

Yes.

SHAYS:

We just aren't going around. It just strikes me if we say we're involved in nation building, we may do something even very different from your proposal if we say that. We have this effort to build a nation. But anyway, respond.

BOWEN:

Well, as you well know, about 10 years ago there was a move away from even saying that word, and then the stabilization operations arose in Iraq and.

SHAYS:

But that's what we've been doing.

BOWEN:

And we've now been doing it. Ironically, yes.

SHAYS:

Yes.

BOWEN:

Exactly.

SHAYS:

Yes.

BOWEN:

The largest two in history, by the way.

SHAYS:

Right.

BOWEN:

Iraq first and Afghanistan second—soon to be first. The reality is stabilization and reconstruction operations, nation building applied, if you will, have elements of defense, diplomacy, and development always within them. And depending on their circumstances, one will outweigh the other over the scope and course of one.

That's why to place it exclusively within any one department is to create the lead agency dilemma we talk about in the paper. If you appoint a lead agency, DOD in charge, it will absorb or imbue upon the process, its culture—State, AID, same thing.

Pulling the elements from each agency—and again, they are addition of duties, if you will, but each agency—into an organization whose sole mission is stabilization and reconstruction operations, whose sole mission is to ensure that we're well prepared and that we have IT, contracts, oversight, management systems, staff, budgeting, all in place ahead of time. Benjamin Franklin said failing to prepare is preparing to fail. Creating an agency whose mission it is to prepare will increase the likelihood of success.

SHAYS:

Well, I'm just wondering that before we go with any proposal, we come to grips with whether we're involved in nation building—we are—and what the implications of that are well beyond just this issue of coordination, because we may come up with different answers.

General Fields, just this bottom line. Excuse me, my time has ended, so I need a short answer. Do you believe that our efforts in Iraq and Afghanistan involve nation building?

FIELDS:

Mr. Chairman, my personal opinion is yes.

SHAYS:

Thank you.

Let's go to Mr. Green.

GREEN:

Mr. Bowen, you probably know better than anyone in this room the history of reform initiatives, and you've laid those out on a number of occasions. And they go all the way from national security presidential directives to Lew or Biden and with a lot of stuff in between.

I think that we all would agree also that they haven't fixed the problem. Why haven't they fixed it? You know, is it lack of staff? Is it leadership? Is it management? Is it focus? Is it turf? Is it bucks, following on what Commissioner Ervin said?

As someone who spent four years battling with OMB in the Congress on the State Department budget, what makes you believe that this concept will work, because, you know, in the end it a lot of this goes back to dollars.

What makes you think that this concept will work, that management, when you draw from all the various agencies, will be any better, particularly when the two largest departments, if I'm reading it correctly, don't necessarily support the concept, not to mention the hurdles that I believe you'll face in the Congress on jurisdictional issues? So you're going to get the money to make this work?

BOWEN:

You're right. This is not an easy proposal. The reason why I think this will work is 'cause it fills the space that's unfilled now.

Think of it as a triangle. At the top the NSC develops the policy for stabilization reconstruction operations. Over on the left side, DOD has enormous capacity. Indeed, I would

submit that the most significant evolution in DOD doctrine in the last 50 years has been the development of the stabilization operations branch, a huge expansion of its capacity.

Indeed, the Army now, instead of just having offensive and defensive operations as part of its approach, has offense, defense, and stabilization operations. That's a huge evolution. But it isn't well integrated with this right corner of the triangle, where expertise lies, namely, at State and AID that handle the diplomacy and the development aspect of it.

And the answer is no. I think we all have recognized that. That integration hasn't really worked. The coordination hasn't yielded institutional change that brings together the various capacities, aptitudes and resources necessary to carry out a sufficient SOR.

So there's this gap in the middle, a place that would bring together what AID and State do well—expertise. But what do they like? Resources: the truth is that State Department budget has dramatically reduced over the last 50 years. The staffing at USAID is less than half of what it was.

Meanwhile, you have great capacity over here. How do you grab that capacity and that expertise and bring it together? Well, it hasn't worked through SCRS, and it hasn't worked through the stabilization initiatives. It hasn't worked through their training regimes, although there are little elements where it's trying to work, like PKSOI, the Peace-Keeping Stabilization Institute up in Carlisle, or Fort Leavenworth's lessons learned study, or TRADOC's work.

But it doesn't bring very many people into the mix. And over here at SCRS, there's not a DOD presence to speak of. It is largely a civilian presence, and at NSC, the country reconstruction stabilization group, the entity created on paper to manage these operations, doesn't have a DOD member as a co-chair.

GREEN:

My time's just about to expire, but you still haven't answered the question. Do you think you can get the money to do something that these organizations have not been able to do, principally because they don't have the money to hire folks?

BOWEN:

Yes. The answer is yes. I think it will be there, because the standard of review was articulated in the most recent appropriations language accompanying support for the civilian stabilization issue. Congress likes to see results. And they want to see that there is some sense that going up to 89 people at SCRS is going to result.

In fact, there's only 16 people in Afghanistan today from that. They want to see 100. They want to see the active deployment teams that were conceived three years ago actually out there. Why haven't they occurred? That's a discussion for a different time. But by bringing that planning together into one place, the likelihood of success is definitely greater.

GREEN:

Thank you.

Thank you, Mr. Chairman.

SHAYS:

Mr. Tiefer?

TIEFER:

Mr. Bowen, I'm not going to take as elevated a view as some of my colleagues. I'm a professor of government contracting at the University of Baltimore Law School, and we tend to take a coarse, crass view of some of these things. So let me start at, I think, something that was missed in this January 25th audit that you did, that you found, but that I don't think anyone noticed in this giant Iraqi police program that's sort of this interagency example, this interagency whale.

And you said that Task Order 1436—and that's the big one; that's \$1.4 billion out of the \$2.5 billion total; that's the big one—was awarded to DynCorp as an exception to the fair opportunity provisions under the FAR. Under the provisions INL did not have to open the award to the other two companies supporting INL. It's a schedule to have three companies.

I think in English what you were saying there is that this huge task order was sole-sourced to DynCorp. I have a further question about it.

Furthermore, you then went on to say, "However, we found no written explanation for the unusual and compelling urgency." That's the excuse for doing it that way. It's got to be unusual and compelling urgency. "We found no written explanation in the contract or task-order file."

Now, that again is kind of gentle language, like "Oh, maybe some unfolded it up and put it on the shelf or something, or it's in their back pocket somewhere." You might be saying it's sole-sourced and it was improperly sole-sourced. Now, that's what I want to ask you about.

BOWEN:

Well, Mr. Tiefer, I think you're right. This particular contract—again, I said the largest in State's history—was extended several times beyond its life rather than re-bid. And if you're going to extend a contract, there may be compelling reasons to do so. And perhaps there might have been in Iraq. But as with much we found regarding the files on this contract, there was inadequate documentation.

That's the explanation, frankly, for all of our audits of this contract. There hasn't been adequate oversight, adequate contract management; thus, inadequate documentation has been the rule. It's an interesting point, because this very contract is up for re-bid right now.

TIEFER:

And then a point of considerable interest, because although the -- the manager, **Joe Mansell** out there would like to do it as full and open, you and I know that there'll be a lot of pressure to do it on a limited schedule. State Department would just like to put it under three.

I think you are championing more competition, more full competition. Your lessons in contracting from Iraq reconstruction said, "Generally avoid using sole-source and limited-competition contracting actions." And you would have USOCO take over contracting. That's one of the things (page 29) it would have responsibility for "budget, contracting, expenditures and outcomes."

TIEFER:

And what I think you're going to run into and I want to ask you whether you think so, too. The crass and coarse resistance here is that the contractors are the ones who benefit by balkanizing departments.

State has its little pool. They don't have to compete out in the open. DOD has its little pool. They don't have to compete out in the open.

And so, they like it that each department separately does its own contracting. Doesn't DynCorp like it that it's got a nice sole-source \$1.4 billion task order? Isn't that what you're up against? The contractors are going to resist you doing what you'd like to do as far as merging, creating larger pools, and larger competition for the contracting?

BOWEN:

Well, I think putting an entity in charge of stabilization and reconstruction operations will allow many of the lessons learned from Iraq and Afghanistan to be applied vigorously. We have talked about the need for uniform approaches to contracting in contingency settings. That's not yet been really realized.

What that means is ensuring that cost-plus contract are not used, which, by the way, this contract was. I've described them as open checkbooks. I think they are. They pay for failure. They pay for everything.

It's true. If your subcontractor fails to achieve it, you don't get your money back under a cost-plus contract. You pay for that. And of course, any taxpayer that knows that feels justifiable outrage. And one of the accomplishments, I think, of some of our lessons learned work and audits in Iraq was to push the entire contracting effort fully away from cost-plus and onto direct contracting, at least at DOD. At State that wasn't the case, as we see in this contract.

TIEFER:

My time is up. But I thank you very much.

BOWEN:

Thank you.

SHAYS:

Mr. Henke?

HENKE:

Thank you, Mr. Chairman.

I want to take your idea, Mr. Bowen, of unity of command, unity of effort and bring it to a practical application in Afghanistan. You both have experienced auditing the efforts to train forces, train police, train army forces. First, and very briefly, how central to our ability to eventually leave the contingency is that training effort? And just very briefly, please.

BOWEN:

How central is...

HENKE:

How central is the ability to train organic forces in Iraq or in Afghanistan?

BOWEN:

It's as General McChrystal said; it's number one.

HENKE:

It's number one?

BOWEN:

Yes.

HENKE:

I want to take a practical example of what's transpiring right now in Afghanistan.

General Fields, you audited what is now known as the NATO training mission in Afghanistan. I think it was one of your first audits that came out.

Mr. Bowen, you drew the diagram in our minds of an example of—and this is a real example—where it's DOD money with the Afghan Security Forces funded through a Department of State contract back to DOD execution with training Afghan forces. DOD gets it, tries to align the money, the contract and the mission, so they put out a request for proposals to change the contractor.

The contractors respond to that proposal. But the day before the day before the proposals are due, the incumbent contractor protests that action to GAO. And I wanted to pick up on a quote here from the NATO general in charge of training the Afghan Police. He's an Italian general by the name of General Burgio. He's part of Italy's paramilitary carabinieri force.

His quote is, "For the cost of 10 contractors I can put 30 carabinieri trainers in and save money." The really interesting quote is this: He warned that if the contractor won its challenge, it would set us back six to nine months. It would set us back in Afghanistan six to nine months. And this is a general officer whose job it is to train police forces. So I think he knows what he's talking about.

My question to you —and I'd open it up to your observations. A company may have the legal right to protest. In wartime is it the right thing to do?

BOWEN:

It's a great question. And I think that's exactly the kind of reform that needs to be addressed in contingency contracting regulations.

You're referring to a regulation that applies universally, domestically, whenever. And -- and this is a beautiful example of why there needs to be thought through carefully and developed and implemented a series of contracting regulations, a contingency framework that has the stabilization and reconstruction operation environment in mind.

Clearly, the policy call that that general identifies is the right one. You know, time moves fast in Iraq and Afghanistan. You can't wait. But that doesn't mean controls should be out the window. This is a balancing test.

HENKE:

Right.

BOWEN:

You've got to have adequate controls with mission accomplishment. How do you get there? You get there by pulling together a better approach. But it's difficult to pull together a better approach when there are five different versions of the federal acquisition regulation, each stove-piped to their particular agency operating in-theater.

HENKE:

But when the government tries to pull together a better approach—it may not be your idea of USOCO—and a contractor has a legal right to protest, is it the right thing to do in war?

BOWEN:

It's...

HENKE:

What's your view?

BOWEN:

Well, the right thing is a policy call. Is it the legal thing? It's what current law permits. This is an argument for reform. I think you've given a great exhibit for why there needs to be reform. I think this is the kind of thing that General McChrystal was referring to, you know, when he says we need new organizations, new structures to carry out this mission. He's talking about problems like this.

HENKE:

Right.

General Fields, your thoughts on this issue?

FIELDS:

Thank you, Commissioner. I am inclined to agree with my counterpart, Mr. Bowen, when it comes to reform. I spent 14 months in Iraq as the chief of staff of the Iraq office that helped to coordinate the \$18.4 billion that we spent and may still be spending in support of Iraq and its reconstruction. And certain issues concerning the federal acquisition regulation and so forth came up during my tenure there. So I can relate to the issues that Mr. Bowen is mentioning.

I also, though, relate to what he said that we just cannot throw oversight and accountability and responsibility out the window simply because we are in a very complicated and involved situation.

HENKE:

Yes. Just very briefly, this Italian general said it would set us back six to nine months in Afghanistan. If we're surging 34,000 troops and spending billions of dollars, is a contract protest the right thing to do?

SHAYS:

Just a yes or no.

FIELDS:

Well, I would say yes if the rules that are in place allow that.

SHAYS:

Fair enough. Thank you.

Dr. Zakheim?

ZAKHEIM:

Thank you.

We're a commission on wartime contracting. And yet you mentioned, General Fields, on page two of your testimony, that we spent over a billion dollars on grants. Presumably these are to NGOs. And I'd like to hear Mr. Bowen's view as well with respect to Iraq. Do you look into the question of whether these NGOs oppose working with the military and we're giving them money? Do you look into the question of whether these NGOs oppose U.S. policy and we're giving them money?

You know, we have focused so much on contracting. But one thing I think I can assert with reasonable justice, regardless of any other criticism, I think our American contractors support America's policy and support working with the military. Can we say the same about NGOs that we're giving money to, General Fields?

FIELDS:

Thank you, Commissioner. The mandate that I and my staff are carrying out covers all of that which has to do with U.S. taxpayer money and its use in the reconstruction of Afghanistan. It doesn't matter where and through which entity it is being. . .

ZAKHEIM:

OK, fine. If you could simply answer my question: Are you looking at the attitudes of NGOs to which AID gives money?

FIELDS:

I would say we're not necessarily looking at the attitude. We're looking at the extent to which they are using that money for the purposes.

ZAKHEIM:

OK. So if an NGO opposes working with the military or opposes U.S. policy, we can still give them money and that doesn't trouble you?

FIELDS:

If the rules under which the policy makers of the United States allow that, yes.

ZAKHEIM:

OK.

Mr. Bowen?

BOWEN:

We have not audited the views, the world views of NGOs. But we have not done audits of grants, except until recently. We reviewed NDI and IRI. And we found there significant issues, significant questions about what was accomplished through that \$250 million set of programs.

Of course, both of those NGOs would presumably support U.S. policies. USAID regularly reviews grant programs. We are going to do an evaluation, though, of the outcomes of the reconstruction program. And that will be getting to what has been accomplished through grants. But I think you raise two important points, one about whether it's wise to give grants to entities that may be aligned against what we may be accomplishing, but two, what's the actual scope of grant making.

Grant making has much lighter strictures upon it. And the outcomes from it are seriously in question from our reviews. We've looked at some very large USAID contracts from a higher, broader perspective and found that the outcomes are weak. A lot of output—limited outcome.

ZAKHEIM:

Thank you.

General Fields, I noticed that you went back out to CSTCA, the Combined Security Transition Command, last month. And they seemed frustrated that they still didn't get the contracting officers that you had recommended they get and that they had desperately asked for. Now, when we were in Afghanistan, we heard similar things before you went out there. What's been the follow-ups? You've gone out there. You've heard this. Now what?

FIELDS:

Sir, the fix to that depends upon, once again, the cooperation among the interagency community, in this particular case with CSTCA, the Department of Defense. And so, we have made note of the fact that after this April will have been a year subsequent to our report on this. We will follow-up, as we do with all other audits that we conducted to see if there is movement. But I was, frankly, surprised that when I met with the commander of CSTCA that those personnel had not been provided at the level the command had expressed.

ZAKHEIM:

Have you taken that up with anybody at DOD since you've been back?

FIELDS:

Not directly, sir. But we will.

ZAKHEIM:

Thank you.

Thank you very much, Mr. Chairman.

SHAYS:

Thank you.

Mr. Ervin?

ERVIN:

Thank you.

I've got two major questions, one for each of you. And if there's time, I'd like for each of you to comment on the others. But if you keep your response as brief as possible, I'd like to be able to get both these questions in.

The first is for you, Mr. Bowen. And again, it's about this special office. I'm glad that the chairman raised the issue of nation building. We talked about that internally among ourselves a week or so ago. And as he said, it's important to recognize reality because only if you recognize reality can you actually deal with it.

I'd like to raise another issue of reality here. And that is whatever we call it, nation building or not, and where we put this responsibility of coordinating stabilization and reconstruction, whether we do it in this new office that you've proposed in the NSC, at least on the civilian side, the State Department office. Isn't it the fact that DOD has so much in the way of manpower, so much in the way of resources, so much in the way of initiative, this can-do, yes-sir, no-sir spirit that as a practical matter DOD will undertake the lion's share of these stabilization and reconstruction efforts in future contingency operations? And what can be done about that?

BOWEN:

That's how USOCO would solve that issue. You're right. Some people say when DOD coordinates, it dominates. And there's a concern about the militarization of foreign aid just seen in Marja, you know, where the UN said that they were hesitant about putting in civilian aid because of the fear of militarization. That certainly is a debate that's going on right now among the departments.

USOCO would bring it together and potentially neutralize that that issue because there would be a director and deputy directors in charge who would not be beholden to any particular departmental bias or approach.

ERVIN:

Well, where would the staff for this office come from largely?

BOWEN:

It would have its own staff. It would be developed on its own. And that would be the responsibility of the director and the deputy directors to put together.

ERVIN:

OK.

General Fields, I wanted to talk about this very important issue of accountability that we've talked about here today. And Mr. Bowen referenced it. I was struck by your saying in your statement that, part of the problem with Iraq is we never really had any accountability with regard to the agencies, with regard to the contractors. I completely agree with that.

With regard to Afghanistan, you know, there was a colloquy earlier about whether you would be willing to recommend that money be withheld generally from various Afghan ministries to hold them accountable for the failure to be proper stewards of American taxpayer money.

How do we do that without hurting the Afghan people? I mean, that really is the issue that we're struggling with in Iran. We want to have effective sanctions there, but we have to come up with sanctions that don't hurt the people. What's your answer to that conundrum?

FIELDS:

That's a tough question, Commissioner, because we have specific strategic interests of considerable value to the United States of America, and those interests sometimes compete with the interests of others, bringing their wherewithal to bear upon reconstruction in Afghanistan.

It is a liability to hold back funds for initiatives that we feel are important to, first, advance the strategy of the United States and to advance the needs of the people of Afghanistan. So these are tough decisions, and I would leave those decisions to the senior leadership of our government to make.

We, though, within the context of our mandate, we will be prepared to provide at least a dialogue, if not recommendations, to the senior leadership of our government as to whether or not we should or should not—and I leave it to our decision-makers—to determine whether those funds should be held back.

ERVIN:

Thank you, General. One final question: Mr. Bowen, as we all have said, you've done terrific work during the course of your tenure at SIGIR.

BOWEN:

Thank you.

ERVIN:

And, of course, the United States presence in Iraq is being ramped down, but the United States will be there to some degree for a considerable period of time. There's no question about that.

And so, what plans do you have, what consultations have you engaged in to make sure that the very effective oversight work of SIGIR continues once the official military presence of the United States government ends there?

BOWEN:

There is still significant money going into Iraq, make no mistake about it. Indeed, including 2009, 2010, and 2011, it's almost \$9 billion, less than Afghanistan, but still requiring oversight and controls.

Notwithstanding the continuing reduction of the footprint, if you will—certainly the military footprint—is accompanied by reduction in my staff's structure. We are reducing by about a quarter this year.

But \$9 billion is higher than was expected. Indeed, \$3 billion in new money in the Iraqi security forces fund was much higher than was expected. And that's our mandate.

So we will revisit our current ramp-down plan in light of the about 20 percent increase in funding to Iraq over the next couple of years.

ERVIN:

Thank you.

SHAYS:

The logic of having DOD take over the training of the police in Afghanistan is that they're still in a war-setting environment. The irony is that when we leave Afghanistan, the continuing training of police would be done by State Department.

I'd like both of you to speak to, in theory, because we're talking about not just Iraq and Afghanistan, when should a handoff occur between Defense and State Department. Tell me when that occurs.

BOWEN:

On police training?

SHAYS:

On the whole works. In other words, the dominant player is DOD in Iraq. It will be almost exclusively State. DOD will be moving out. So when does a handoff occur? And explain to me how you think that process works.

BOWEN:

Well, there are several levels of handoffs. Interesting, as a legal matter, that handoff responsibility for the overall reconstruction mission occurred in June of 2004, but it left in place the project and contracting office, a DOD entity, still managing all the contracts, whereas the chief of mission was still in charge of facilitating transition—the Iraq reconstruction management office that General Fields was in charge of. That, again, underscores a bifurcation of oversight.

SHAYS:

But don't lobby for your . . .

BOWEN:

I'm not lobbying. I'm just saying this is what happens.

SHAYS:

You are lobbying. Just explain to me now, because you may end up at the end being able to make that argument, but just tell me those facts.

BOWEN:

The transition, by definition, is conditions-based. When are those conditions ripe for transition?

The first lesson of our *Hard Lessons*, as you recall, was that security is an essential precondition for reconstruction to go forward. So as long as there's significant kinetic operations going on in Afghanistan, that's—you know, that's where the rub is right now—to pursue an enormous reconstruction program is a challenge.

Indeed, Ambassador Holbrooke said in December, we're seven years into this, \$39 billion, and we're starting from scratch because it was uncoordinated. I think partially coordination was the issue, but the security issue is the driver.

SHAYS:

Yes, I made the assumption that DOD got into a lot of this effort to focus on the opportunities for Iraqi people because, frankly, they could do it better than State, candidly. With resources, men on the ground, and women, they're out there.

And so, you know, in theory, it's USAID and State, even then, that should focus on it. So they do it because they can do it better.

I mean, I laughed when you said it, but it's a very insightful comment: when DOD coordinates, they dominate.

BOWEN:

I think though, also, DOD was filling a space that was unfilled.

SHAYS:

Right.

BOWEN:

General Petraeus said that a year ago in front of the House Armed Services Committee. We took on missions that no one else was doing. And that may look like mission creep, but that's what happened.

SHAYS:

OK. Do you have any insight on this, General Fields, when the handoffs occur? I mean, one of the things that I think Mr. Bowen is saying to me that's helpful is that there's not one moment in

time that there. It's bifurcated and it occurs in different stages and it relates to different issues. Do you agree with that?

BOWEN:

Generally speaking, yes sir. Reconstruction really is on a continuum. But when we commence initiatives of the magnitude of Iraq and Afghanistan, the one thing that I have thus far found that's missing, at least in Afghanistan, are metrics against which we are measuring our progress.

We seem to measure progress against available dollars as opposed to the end state towards which we're working. We need to do a better job of defining the metrics. And in so doing, I think we'll also determine when it is that those milestones will have been reached and such things as handoff take place.

SHAYS:

Great. Thank you.

Mr. Bowen, I salute you for coming in with a proposal. It has to be treated with a tremendous amount of seriousness because of the work that you have done over the years.

So when I say, "Don't lobby," you have every right to make your arguments. I just want to make sure that I'm hearing the point behind the lobbying. But I feel pretty certain that Congress will take this very seriously, your proposal, and be looking at other issues as well.

I'd like to ask in closing, is there anything that either of you wish we had asked that you are prepared to enlighten us with that you would like to do so now? So if there is a question you'd like to ask yourself to answer, feel free, or any closing comment, and then we'll get on to our next panel. And I'll start with you, General Fields.

FIELDS:

Well, first, I want to say that I am pleased by this invitation, once again, and the questions that you've asked. In fact, they do help to advance our work and to make a contribution that our legislation requires.

I also want to say that, in spite of having had a slow start on the front end, we do now have what is nearing a robust body of very qualified staff to do our work. These folks have come to me from the Government Accountability Office, from the FBI, from my counterpart Mr. Bowen, and we're doing the best job that we can to measure up to the significant responsibilities that we have to ensure that others are providing the oversight of the American taxpayer's dollar.

SHAYS:

Thank you, General Fields.

Mr. Bowen?

BOWEN:

Thank you, Mr. Chairman, Commissioners, for this opportunity to appear before you again. I think that the last point I would make is that this issue of an independent office that would bring together all these capacities we've been discussing, all this expertise, is not just for today.

It's something that we've been discussing in the think-tank community, on the Hill, with the agencies for a year now. And we've received, as you pointed out, mixed response.

But I would say, notwithstanding the objections from the departments, which aren't surprising, frankly, that the recognition by those with significant experience in Iraq and significant experience on this issue—Ambassador Crocker, Spike Stephenson, General Scowcroft, whether this is the answer or not—push it forward as a meaningful point for debate, and I look forward to continuing that with you all and with the Hill as it develops.

SHAYS:

Thank you. I'd like to thank both of you for your testimony. I'd like to thank you for the fine work that your offices do and for the help that you provide the commission.

We have a different task than you both have. And just a continued request that there are lessons to be learned in Iraq that can be valuable in Afghanistan and hopeful that both of you are coordinating, sharing information back and forth to the full extent you can would be encouraging.

So thank you both very, very much, and we'll get to our second panel.

BOWEN:

Great, thank you.

FIELDS:

Thank you, Mr. Chairman.

SHAYS:

We're going to take a five-minute break and then we'll begin with our next panel.

(RECESS)

SHAYS:

I'd like to welcome our second panel, Robert Perito, a senior program officer with the U.S. Institute of Peace; Mark Schneider, a senior vice president with the International Crisis Group; and Seth Jones, a political scientist with RAND Corporation.

Mr. Perito, our paths haven't crossed that often.

But Mr. Schneider, you were my wife's boss in the Peace Corps.

And Dr. Jones, I knew you when you were literally wearing diapers. His father is a close friend as is his mom.

Let me first ask you to stand. It's our custom to swear our witnesses in, ask you to raise your right hand. Do you swear or affirm that the testimony you are about to give is the truth, the whole truth, and nothing but the truth?

Note for the record our three witnesses have responded in the affirmative.

And I'll tell you a bias I have. I learn more from folks like you than almost anyone else that comes before us, because, in theory, you aren't as cautious about what you have to say. So I would ask that that continue today.

Mr. Schneider, we're going to start with you.

We're going to ask you to put the mike on.

SCHNEIDER:

Thank you very much, Mr. Chairman, and members of the commission.

SHAYS:

Move the microphone a little closer to you, sir, I think.

SCHNEIDER:

Let me just say that I appreciate very much the opportunity to appear before you today. And after listening to the earlier session, I'm really quite appreciative of the discussion of the issues that you've been raising, because I do think that it's crucial in terms of the role of the United States and the international community generally in dealing with problems of stabilization and reconstruction and, from our view, in the context of conflict prevention and conflict resolution.

You have my testimony before you. I'd ask that it appear in full. For the past 15 years, the crisis group has attempted to analyze the drivers of conflict around the world and to make recommendations based on that analysis with respect to policy by the governments of those countries, by the international community, in an effort to either prevent the factors that produce conflict from resulting in deadly violence or bring them to an end.

And clearly we've concluded that the issues that you've been discussing here, security development, diplomacy, and particularly with respect to reconstruction and involving governance and the rule of law are crucial, and they also have to be implemented simultaneously, not sequentially, if countries are to be successful in post-conflict reconstruction efforts.

Without security, it's impossible to establish a stable, democratic governance, provide essential public services, and generate economic development. And without governance, economic opportunity, and the rule of law, security is endangered. And in the end, there's no exit strategy if you don't have that kind of security available for countries that are engaged in post-conflict reconstruction.

There are a series of questions that I touched on in my written statement. Let me just note that the issues that you've been talking about are also the subject of action by the executive branch at this point, with the QDDR under way at the State Department with the policy director from the National Security Council, with respect to studying and hopefully issuing a policy directive with respect to international development policy, and on the Hill, the efforts underway in both houses with respect to foreign assistance reform legislation, which seems to me to provide an opportunity for some kind of joint effort that would, as a result, provide greater coherence to the actions of the United States with respect to stabilization and reconstruction.

Over the past several years—and that was mentioned today—each agency has attempted in a certain way to respond to this issue, the Department of Defense perhaps most dramatically with the 3000.05 and establishing the issue on a par with war-fighting.

However, this resulted not only from the analysis of the Department of Defense, but as you've heard in the previous testimony from the view of independent inspector generals, the lack of capacity and resources on the part of the civilian agencies to provide a response in the areas of

civilian institution-building in countries undergoing reconstruction and post-conflict stabilization.

And it's here where I think that the 3000.05 in a sense represents the wrong answer, because it places the Department of Defense at the core of responding to provide those civilian capacities, instead of—and this goes to the proposal that the inspector general made—instead of providing the resources and the capacity to the civilian agencies and ensuring coordination mechanisms of those agencies that enable them to fulfill their tasks.

I think it's quite natural that the Department of Defense responded when it found that those capacities were not present. But that's not the best way to resolve this problem, because the fact is that the stabilization and reconstruction is one part of a spectrum.

And if we want to get into this spectrum at a point at which we prevent conflict and be assured that in the efforts that we undertake in post-conflict reconstruction to develop institutions that ultimately can prevent the next conflict, then it seems to me you want to have your civilian agencies capable, adequately resourced, adequately staffed, to meet the need.

The fact is as Inspector General Bowen noted, you have a 50 percent reduction in State's budget over the past 20 years. AID I know has gone. In 1975 there were about 4,300 foreign service officers in USAID, barely over 1,300 today.

Given the threats and given the new necessity for USAID to act, not only in humanitarian response, not only in long-term development, but in reconstruction and stabilization post-conflict prevention and post-conflict reconstruction, instead of being a third of the size, it should be at least three times the size.

And in fact, what you've done is you've taken the agency which has the greatest amount of expertise in this area across the full spectrum, and you've essentially cut off at least two of its arms.

If we're going to be serious about it, it seems to me you have to provide the resources necessary to fulfill these responsibilities.

I see the red light on. I'd like to respond as well on the question of how we've responded in Afghanistan on the question of police training and the rule of law. Much of the discussion here talks about this area as if there's only one leg to the stool, police.

SHAYS:

We failed to ask that question. You can ask it for yourself before the end. OK? So make note of that.

Mr. Perito?

PERITO:

Thank you very much, Mr. Chairman. It's a pleasure to be here this morning.

THIBAULT:

It's nice to have you.

PERITO:

Mr. Chairman, I'm the director of the Security Sector Governance Initiative at the United States Institute of Peace. The views I express here this morning are my own and not necessarily those of the institute, which does not advocate specific policy positions.

I've been asked to address how the United States Institute of Peace can improve coordination of stabilization and reconstruction efforts among U.S. government agencies and other actors. USIP is an independent non-partisan institution, established and funded by Congress, to increase the nation's capacity to resolve international conflicts through peaceful means.

USIP does not report to the State Department or the Defense Department, but it does work cooperatively with all government agencies, Congress, international and nongovernmental organizations. USIP has offices in Baghdad and Kabul and works in a number of conflicted countries.

Over the past three years, USIP, in partnership with the U.S. Army Peacekeeping and Stability Operations Institute, and other agencies at home and abroad, has worked to develop the first-ever comprehensive set of shared principles for stabilization and reconstruction. The guiding principles for stabilization and reconstruction fill a previous void by providing a whole-of-government doctrine for the conduct of stabilization and reconstruction missions.

It is a companion to the U.S. Army's 2008 Stability Operations Manual FM3-07, which provides doctrine for the soldier. Taken together, these two publications provide a comprehensive approach to conduct in these operations. The guiding principles for stabilization and reconstruction elevate five shared end-states found across major international doctrine and guidance from scores of official organizations.

The five end-states are commonly agreed to be the goals for stabilization and reconstruction. These end-states are a safe a secure environment, rule of law, stable governance, sustainable

economy, and social well-being. The manual identifies the conditions that need to be established in order to achieve each of these end-states. It also highlights a set of cross-cutting principles that are essential to achieving success.

The Guiding Principles Manual provides a guide that can be used by all departments of government, allied nations, the United Nations and other international organizations, NGOs, and various other actors. It presents a comprehensive whole-of-the-world approach for planning and execution of operations.

It answers both of the most difficult questions facing participants in stabilization and reconstruction. These questions are: What are we trying to achieve, and how do we accomplish it? The strategic framework you have before you—and there's a beautiful version of this up here on the stand—provides a visual executive summary of the manual.

The end-states are representative circles, to emphasize that they're interconnected. The work of stabilization and reconstruction is not linear. Work toward all the end-states must go forward in tandem, since the end-states are mutually supportive and progress in each is necessary for achievement of progress in the others.

For example, a safe and secure environment provides the conditions for economic progress and political reform. Without security, countries will remain in a state of siege, and political reconciliation and economic progress do not occur.

Opening schools, which is a condition for social well-being, is one of the most effective ways of restoring stability, since parents will set aside differences to get their children safely back into the classroom.

Cutting across all the end-states and conditions are principles that apply to every actor engaged in stabilization and reconstruction. The first and most important of these is post-nation ownership of stabilization in the reconstruction process.

The cross-cutting principles also include political primacy, legitimacy, security, conflict transformation, regional engagement, and most importantly, unity of effort which begins with a shared understanding. And it involves cooperation toward achieving a common objective.

Acceptance of the guiding principles by the United States government and its agencies would promote unity of effort by providing a common set of goals, objectives, and procedures with the civilian aspects of stabilization and reconstruction. This could replace the current task-oriented approach, which only reinforces the instinct of agencies to act independently.

Development of such a common approach would be encouraged by interagency development of project proposals, joint funding mechanisms, and joint Congressional oversight.

In addition to the guiding principles, USIP has published a guide for participants in peace, stability, and relief operations. This guide, which I edited, is based on U.S. experiences in Iraq and Afghanistan that provide a scenario of typical international intervention in peace, stability, and relief operations, as well as the introductions to organizations, the UN, the NGOs, the U.S. government, and the U.S. military, that will be present when the international community engages in a crisis.

This guide is designed to fit into a field-jacket pocket. There's an interactive version on the USIP Website.

In the time I have left, I would like to provide a couple of examples.

There are two examples of where USIP has worked together with other entities to improve and conduct these operations. The first in Mahmudiyah, in the district which was called the Triangle of Death south of Baghdad, USIP teamed with the State Department—OK, I'll let it go then.

Thank you very much. I'll look for your questions.

JONES:

Mr. Chairman and commissioners, thank you for the opportunity to testify. And it was a pleasure to meet some of you when you were on your Afghanistan trip.

I have not worked specifically on contracting issues in Afghanistan, but have, I think, some insight from serving there, as well as experience there over the last nearly decade, as well as being a co-author with Ambassador Jim Dobbins on a range of nation-building books which looked at the experiences in Iraq, Germany, Japan, the Balkans, and a range of other countries.

So at least I hope I can contribute to this discussion. I've divided my brief comments into a couple of different areas. First, I want to note stabilization at the local level because out of the focus on Afghanistan in particular, which is where my primary expertise is, tends to view on issues of contracting, looks at nation-building, state-building, counter-insurgency from literally the top down.

How can the central government get involved in stabilizing the country? I think this elicits a range of questions.

First, how much work should be contracted through Kabul or U.S.-based entities? Second, how much should be done at the local level? Third, what role should the central government in Kabul in general play in a range of areas?

These are critical questions, in my view, and never quite as dichotomous as the questions often imply. But the general focus of efforts since 2002 in particular, or December 2001, when the

Bonn agreement was formed, since then a lot of the focus in Afghanistan—including on the contracting end—has been generally from the top down, trying to establish a central government in rural areas of the country, in particular, as a critical linchpin of stability.

In my view, this is a misconception of power and politics in the country. I'll come back to that in a little bit later, but this has tremendous impact on contracting more broadly.

Power often comes from the bottom up, especially in Pashtun areas. I won't go into any specific examples here, but I think useful cooperation and collaboration with local entities in a range of areas, including Kunar province, work the provincial reconstruction team did has been very helpful and indicative of ways to at least combine top-down efforts and bottom-up, working with local tribes and some tribes, villagers, and legitimate local institutions.

In addition, I'd at least like to highlight the CERP program, which, again, I had some insights into, and certainly not an expert, but have at least two comments. One is, I think, based on my experience, I felt that CERP was quite helpful for the military in a range of rural violent areas where we had little or no State Department-U.S. Agency for International Development participation, nor did we have major activity by Afghan institutions, including the ministry of rural rehabilitation and development. So there were not a lot of additional opportunities in some of these areas.

But I would say that CERP tended to be more effective when programs were designed that actually had a counterinsurgency impact, among others. This is not just development, per se, but we were in the midst of a war in these areas. And, again, there were examples. I highlight the Kunar one as one where I think there were effective local programs with a counterinsurgency focus.

Second, CERP funds for sustainable program, when they're used for sustainable reasons, tend to be more effective. I think what USAID has developed, or at least has encouraged the use of—the tactical conflict assessment and planning framework, or TCAF—has actually been helpful in asking at a very local level what locals need, what kind of issues they require, and it's been helpful in designing projects at a local level.

I'll conclude briefly with some final observations. One is, stabilization efforts, in my view, in Afghanistan (which is my area of expertise), including the utilization of contracts, need to stop conceiving of Afghanistan only as a strong centralized state with institutions that can stabilize the country. I think this is a misconception.

Second, I think this does cause us to look very carefully at stabilization at the local level, including ways to establish projects, again, at the local level.

And I'd just conclude by noting that I did witness countless projects not completed and, in particular—and we talked about it in the previous panel—an ability to think very carefully about measures of effectiveness, because I've found a complete lack across agencies, including the Afghan government, of measuring what kinds of contracts and projects we are performing at the local level.

With that, I will conclude. Thank you.

SHAYS:

Thank you. Dr. Jones, I failed to thank you for spending a year of your life out in the field, in working with the embassy and with our special forces in Afghanistan. And the insights you must have learned from that must be, frankly, incredibly valuable. So thank you for doing that. And all the commission members wanted to make sure I expressed our gratitude. And thank you to all our witnesses.

Mr. Green, you're on.

GREEN:

Obviously, the focus of our work here today is duplication, coordination, and so forth. And what I would like to hear from each of you, starting with you, Mr. Perito, and going down the line, is, what is your impression of the concept that Mr. Bowen laid out for improving coordination in sustainability, reconstruction?

PERITO:

Well, I have a new book, which came out two days ago, which makes an argument in its final chapter called, "What Is to Be Done," which is not dissimilar from the argument made by Mr. Bowen, which calls for an entity that reports to the president that provides central direction for post-conflict contingency operations and, indeed, all stabilization and reconstruction missions.

So I'm on the record on supporting this kind of an idea. I say this because back several years ago, the United States Institute of Peace, myself and two of my colleagues, undertook a study in which we came up with recommendations that were given to the White House and that, in the end, resulted in the creation of SCRS in the Department of State.

At the time, we thought that locating this office within the Department of State would be enough, but I think the record is now somewhat clear that more is required. And so, for myself, I have to say that I'm in favor of creating a new entity, located in a position where it can do the

coordination required to bring together all the components that work in this area. And I'd like to follow this up later on with more detail, if I could.

GREEN:

OK.

Mr. Schneider?

SCHNEIDER:

I think that the Inspector General has identified the right problem but given us the wrong answer. First, I think that you would have a serious question with respect to this agency, as I read it, anyway, as having sufficient authority or bureaucratic heft to enforce accountability.

And I think it takes a piece of the problem. It doesn't permit you to look at the full range of needs with respect to, basically let's call it state-building in a post-conflict environment. And it also doesn't permit you to see the possibilities for using the other assets of the Department of State and USAID in the most effective way.

And I think that the answer goes back to the discussion earlier. You have to give your civilian agencies the resources necessary in order to fulfill these roles. The coordination part of it, it seems to me has to come out of the NSC. There has to be a greater capacity to coordinate the efforts of the agencies through the NSC. I don't see that as happening yet.

GREEN:

OK.

Dr. Jones?

JONES:

I agree with many of the comments that came out and actually agree with both of my colleagues here. What I would also say, though, is on the coordination front there are multiple levels of coordination.

There's obviously the D.C. level across agencies. There's the Kabul level, which is where I was largely involved, across agencies in Kabul. There's the regional level. So we see this in R.C.-

East, for example, with individuals like Dawn Leberry, and, down in the south, Frank Rigerio, the senior civilian representatives.

And then, at the tactical level, where actually things happen on the ground, in my personal view the areas we are sometimes weakest at are actually at the tactical level and actually implementing coordination on the ground. And so I found, in my experience we certainly had very positive coordination on the ground, both on the contractual and then on broader nation-building and counterinsurgency objectives.

In Kandahar province, for example, there was very good coordination, and it started at the planning phase between U.S. conventional forces, special operations forces, U.S. Agency for International Development, especially its OTI, Office of Transition Initiatives, as well as some in the PRT down at Kandahar.

And it then led into various districts into coordinated efforts across the ground, both in the conduct of military operations and then, in follow-up, holding and building—the clear, hold, build model.

So we have had good examples, and I've seen it at the tactical level, of efforts at the various strategic levels, but we have problems in a range of other areas in doing it, where we have little to no coordination, including at a tactical level.

So solving the problems in Washington and in Kabul and at the regional level does not always lead to better implementation. Where it actually matters, it is on the ground.

ERVIN:

Mr. Green, could I just intersect for a second and just yield for just a half-second? I just want to clarify.

ERVIN:

You said Dr. Jones that you agree with both Mr. Perito and Mr. Schneider about this office. And Mr. Perito said he supported it, what Mr. Bowen proposed, and Mr. Schneider said he opposed it. So I'm confused. How could you support both those?

JONES:

Sir, I believe it's a necessary, but not a sufficient condition. So I believe, for example, on the NSC end that the coordinating efforts at the NSC especially, rather than at State SCRS, should be

a helpful development. But I don't believe that it's sufficient to lead to implementation on the ground, so a necessary condition, but not sufficient.

ERVIN:

OK.

GREEN:

Mr. Schneider, as you may have heard me mention in the previous panel, I spent four years fighting the budget battle in the State Department and USAID, and I don't disagree with you that, you know, both of those departments, agencies are and have been underfunded.

I'd like your thoughts on how you convince OMB and the Congress to provide that kind of funding that would be necessary to carry on with what you have suggested, whether it's AID in charge, SCRS in charge, I don't care. How do we get the money on the soft side to go forward?

SCHNEIDER:

That's a crucial question. I should add that that's also one of the reasons why I think this new entity would not succeed, is that it would not get the funding.

GREEN:

Yes, OK.

SCHNEIDER:

And everything that we've seen in the past several years in terms of 1207, et cetera, Congress in fact has given the money back to the agencies, USAID, in terms of 1207, the complex crises fund.

My argument would be, I think, that we do have to see this as part of the United States' national security effort, and therefore I would argue that when the secretary of state, the administrator for USAID go up to the Congress and make their pitch at Appropriations particularly, that I would hope that they would have the secretary of defense with them, arguing that that AID's budget needs to be expanded and that instead of having this year 200 additional AID employees that are going to be funded, there needs to be 500 or 800, and that he needs to be

making the case that his task cannot be achieved unless USAID and the State Department have adequate resources.

GREEN:

I would not disagree with that. And it points out another issue. The secretary has to personally be involved almost daily to make this happen.

Thank you.

SHAYS:

Mr. Tiefer?

TIEFER:

Mr. Schneider, I want to draw you out not about general and high theory, but about specifically Afghanistan and where I think you have your own view, which is somewhat at odds even with the current administration, and certainly with other views.

In your statement, you contrast for how to handle PRTs, Provincial Reconstruction Teams, benchmarks which should be used to transition from having a heavily military to a heavily civilian composition. You want to talk about the next bullet point, the same as for provincial reconstruction team conditions which define when they should be under military command and when they should be under civilian command.

And I get the sense—confirm or tell me I'm wrong—that you would contrast in Afghanistan very violent and unstable areas—you know, Helmand province, the areas near Kandahar, which have to have a more military treatment; the PRTs, if they're going to be there at all, have to be under military command—from other areas in the north and west, not Pashtun areas, Tajik, you know, the ones that have been more stable, where we could do other things. Am I right that you would have a less military approach to parts of Afghanistan than we seem to be following now?

SCHNEIDER:

Without question. I think if anyone steps back and says, "How do we best do post-conflict reconstruction," you have a peace treaty, you have an agreement in the aftermath of that treaty to help the new country develop its resources, its institutions, you have civilian agencies doing it. In an ideal world that's what you would do.

In the case of Afghanistan, you don't have that ideal world, so in a sense you have to make some kind of compromise. And all I'm saying is that it seems to me that the military and the U.S. government and NATO have failed to establish what those conditions are where we have to make compromises here at home and where we don't, and therefore we should have the civilian development agencies working much more directly.

TIEFER:

You mean...

SCHNEIDER:

...because there are consequences.

TIEFER:

Let me come in on that.

SCHNEIDER:

There are consequences.

TIEFER:

Let me come in on that in civilian agencies. Let me ask you about Agency for International Development, AID, in particular, because you write about that. You say it is the agency, in your statement, that should be on the front lines addressing these conflict drivers.

In AID do you think that for the less violent parts of Afghanistan, AID should have a larger role doing more of its traditional-type stuff? Is that what you're saying?

SCHNEIDER:

I do. I absolutely do. And I also think that in the question of the PRTs, there should be distinctions. I was looking at the report of the SIGAR in January 30, just to give you an example of how different they are.

In terms of the number of attacks in Helmand in the quarter, there were 1,700. In the PRT in Helmand, the U.K.-run one, there's 242 people, 91 civilian, 94 military, 27 civilian police. In the

PRT that Sweden runs, there were three civilians, even though there, in Balkh province, there were only 12 attacks during the quarter. But of the 378 in the PRT, 375 are military. Now, it just seems to me that there's a need for some uniformity and some agreement on when you need them, when you don't, how you transition out.

TIEFER:

OK. Let me go on to the issue of the Afghan police training. We had our own hearing on this around December 18th, December 20th, and so we were deeply immersed in it. And as your statement reflects, the goals we have are of building up the Afghan police, the Department of Defense is taking that over. Used to be large civilian, large State role. Now DOD is taking over.

It's got goals that are somewhere between 134,000. We heard, although the general involved kept saying, "It's just a goal, just a goal, just my thinking," 160,000. And you seem to be saying that we shouldn't have such incredibly high goals.

I particularly am interested when your statement says how most recent information indicates the actual number of on duty police officers—and the authorized number of a year ago was 82,000—the actual number is 56,000. Has DOD gotten not just one bridge too far as far as the police, but two bridges too far in what it's shooting for?

SCHNEIDER:

Well, my concern is not the goal, but the timeframe, that it seems to me that the first thing you do is you need to get the trainers on the ground, the mentoring teams on the ground, to move from the situation today where the number of police who have received police training, according to SIGAR, is that 30 percent have received the new FTD training. Seventy percent have not.

It seems you have to get through that process and have the existing number trained and where you think they're moving into that category, which I'm sure CM1 capable of acting independently as police, not as light infantry for the military, but as police engaged with prosecutors and courts on law enforcement. And that's not the case, but that's some...

TIEFER:

What about the parts of the country? Suppose we create these paramilitary trained police, which is the direction, that is the eight-week program, in order to get enough people out, we either give them last then those eight weeks or a big piece of their eight weeks is just training with weapons that you use in military-style combat.

What's going to happen to the parts of the country? Are they going to benefit from these new police, the less violent, stabler parts of the country? What happens if you send them military trained police? And that's what they're getting.

SCHNEIDER:

Well, I mean I think that you make it less likely that you have a comprehensive, integrated rule-of-law structure on the ground. And that's ultimately what you need. What you want is, you want citizens who believe they can go to the police and get protection, that they can go to the courts and get justice. And we're so far away from that right now in Afghanistan.

And part of the reason, by the way, is that, remember, for the first almost five years the United States did not actively engage in a significant way in the area of training police. It was somebody else's responsibility.

TIEFER:

I want to ask you a question about that particularly, because that's one of the most startling things you've said. You said that our Afghan policy, as others have said, back in 2002, 2003 was the light footprint policy. We weren't going to do nation building. We weren't going to be troops there. We weren't really going to. Initially, we left to the Germans the training of the police, and, you know, did nothing.

If we have to go back seven years to that point where those mistakes were being made to fix it, how many years is it going to take starting from now before we would fix it?

SCHNEIDER:

A lot longer than if we'd started with this initially.

TIEFER:

How about a number?

SCHNEIDER:

I think . . .

TIEFER:

Seven years back, what'll it take?

SCHNEIDER:

I think that you have to be thinking about five years in terms of the existing number moving to a point where the existing number are trained in order to meet that CM1 category.

TIEFER:

Thank you. My time's up.

SHAYS:

Mr. Henke?

HENKE:

Thank you, Mr. Chairman.

Mr. Perito, in your statement you draw three recommendations: first, that the QDDR and other instruments should look at your guidelines and your guiding principles; number two, we should have joint funding; and three, that we should train federal civilian personnel to succeed in complex operations and complex missions.

Then you make a statement that I'd like you to just draw up a little bit. You make a statement in that third recommendation that current heavily reliance on private contractors also undercuts progress towards unity of effort in the field. Since the topic of the hearing today is really unity of effort and synchronization of effort, can you expound on those views and tell us why you believe that to be the case?

PERITO:

Yes, I'd like to do that by looking at the issue of police training in Afghanistan and Iraq, which has been a topic here this morning and which I've written about extensively.

In this mission for the first time historically, the leadership was passed to the Department of Defense, and for good reason at the time. Historically, the leadership for police training and post-conflict interventions had been with the Department of State and the Department of Justice.

The Department of Justice, where I headed the ICITAP program, which trained police in Somalia and in Haiti and in Bosnia and in Kosovo, where you had full-time law enforcement professionals in charge of the training, you know, that worked fairly well. But that model was abandoned when we got to Iraq and Afghanistan.

The problem in Iraq and Afghanistan is as follows. Without anyone involved in the police training effort who is a law-enforcement professional, the leadership and the determination of what goes on in those projects then shifts to contractors. The contractors then are left to come up, based on their own devices, with what is to be done.

And what we've had in Afghanistan, as you are aware, is the FDD program, in which only 32 hours, I think, of the eight-week program is devoted to police skills. And the contracting company that has that responsibility really doesn't provide overall guidance to its people, who then make up out of their own experiences what is to be done.

And so unless you have an adequate cadre of trained federal employees to supervise this and other operations, what you get is ad hocery on the part of contractors, who are placed in a situation where they have to decide on the spot what to do.

HENKE:

But aren't the bulk of the contractors there, though, law enforcement security professionals drawn from across the U.S.?

PERITO:

That's exactly the case. They are people who are former law-enforcement professionals of various links of experience and expertise, who are drawn from across the United States. And they go through a nine-day orientation program, which I've seen up close and actually participated in.

HENKE:

With the contractor?

PERITO:

With the contractors, which is more about how do you get the pay.

HENKE:

Sure.

PERITO:

And how do get your uniform than what you're supposed to be doing. And then you deployed in the field. And so they're left pretty much to make it up as they go. This is not their fault. These are courageous people. I wouldn't take that away from them. These are very brave people, and they're trying to do the best they can. But there's no overarching theory.

The book that I described earlier looks at how you trained police in counterinsurgency operations. It's called *Police in War*. We went out and looked at agencies engaged and asked them, "What is your curriculum that you're giving to your trainers to use?" And the answer is, "We don't have one."

HENKE:

Right. That sounds like an execution problem, not really unity of effort problem. So why do you think it's a unity of effort problem?

PERITO:

Well, in the beginning, I think, if you go back to Bosnia and Kosovo, you did have a certain unity of effort. And once you have the Department of State and the Department of Justice drawing on their particular expertise with the support of the United States military to do this.

HENKE:

But why? Why? Because they were federal civilian employees?

PERITO:

They were all federal civilian employees. At least the direction of the program was in the hands of federal civilian employees.

And that ended with Iraq, where you had the U.S. military pretty much in charge, working through the State Department, which outsourced to a contractor.

HENKE:

OK. So, your solution would be to do what? I'm just curious what the answer is.

PERITO:

Well, I think, drawing on what's been said by other members of the panel, first of all, you need a larger cadre of federal employees in State and AID and the Department of Justice, who have the requisite background and support and expertise. And then you need to deploy those people.

And then, if you use contractors, then you need people who are in charge and understand the mission who can help those contractors and provide them with guidance, so that they can do their jobs. But that's not what we have today.

SCHNEIDER:

Could...

HENKE:

Yes, sir, go ahead.

SCHNEIDER:

Could I just...

HENKE:

Please do.

SCHNEIDER:

On this specific, very quickly, this is the largest gap within the United States capacity to respond in post-conflict reconstruction. It's the largest gap in the international capacity to respond.

HENKE:

You mean the training of police.

SCHNEIDER:

No. I mean the training of an integrated law-enforcement structure that includes police, judges, and prison correction officers. That doesn't exist. And I would argue that that's what we have to create.

We have to create that capacity within the U.S. government, not just in terms of a post-Iraq, post-Afghanistan, but to help failing states, to help fragile states, Haiti, to help those kinds of countries develop their own capacity.

HENKE:

And so, sir, by gap, you mean it doesn't exist in the federal civilian side. So, therefore, we must contract it? We don't have a choice?

SCHNEIDER:

No. I think you have to build it.

HENKE:

Right, right. But you have to build it. You, sir, said that at one point it did exist—Bosnia, Kosovo.

PERITO:

We did. I'm going to go back, and this is a key point.

One of the reasons that you need a new entity is that there is this huge gap in our federal government capacity. We don't have a national police force. We don't have a ministry of the interior or a ministry of justice that does this kind of work. And we don't have a federal capacity to do prisons abroad.

HENKE:

Right.

PERITO:

So, this new entity—if it's Stuart Bowen's, or mine, or whoever's, you know, would have this capacity. But you need federal capacity to do and direct this.

SCHNEIDER:

But I mean we differ only in that I don't think you need a separate structure for reconstruction and stabilization or the contingency operations. I think this unified capacity in terms of police, judges, corrections.

HENKE:

Right.

SCHNEIDER:

I would like to see that created. And to be frank, either within the USAID, the Department of State, or linked to the Department of Justice where it's called on, as ICITAP, and OPDAT is the comparable one for prosecutors in Justice. But that entity doesn't exist.

HENKE:

Dr. Jones?

JONES:

I'd just add that some of the places that we've gotten around this problem have been in the Balkans when we could leverage competent allied countries like gendarmerie and carabinieri that could do it with us, and that actually have a centralized, national police, law enforcement agency.

In those cases, we have not been able to successfully leverage them in Afghanistan.

HENKE:

We're on our own.

JONES:

We're on our own for policing in violent areas.

HENKE:

Right. Thank you all very much.

SHAYS:

Dr. Zakheim?

ZAKHEIM:

First of all, I'd point out, Dr. Jones, you'll recall that in 2002, 2003, when the Germans were in charge of police, the Italians were in charge of justice. And that begs the question of how much you really can rely on allies. And that creates a major problem for us.

If we're going to rely on them, then we shouldn't be talking the way Mr. Schneider is talking about doing it all ourselves. If we're not going to rely on them, we've got a heck of a different problem. I don't know if any of you disagree with me on that, but there seems to be an issue here that we're avoiding.

Mr. Schneider, do you want to comment?

SCHNEIDER:

I think the only way that you change that is if you, in fact, create that ability within the international community. There is a Rule of Law Assistance Unit that has just been created at the UN, but it's very small, but linked to peacekeeping, linked to the department of peacekeeping operations.

You have to create it someplace, or else by default it's going to be here.

ZAKHEIM:

Let me ask you this. You know, you're suggesting more resources. And like my colleague, Grant Green, I also had to wrestle with OMB. And getting resources for Afghanistan in 2001, '02 and '03, as Dr. Jones has written, was kind of hard.

GREEN:

And if you think it was hard for DOD, imagine what it was like for State.

ZAKHEIM:

That's right. But the point is, even if you were to make that assumption, we're seeing how SCRS can't even get the 250 people. That's it. They can't even get those.

So, my question to the three of you is, how long do you think it's really going to take before we can really come up with the kinds of capabilities you're talking about? And other than contractors, who's going to do the job?

PERITO:

Well, at the rate we're going, it's going to take forever. And it's really not going to happen. And that's why there needs to be a new approach and a re-think of all of this, because the SCRS approach has been valiant, but it hasn't been terribly successful. So, another approach needs to be done.

One of the things that I think militates against creating capacities in a wide range of different areas is because it's so difficult. And so, maybe if there was one central entity that could be fully staffed, funded, and resourced, and then had the authorities that would go with it, maybe that would be the solution to the problem, rather than trying to staff up a whole range of different entities, and then get them to work together.

ZAKHEIM:

Mr. Schneider, Mr. Perito says it'll take forever. That's a long time.

How long do you think it'll take?

SCHNEIDER:

I have to say it depends very much whether you have, as Mr. Green indicated, the secretary of defense, the secretary of state, the administrator of USAID going up there with the support of the White House and saying, this is essential to U.S. national security.

ZAKHEIM:

No, no. But that's not my point.

Let's say you got those resources, you still have to get the people.

SCHNEIDER:

Yes.

ZAKHEIM:

So is there legislation to force people to go out there right now?

SCHNEIDER:

No.

ZAKHEIM:

OK. So, you need OPM.

SCHNEIDER:

That's a very good point.

ZAKHEIM:

Well, thank you.

SCHNEIDER:

I do think that there needs to be a similar kind of provision when you join the Department of State, and you join USAID, that says, in these circumstances, you may be ordered to, and you have to sign up for that.

ZAKHEIM:

So, we now need budget support and special legislation.

Dr. Jones, what would you add to that?

JONES:

Well, I'd add, in addition to that, there are suboptimal options that are worth considering. One of them is we do have reservists, for example, in the U.S. military with a policing background. Is there a way to leverage reservists in the U.S. military who are active, who are police officers, and deploy them abroad for that?

Now, it's a suboptimal option in a range of ways, but it is something to think about. I think using military forces, in my view, is better than using contractors for a whole range of reasons.

So, I would say, in general, that it's, again, as Bob has pointed out in his work before, using military forces on the ground as trained police is not optimal for a whole range of reasons. They're not trained to do law enforcement.

But I think it's a better option than what we had in Afghanistan in the early period, which is contractors doing it.

ZAKHEIM:

Dr. Jones, you've pretty much stated—and I don't disagree with you—that Afghan politics is local. I think you actually quoted Tip O'Neill on that.

One of the things about local politics in most Western countries—forget about other countries—most Western countries, is that you get a lot of corruption. Afghanistan is noted for its corruption. We talked about it in our first panel.

How do you deal with that, Dr. Jones, in terms of what you're proposing?

JONES:

Well, I would point that, if you look at public opinion polls in Afghanistan, most Afghans believe corruption is worse the higher one gets up. So, when you get to the central government level, it's much worse at that level.

I would say using funds, including for contracting purposes, at a local level, one has to be extraordinarily careful about who one is giving money to, how one is measuring effectiveness, and where that money is going, and how legitimate those entities are.

Now, what we found is, giving money to local communities for road work, for example, we would get Afghan local government officials, district and provincial governors, involved in the decision-making process. On providing assistance, we would sit down with local shuras and jirgas and provide money, in some cases directly to individuals doing the work.

I think the more we can cut out middlemen who can take a cut of the money, the better off we are in minimizing corruption at a very local level.

But where we've had problems, including on the police front, is the higher up we give salaries, for example, to police officers who then hand it out to individuals on the ground, they will inherently take a 10, 15, 20 or more percent cut.

So, part of the issue is, I think, trying to find ways to get it directly into their hands. And we've done that in some areas by using bank accounts to provide money. The problem, of course, is that requires somebody to have a bank that they can withdraw money from, which is problematic in some areas of the country.

ZAKHEIM:

You talk about synchronization at the local level. Would you advocate that, oh, I don't know, the Special Operations ODAs and AID folks on the ground have joint formulation or chop on each other's statements of work?

In other words, we talk about a shortage of contracting officers in DOD. We talk about a shortage of contracting officers in AID and in State.

Would you have somebody taking responsibility for all three, handing over jobs from one to the other? In other words, you almost have a central core of people? Or they coordinate, so that you don't get different statements of work that may trip over each other?

JONES:

Based on my experience, I think there has to be coordination at the local level. That is joint planning efforts. Because when we do development projects on the ground, it's usually a function of some operation.

ZAKHEIM:

I'm not talking about planning. I'm now where Professor Tiefer is. I'm down and dirty. And what's down and dirty is how you write a contract out, how you write a statement of work.

Would you advocate that, basically, agencies that are not actually issuing the contract still have a look at what that SOW looks like?

JONES:

I think that would be helpful, if they are operating in those areas. Yes.

ZAKHEIM:

Thank you. Thank you, Mr. Chairman.

SHAYS:

Mr. Ervin?

ERVIN:

Thank you, Mr. Chairman. I'll try to be brief in my questions, because I have a number of them. And if you could be brief in your answers, I have a number for each of you.

First let me start with you, Mr. Schneider. I was struck by a number of comments in your statement, one of which was that, in your view, security and development need to proceed simultaneously, and not sequentially, not consecutively.

And I think you were here for the earlier panel. Mr. Bowen really said the opposite of that, and he cited Ambassador Holbrooke for that proposition. To some degree opposite, there needs to be a minimum degree of security, needless to say.

So, could you just expand on that, and just draw you out a little bit on that?

SCHNEIDER:

It's unlikely that, in situations like Afghanistan or Iraq, that you're going to have full security across the country in which you can say that, therefore, we can carry out civilian development activities all over the country.

But it does seem to me that, when you do have—for example, in Afghanistan—when you do have effective citizen protection at the local level, services provided at the local level, that enhances the possibility for that community rejecting the Taliban entreaties or incursions and provide more information on the military side to indicate where the Taliban is located.

That's what I meant in terms of the linkage between the two. And I do think that they reinforce each other.

ERVIN:

Thank you, sir.

Also, you know, your comment that there are certain things that private contractors shouldn't do, toward the end of your statement you talk about that. And I'd like to draw you out on that.

What, in your view, is it that contractors are presently doing in Afghanistan, in Iraq, that they oughtn't do?

SCHNEIDER:

I have to tell you, I believe that the area of police and justice is an area that should not be done by private contractors. And I think, to the degree that you think in terms of moving to a point where that operation is not done by those contractors, it's in your interest to do so.

ERVIN:

And what about providing security?

SCHNEIDER:

I think that security is going to be provided, I think, by the international military forces. And there, in terms of providing security, that would be an aspect that you might in certain areas have to do by contract. I understand that.

ERVIN:

Thank you.

Mr. Perito, I very much applaud your principles. I think it's a huge advance for there to be a set of principles, that it seems to me, every relevant U.S. government agency and the entire international community that's focused on Afghanistan should embrace.

And so, on that point, what has been the response of the relevant government agencies—our government agencies and the international community—to those principles so far?

PERITO:

I think this has been very well received, although not officially endorsed. The U.S. military, as I said before, has been very actively involved in developing this set of guidelines, which is the civilian counterpart to the military doctrine on post-conflict stability and reconstruction.

And so, there was a great deal of work done between ourselves and the U.S. military in developing these. And other agencies around the world have contributed. I don't think, as yet—and this is relatively new—that there has been a formal endorsement from a U.S. government agency, for example, the Department of State.

PERITO:

But certainly, this—and I want to make one point about the guidelines. The guidelines are silent on this issue of the structure of government, and that was on purpose. They don't comment on whether we need to expand the Department of State or the AID, or whatever. They simply look at what is to be done, and how to go about doing it, and then providing a universal set of guidance that anyone can use.

And they move away from what has been the pattern in the past. And that's to make a big list, you know, these huge laundry lists of everything that needs to get done.

And we've seen in Afghanistan what happens when you try to take that approach. What you get is chaos, a lot of people running around doing things in a very disconcerted and disorganized manner.

And what this does is it says this is where we're going, this is how you get there, these are our guiding principles. And then you move out.

ERVIN:

Thank you. All right, well, you've raised another issue in passing, which I wanted to get to. And that is, you know, leaving the principles aside now and talking about structure. You're a proponent of this Bowen proposal.

PERITO:

Right.

ERVIN:

And you said earlier that in your view, SCRS has been a valiant effort, but it's failed. It hasn't achieved what its objectives were. In your judgment, why hasn't it lived up to its promise? And I want to see what can be learned from that with regard to the efficacy of the Bowen proposal.

PERITO:

OK, now, this I'm giving you is my own opinion because USIP has no opinion on this. And this is where I come out. Having been a part of the effort that led to the creation of SCRS in the beginning, what I think we've learned from this experience is that placing an entity within a single government agency does not give it the overall authority that it requires. And, you know, I would argue that the institution that is created to do this kind of coordinating needs to be close to the president.

ERVIN:

Yes, on that point then, doesn't that argue for placing it within the NSC? And, in fact, of course, there is an NSC group that's supposed to be doing this.

PERITO:

Right.

ERVIN:

Doesn't that argue for empowering them as opposed to creating a new organization that would report directly to the president?

PERITO:

And back in the Bush and Reagan administrations a long time ago I was the executive secretary of the National Security Council. I can tell you that within an administration this might work very well. But when administrations go out of office, all the NSC structure goes with them.

ERVIN:

Wow.

PERITO:

And at the beginning of every presidency somebody sits down and writes a new presidential decision directive which recreates the interagency structure. And so, we wrestled with this before. But the fact is that there is no continuity.

SHAYS:

Could I just interrupt?

I think that's a rather strong statement. I mean, when you say there's no continuity, it's the leadership that changes. It's not the rank and file folks that are there.

PERITO:

It's the structure of the interagency process. Each administration has the right to determine which interagency working groups, what the interagency working groups will be and who will chair them and what the authorities will be for this interagency process. And so, if you want to create something which is lasting and which has a long-term viability and can accumulate expertise and resources, then you have to put that into the bureaucracy.

SHAYS:

Thank you.

ERVIN:

Absolutely.

And then I've just got one final question for you, then I want to get to Dr. Jones. I noticed you were saying in your statement that you are hosting a workshop or have done so.

Yes, on a code of conduct for the private security industry.

PERITO:

Yes.

ERVIN:

That prompts me to ask. What's your, and what's the official position on IPOA, that contractor organization, and its efficacy in policing private security contractors? We've had some focus on that, the commission has.

PERITO:

OK. We don't have an official position on this. But I can tell you that IPOA was an active participant in this meeting, that they have done a lot of work on their own code of conduct. This was a meeting which we had three governments represented who were interested in this, lots of NGOs, lots of other people involved. And the IPOA people were very active in contributing to this and in supporting all of this.

ERVIN:

OK.

PERITO:

So I think they seem to be, from my observation, playing a positive role.

ERVIN:

Thank you.

SHAYS:

Mr. Schneider, you didn't seem to want to use the "N" word. You call it state building instead of nation building. I'm finding myself getting distracted thinking, well, maybe states deal more with government and nations deal more with people. And are you just being cute, or is there a difference?

SCHNEIDER:

In the past the use of the term nation building created partisan problems.

SHAYS:

Are they equal? Are they the same?

SCHNEIDER:

Generally.

SHAYS:

OK.

SCHNEIDER:

Yes. Except that state building is focused on institution building. Nation building really does have a sense that you're working with . . .

SHAYS:

Yes. I'm just wondering maybe state building is a better word. And, you know maybe it isn't. But I'm going to think about it.

Mr. Perito, do I make the assumption that this is what it takes to achieve successful state building, nation building?

PERITO:

Yes.

SHAYS:

OK.

PERITO:

In a word.

SHAYS:

Comments by Mr. Schneider or Dr. Jones about what Mr. Perito is suggesting? Critique it.

JONES:

Well, I've written in my own work that any effective nation building—I'll use that term—effort has to be holistic in the sense of including a rule of law component, security, governance, economic, et cetera. The issue, though, I think, is we've got the principle, he's got the principles right here. Execution can be a little challenging on taking these principles and executing them on the ground because states differ exorbitantly in how the rule of law is created, what the history are, what the nuances are. So a failure to understand the countries we're dealing with can lead us to bad implementation of this.

SCHNEIDER:

Yes, I agree fully with that. One point I would make here . . .

SHAYS:

With Dr. Jones' comments?

SCHNEIDER:

Yes, with Dr. Jones' comment, that this is an integrated structure that explains what you have to do to create an effective state. However, the point about what kind of a country, the culture, that, in fact, is what development experts do, is they understand that. They are on the ground. They understand the history, the background and how the rule of law in Afghanistan differs significantly from El Salvador and similarly the other areas. And so, how you create that is crucial.

SHAYS:

Dr. Jones?

JONES:

If I could use the example of policing, for example, in a country like Afghanistan, it is one thing to identify the rule of law and police as important. It's another to bring contractors in who have no experience in understanding the kinds of roles policing has had culturally and historically into a country. It makes relevance, I think, very minimal. And we've had that problem, I think, with some of the contractors that are in the Afghan theater.

SHAYS:

Right.

Mr. Perito?

PERITO:

The guiding principles which were developed over two or three years of consultation around the world literally represents the combined wisdom of people that have been doing this, you know, for the last decade or two.

SHAYS:

Right.

PERITO:

So that's the first part of it. And the second part of it . . .

SHAYS:

But I don't think you would disagree with what Mr. Schneider or Dr. Jones has said.

PERITO:

No, I'm just trying to elaborate. And the other point about it is that the first principle is host-nation involvement and ownership. And when you get that, then you get the method for smoothing out the differences and making things absolutely, you know, focused on what the needs are.

SHAYS:

As a former Peace Corps volunteer, it was stunning the mistakes we made in Iraq. And the first four times I went to Iraq, I went outside the umbrella of the military. In those first four times staying with Iraqis, they described to me all the mistakes that we saw being made during the course of four years. And all the corrections could have been made had people just done, you know, gone and visited with some folks.

And, Dr. Jones, that's why I'm particularly appreciative that you were out in the neighborhood.

Mr. Perito, you said that you were part of the team that recommended the SCRS, the coordinator for reconstruction stabilization within the State Department.

PERITO:

Right.

SHAYS:

Now you're kind of feeling that the proposal similar to USOCO makes sense. Tell me did the SCRS not work? Was there a lack of resources or a lack of management attention, a lack of support of other agencies?

What's gotten you to kind of think a little differently about this?

PERITO:

OK, first of all, as a former Peace Corps volunteer myself, I share a lot of the same feelings that you had.

SHAYS:

And we've all lost our hair.

PERITO:

Yes, we've all lost our hair. But we've also gone through that same, you know, kind of why aren't they doing it differently.

SHAYS:

Yes.

PERITO:

And why didn't they use the approach that we used.

SHAYS:

It's frankly maddening. But at any rate . . .

PERITO:

Yes, it's very disturbing. And the second thing is, you know, why do we need to perhaps move beyond SCRS? First of all, I want to say that SCRS has an important role in the Department of State to coordinate the activities of the State Department, which is a critical piece of any stabilization and reconstruction operation. So that's the second thing.

But beyond that, I think that you need an entity that's above any individual department to coordinate across the board. And that seems to be the lesson learned out of the experiences of the last few years.

SHAYS:

Well, I'm wondering, though: Couldn't you have DOD be the coordinator when DOD is in charge and State be the coordinator when the primary responsibility gets shifted over to State?

PERITO:

The problem is that if you put one entity in charge, you get a response that's based on that entity. When you have the Department of Defense involved, which is what you've had, then you get a militarized response. If you look at the police training programs in Iraq and Afghanistan where the Defense Department took over, you have a militarized training program. You know, we have created in Afghanistan little soldiers.

SHAYS:

Yes. It's hard for me to imagine, though, how you in a time of war get DOD to do anything it doesn't want to do. And it's not a criticism of DOD. It's just that, you know, they're the major player. And, you know, they're dealing with the lives of soldiers, and everything gets translated to that and so on. So I'm having a hard time thinking how anybody, any organization, any individual is going to be able to get a handle on that.

Do you kind of know what I'm driving at, Dr. Jones?

JONES:

If there was an alternative, if there was a place where we could turn, other than to the Defense Department, then we would get different answers to these.

SHAYS:

We would get what?

JONES:

We would get different solutions to these problems if we had different bureaucratic entities to turn to. Right now we have the Defense Department, and that's it.

SHAYS:

OK.

Yes, sir? Let me go to you, and then Dr. Jones.

SCHNEIDER:

If I could, it seems to me that if you were able to have a capacity on the part of civilian agencies to provide the training for civilian police within the context of rule of law in Afghanistan, DOD would love to see that. And I think DOD would love to have somebody else providing it. And it seems to me that that's where we should be aiming.

If I could go back to the SCRS issue. The distinction, it seems to me, has always been is that SCRS the place where you should have operational responsibility for planning and conducting reconstruction activities as opposed to policy and coordination role. And that's where, it seems to me, you've had difficulty over the recent years.

And then stepping back and saying, where is the best locus for interagency coordination. And I think you step back and you say it has to be at the NSC.

SHAYS:

You know, but the irony is that I am buying Mr. Perito's point that there. You lose that institution of knowledge and you get a whole new group of people. So it would be interesting, you know. Dr. Jones?

JONES:

Well, I just wanted to briefly add, and this is actually a point Mark just noted. I think one of the problems working with SCRS over the years is they had lobbied and failed to actually get effectively involved in the implementation on the ground, which left them very little power to actually get involved executing nation building. This was left to various civilian agencies in those countries.

The second thing I'd note is in areas where there's an active war going on—and this would mean countries like Afghanistan and Iraq—this is where DOD has advantages because it actually

gets into the field. We have had tremendous problems getting civilian agencies into the field in active war. In countries where we have more benign security environments it's made organizations like SCRS better able to operate because the DOD role has been . . .

SHAYS:

Yes. Did I interrupt you? Were you done?

JONES:

No. Yes.

SHAYS:

I'm trying to think: what is my takeaway in this hearing. One of my takeaways is we better get a handle on what we're doing about nation building or state building. But I'm going to call it nation building. We'd better get a real big handle on that before we try to answer these other questions because it seems like we're backing in instead of just confronting it head on. And we may come up with some different solutions if we acknowledge that.

I'm left with another point. It makes me think some guilt as a former member of Congress who voted to cut state and USAID almost at the same time we were beginning to get into nation building. But we weren't getting into nation building because, remember, we don't do nation building. And I'm struck by that.

And I'm also struck by thinking that in a way USAID could be doing this really, if you thought about it. But it has such a bad reputation right now—with no disrespect to the people, but the organization and the structure—that we don't want to do it. But, in essence I'm going to have you hold your thought because I've gone beyond my time.

Will you remember it?

JONES:

Absolutely.

SHAYS:

OK.

We have a second round.

Mr. Green?

GREEN:

We've heard a lot of discussion today and in previous sessions about the militarization of stability and reconstruction operations. I think if we look at it honestly, DOD today is the only agency that can do a lot of this stuff. They've got the people. They've got the money. And they've got the ability to plan, organize and so forth all the things that need to get done.

A simple question to follow-on to that is, if we want to move away from that at a certain point, when combat operations decline—and just a yes or no answer—would each of you support in the federal hiring process conditions of employment that would demand assignment in a hostile environment by federal civilians?

Mr. Perito?

PERITO:

Yes. Yes. I was a foreign service officer for 30 years. Foreign service officers have worldwide availability. We go where we're sent, just like the military. And contrary to all that stuff you may have read in the press, I looked at this as part of my career. I think that's fine.

GREEN:

But some of these would not be foreign service officers?

PERITO:

No. But, you know, I live with that, and it works.

JONES:

Yes, absolutely.

GREEN:

Mr. Schneider?

SCHNEIDER:

Yes.

GREEN:

OK.

Dr. Jones, based on your experience and background in counterinsurgency operations, do you think the fairly newly created IJC will serve a significant role in forcing collaboration with our friends and allies?

JONES:

Yes, I do, although we'll obviously have to wait to see how this transpires over the long run, but I do think building an operational headquarters and having somebody that's experienced run it with General Rodriguez.

The issue is: what is the relationship both at the central level and the regional level on what that coordination looks like?

And I have visited in Regional Command East, for example. The senior civilian representative at that time was Dawn Leberry. Her offices were co-located with Combined Joint Task Force 82. They were actually co-located together. There was USAID representation in the CJTF-82 headquarters.

So I think from the creation of IJC on down, we actually have had slightly better embedding and coordination together, partly because they've been co-located together. So I think it actually has led to better improvement.

GREEN:

OK. As we look to increase the number of civilians in the field—and the concept is wonderful — but how do you get them out of the Green Zone? How do you get them out to PRTs?

JONES:

Well, I think part of the answer, to be frank, if we look at the current situation in Afghanistan, the insurgency, the focus of the insurgency runs from provinces like Herat in the west, south through Helmand and Kandahar, and up through the east, a few violent areas in the north, including Kunduz.

But I think the only way to get civilians out of the wire, if there's a capability or if there's a desire to do it, is to have them go out with military forces on the ground.

I mean, there may be some exceptions of having your own contract, their own private security to help them out, but I think, in general, I've seen it most effective when they've been able to embed with U.S. military forces operating in these areas. It allows them to see the situation on the ground, to talk to locals in a way that maximizes their security. It also improves coordination.

GREEN:

Thank you. Are the three of you familiar with the suggestion made by Secretary Gates to the State Department on joint funding, the pool? I'd like your thoughts, whether you think that will work.

Mr. Perito?

PERITO:

I think that's a very creative suggestion.

I taught a seminar a couple of years ago at Princeton University. We looked at PRTs around the world. We came to the conclusion, having traveled around Europe and consulted in capitals with people, that the agency that had the money determined the policy for the PRTs from that country.

And, of course, in our sense, it was DOD which had the lion's share of the resources.

GREEN:

OK.

PERITO:

And so joint funding really makes a difference.

GREEN:

Mr. Schneider?

SCHNEIDER:

I think the proposal that was December 15th, first, I don't think it's a good idea to provide in the two funds that essentially are stability and prevention a DOD role in authority either on the ground, which is the combatant command, and would divide that responsibility with the ambassador. I think that's a mistake.

And in Washington, it would -- it would essentially take away from the Department of State. And to some degree, I think it's mooted by the action taken by the Congress in moving 1207 money away from DOD and giving it the funds directly to State.

And my suspicion is that if you looked at the administration budget this year, it also has essentially said 1207 monies should be directly under the authority of the secretary of state, with consultation with the Department of Defense.

GREEN:

Dr. Jones, quickly.

JONES:

I have a number of questions. I think the joint funding is interesting to look at. How this would work on the ground—I'd like to test it in a couple of areas before, you know, providing my own view, because I think it would cause some problems on the ground.

GREEN:

OK. Thank you.

SHAYS:

Mr. Tiefer?

TIEFER:

Dr. Jones, I'm going to give you a plug for your book, but it's going to come with a price tag. You're going to have to talk the tough talk and name names.

I read it back when I was teaching at the University of Baltimore Law School. I read your *In the Graveyard of Empires*. It's a 2009 book. It was great.

But it does commit you to naming certain names. If I ask you who was the architect of light footprint? If I ask you who was it who didn't want to commit, there's one particular person. You look puzzled. I'm going to read a little from your book.

Who was it who didn't want commit to the kinds of things like putting our money into police-training contracting? Some relevant quotes I'm asking you to remember from your book. At the 2002 NSC meeting when the decision was against leaving American soldiers in significant numbers in Afghanistan, you say, "Armitage summarized it more bluntly." Apparently you went and interviewed Armitage. "Rumsfeld simply steam-rolled the decision through."

Later, you say quote Doug Feith. You seem to have gone on and interviewed everybody. You quote them all in here. You said he said, Doug Feith said, Rumsfeld was determined not to do nation building as the U.S. typically did in the 1990s, and you follow it with, indeed, the U.S.-adopted light footprint approach.

You go all the way up to 2005, where you say that Rumsfeld signed orders to reduce American troop levels in Afghanistan. Is that basically your thesis? You went to everybody, you asked them, and they said that?

JONES:

I didn't go to everybody. I went to as many people as I could talk to. So based on information that I gathered from people that agreed to talk, that's the argument I came up with, yes.

TIEFER:

OK. Now I want to take that over to the contracting side. You mentioned in your statement today, briefly, your view that, "The quality of DynCorp police trainers varied widely." That's one of the most benign statements I've seen you make about DynCorp.

And here's what I want to get at. You know DynCorp originally got the Afghan police training contract, because there's a limited State Department schedule, three contractors, PA&E, CPI, and Dyn, and it had to go to one of those three. It went to Dyn.

What you say, besides that quality varied widely, is that—well, let's take a look. It's a great book. I really recommend it to people.

"DynCorp International set the tone for this sorry state of affairs early on, and some of the blame can be assigned to them. Senior Bush administration officials had more scathing criticism of DynCorp. Deputy Secretary of State Richard Armitage similarly told me that"—your interview with him, again, you went to everybody, apparently—"DynCorp simply didn't do a good job in training the police."

What do you think? Should that contract at the very least have had full and open competition so that you could have seen whether there was somebody better on the scene than DynCorp to give the contract to? I know you're not as deeply into contracting as we are or I am, anyway, but should it have been fully and openly competed?

JONES:

In my view, full and open competition is generally always the better option, especially in a situation where I think the effectiveness of the police forces was fairly low and I think that a lot of the information we had on the ground was low effectiveness of police.

TIEFER:

How many years has that been true, that we've been training them and their effectiveness has been low?

JONES:

It's about five or six years.

TIEFER:

I asked Mr. Schneider whether it's going to take quite a while to remedy that. Do you agree?

JONES:

I think that police training is an extraordinarily long process. I would note there was no training done during the Taliban years. No police even existed in the early 1990s. So we started completely from scratch in 2002 and 2003, from scratch, no trained police at all.

TIEFER:

But isn't it the case that our programs have not made the kind of progress we would have liked? Do you kind of agree that taking ex-New York City police isn't the best way to train Afghan police to do their very different job?

JONES:

I think even based on those initial starting conditions, yes, we are not where we should be on the police training. Army is slightly different situation. On the police front, yes, I strongly agree.

TIEFER:

My time's up.

SHAYS:

I didn't know you were going to be tough on him.

So we go to Mr. Henke.

HENKE:

Thank you, Mr. Chairman.

Mr. Perito, your chart really makes it clear that the cross-cutting principles are at the intersection of all the different sectors you outline. And the first one there is host-nation ownership and capacity.

It strikes me—and I'd like each of you to respond to this—it strikes me that we could do all of the right synchronization and all the right contracting and all the right efforts, you can do that at our end as a nation and still find an unable or an unwilling partner.

Could you just give us a minute or two each of your assessment of the current capacity of the Afghan government to provide host-nation ownership and capacity?

PERITO:

Yes, this is a major challenge. I chair a working group on security sector reform. We've had panel presentations on this, and we've published on this, but this is across the board a major problem. How do you identify the right people to work with? And then, will those people have the right capacities?

I think that this is a huge challenge in Afghanistan and one that we're only beginning to really grapple with at this point. Capacity building is something we talk about rather frequently, but it's something which is absolutely essential.

We have in Afghanistan a relatively thin veneer of highly capable people, but below their mid-level management is something which is lacking. And in the police area, we haven't taken the time to develop the leadership capacity.

HENKE:

You said have not?

PERITO:

Have not.

HENKE:

OK.

PERITO:

At the sergeant, at the lieutenant level, you know, to build the kind of forces that we would like to see. And so, you know, we have a challenge which we haven't met yet.

HENKE:

Mr. Schneider?

SCHNEIDER:

I think the challenge goes beyond just simply the question of capacity. The question goes to the political will of the government of Afghanistan when it comes to the issue of corruption and when it comes to the issue of expanding democratic opportunities.

We're now faced with a crisis in terms of the parliamentary elections that are scheduled now for September. There's a new law that's being drafted that would essentially take out the three international members of the Electoral Complaint Commission. That seems to be going in the wrong direction.

In the London conference that was mentioned earlier, there's specific commitments made with respect to actions designed to prevent corruption. And it seems to me that one needs to say, where are those actions today?

There used to be a senior appointments board in which there was international participation in terms of vetting appointments of police. That sort of fell to the wayside.

HENKE:

The international component of it?

SCHNEIDER:

Yes.

HENKE:

Yes.

SCHNEIDER:

And you need to have follow-up in these areas, and you need to bring together the top level of the U.S. government and other governments together with the UN and to say, these are issues that are equally important to the issues of providing military surge capacity or civilian surge on our part. You can't succeed if you don't have a government partner that is committed to some of these issues.

JONES:

Pardon me for being blunt, but there has never been a time in this country, in Afghanistan's history, when the central government has played a permanent presence in rural areas, has stabilized with security forces, or delivered services, yet we came in with a Western notion of the state and we wanted it to perform these services.

We had come in, I think, with an ignorant understanding of the history. Even during the most recent stable period, from 1929 to 1978, the state did not serve that function in rural areas. And when you get out into rural areas, locals will tell you about it.

So I think part of what we have to be cognizant of is two. One, the government will not have that capability in the short to medium term.

HENKE:

No matter what we do.

JONES:

And second, many locals actually don't want the central government to have that role. I have been to plenty of Pashtun areas where they simply do not trust the central government enough to have that.

That means the solution, I would argue, has to be a combination of working with the central government—and they tend to be more powerful in urban areas of the country and along key roadways— and local entities, as the way we started off this, at the local level, especially rural areas.

Now, the central government can play a role in getting involved in the discussions, but it will not have the power to execute some of these things in rural areas, and it never has.

HENKE:

So what's the level of ownership and capacity at the sub-national level? At the province or the district level, in your view? If it's not at the national level, is it there at all?

JONES:

It depends on the area. In some areas we've seen some police and army forces capable of operating. The Ministry of Rural Rehabilitation and Development is capable of executing projects. But it's very context-specific.

And the Ministry of Rural Rehabilitation and Development has maps color-coded for where they're operating and where they're not. And it's very indicative of where we do some kinds of projects and where we can't.

So there are ways of specifically answering that question.

HENKE:

OK. Thank you very much.

SHAYS:

Dr. Zakheim.

ZAKHEIM:

Hello, Dr. Jones. You very eloquently explained why a lot of people in this country don't like nation building, and why they think it's more reflective of Rudyard Kipling than the 21st century.

But let me ask you about—oh, you look puzzled. Very simply, you have just pointed out that we have no understanding of Afghanistan when we try to get them to be Westernized. And I think there's a certain cultural arrogance if we're going to succeed at all. But that's just a personal view.

You talked very clearly in your testimony about outcomes. And I'd like to ask the three of you, outcomes involve things like contracting officers and all that. But it also involves the ability to measure, to define measures of merit. What used to be called in the DoD the Office of Systems Analysis. And it goes by all kinds of other names, but is basically that.

In your view, each of you, do you believe any agency other than the Defense Department has the capacity to do that kind of systems analytical work? In which case, you wouldn't be able to measure anything, if they don't.

JONES:

Well, I think one of the things that has bedeviled us in Afghanistan is the fact that we really don't have goals and objectives, which is what this strategic framework is supposed to be doing. If you look at the PRT program, and all the studies that have been done on PRTs, including the ones that I've directed, show that there is no overarching set of goals and objectives for PRTs. And so, you can't evaluate PRTs, because no one knows what they're supposed to be doing.

ZAKHEIM:

I don't have much time. So the answer in your view is no.

JONES:

No.

ZAKHEIM:

That we don't have the capacity.

Mr. Schneider.

SCHNEIDER:

There is that capability in different parts of AID. If you look at, for example, child-survival issues, there are in fact measures for progress

ZAKHEIM:

OK.

Dr. Jones?

JONES:

I think the metrics need to be tied to population views on them. This is a population-centric effort.

ZAKHEIM:

But I'm asking about the ability. . .

JONES:

I know, but I just wanted to preface my remarks by saying there are opinion polls conducted in the State Department, in U.S. Agency for International Development, which I think do help us measure the effectiveness in these areas. So yes, I do think there are tools in other agencies that can help get to that.

ZAKHEIM:

OK. This chart of yours, again, when I was in the Pentagon, the rule of law was the Italians, safe and secure environment involved the Germans with police, and sustainable economy, certainly a control over a licit economy, was something that the British did.

My question to each of you is can we farm out these jobs to others? The record is disastrous. In nine years we're back to square one. We're actually worse off than we were six years ago and five years ago. So can we farm these things out? And if not, are we being unilateralists, which is something that the previous president was accused of?

SCHNEIDER:

If this is my chart I think I'll start. It's pretty clear that the lead nation program that was instituted at the beginning failed, given a variety of disparate nations, different tasks that they could approach. However they wanted to go about that, it didn't work. So I think what we need to do is a commonly accepted, comprehensive approach model on this, which sets out in-states. Where are we going and how do we get there?

And I think that would provide the basis for a successful operation.

It also would provide in that context the opportunity for different countries to participate in different areas. And going back to the Balkans, clearly during the period the European countries provided the bulk of international police. So the question is whether you can have a single framework and different participation, as opposed to— and I agree totally—the lead nation concept, and partly because none of those nations were willing to put the kind of resources necessary, or under an integrated, agreed upon framework.

ZAKHEIM:

So we would be the ones to set the framework? Is that what you're saying?

SCHNEIDER:

I would argue that we would do it together with, in this case, the United Nations and the other members of the coalition and the government of Afghanistan.

ZAKHEIM:

Dr. Jones?

JONES:

Well, I think it's hard to generalize. I think there are cases where there are common interests with our allies. The Balkans case demonstrates that they are sometimes willing to pony up military resources and funding. I think the case of Afghanistan is one historically where they have not.

So what does that mean? That means that we have to build capacities and prepare for cases where other countries will not be willing to support our efforts, even if they're to serve the U.S. national security interests. So we have to be prepared to do that.

ZAKHEIM:

Thank you.

JONES:

Could I go back just one second though? Look at El Salvador. Post-conflict El Salvador we had international agreement on what needed to be done. In terms of police and justice there had to become civilian national police integrated from the former guerillas and the former military.

That was something where we created a police academy, but that police academy was run together with the Scandinavians, Canadians, and us in terms of the training. The government of El Salvador was fully on board, and this was all under UN auspices.

SHAYS:

Thank you.

Mr. Ervin?

ERVIN:

Thank you, Mr. Chairman.

The Chairman and I were just saying what a terrific panel this is. I really applaud each of you for your work, and I just wish the United States government had consulted more extensively, or perhaps even at all, with you at the beginning of these conflicts, as opposed to at a time when we're drawing down in Iraq and we're essentially re-starting the war in Afghanistan. So I just wanted to begin with that as a framing comment.

I didn't spend much time with you, Dr. Jones, in my initial session, so let me just ask a couple of questions of you. I was struck by, again, a number of things in your statement, but one was the statement that in general, counterinsurgency and sustainability should go hand in hand. Sustainable programs, without a significant counterinsurgency impact can be tactically useful but strategically irrelevant.

Yet, programs with a positive counterinsurgency impact that are not sustainable can be counter-productive over the long run. I think that's absolutely right. I don't think anyone can argue with it. But I was really confused by the next paragraph, where you say a key goal for contracting in insurgent-affected parts of the country should be to implement projects with a counterinsurgency focus. Indeed, the objective should not necessarily be to improve literacy or infant mortality rates, but to encourage more people to turn against insurgents.

Isn't it really the genius of the strategy that General McChrystal is implementing now, that the recognition that it really is improving literacy and reducing in fact mortality in and of themselves that's critically important, because it's when the Afghan people see that we're doing that, that they then turn against the Taliban and Al Qaeda?

JONES:

But I would point out, though, that we run the danger in some areas of focusing too much on development indicators, when areas in that we're operating in we are losing territory. So the danger is if we can not at least win territory and become successful on the counterinsurgency front, these improved development indicators over the long run are meaningless, because we lose.

ERVIN:

Well, to me that sounds like you're saying security. We've got to make sure that these efforts are secure and that they stay secure. You know, as a kinetic matter. But it seems to me as I said, the point of General McChrystal's strategy is the recognition that these kinds of soft issues, as I said, infant mortality, the very ones you cite, are themselves key counterinsurgency elements, because it's only when the Afghan see that we're doing that that they ultimately turn against our enemies.

JONES:

I agree to some extent, but what I would point out though is the key question in areas becomes which development projects should we pursue? So if we have an engagement policy with locals in an area, part of the question should be what issues are going to improve their lives and at the same time will build that trust and relationship that's important in winning hearts and minds, not necessarily for us, but at least for the Afghan government.

Because when you actually sit down and assure, as I've done a number of times and talked to locals, there will be several key issues. It may be electricity in their areas. It may be water. But part of this is understanding their key issues—that if we can address those, if we can help address those, we can actually have more than just a development impact. It can actually have, on the counterinsurgency front, it can actually have a positive help as well.

ERVIN:

I wanted to follow up also on the exchange you had with Dr. Zakheim about outcomes and outputs. That was also a theme that we really didn't explore that much in General Fields prepared statement for the record. And I think making that distinction is very important indeed.

I wanted to ask you though a different question from his. My question is—and you were beginning to answer it—you cited polls as one indicator: popular support or lack of support for outcomes as being one way to measure it. Can you think of other ways in which we'd actually measure the efficacy of our various inputs and outputs?

JONES:

Well, one of the ways on the security front, for example, that we tried to measure outputs and outcomes—there was a tendency historically to try to look at numbers of police or police

stations. Those are actually relatively useless on the outcome front, because what we want is ways to figure out how the population is feeling.

Intelligence reporting, a range of intelligence reports that can give you a sense of whether people are able to move to markets more freely. Whether the number of markets in a given bazaar has increased will tell you that people are less afraid. So there are some range of other indicators that can tell you about the state of the security situation, and how locals feel. Because you know, a number of key areas in a bazaar will open.

ERVIN:

Thank you, that's very helpful. Just a quick final; I think it's quick. If you could just give me—each of you ideally—your thoughts about this. You know, there's this notion, when are conditions such that stabilization and reconstruction efforts can begin. I think it's important to have some sense in our minds in future conflicts when the kinetic operations are such that we can really begin stabilization and reconstruction efforts.

You don't have much time, but any quick thoughts about that?

PERITO:

I think that in certain parts of the country these efforts could start immediately. There are always areas which are peaceful enough for people to go ahead. And one of the arguments that we have made at USIP is that the U.S. military needs to arrive with a civilian companion.

All of these civilian specialties that we have been talking about that are represented by the State Department and USAID, by the Department of Justice, need to be available at the beginning and they need to be keyed up and ready to go. And when our soldiers put their boots on the ground, civilians have to be there right beside them or right behind, because you can't do this linearly. You have to do it all at the same time.

SHAYS:

Thank you very much.

In this effort we have the military, we have diplomats, we have civil servants. We have contractors. With contractors, we have U.S. nationals, we have internationals. And we have the indigenous folks in country.

But when you look at that mix right now, do you think we are over-reliant on any one part?

JONES:

I think—if I can just do it quickly—I think we're heavily reliant, over-reliant, on international folks to execute a lot of these contracts.

SHAYS:

Explain it a little more. That's interesting.

JONES:

Well, we have a tendency I've seen in areas to use U.S. companies who will then go to subcontracts, who will then subcontract. So you have multiple layers before you're actually getting the implementers on the ground. And a lot of that bureaucracy is U.S.

SHAYS:

We're going to be looking at the whole issue of subcontractors, because we can't really get at them, we have to go through the contractor. And that results in other issues, but any other point you want to make on that?

SCHNEIDER:

OK.

SCHNEIDER:

I would say, in terms of the mix that you're talking about, currently post-conflict reconstruction and stabilization, I think we're over-relying on the Department of Defense to do civilian tasks, because we don't have civilian agencies with the resources and capabilities to do that.

SHAYS:

OK, so in spite of it, it's a resource issue? Not a capability issue, it's a resource issue?

SCHNEIDER:

The big part is resources.

SHAYS:

Yes.

SCHNEIDER:

If you have the people; I happen to have the greatest respect for the people in the Department of State, Department of Defense and USAID. USAID and State do not have the people that they need.

SHAYS:

Mr. Perito?

PERITO:

Yes, I think this is a really important area, and I would encourage you to look into it. But, you know, when you have a U.S. firm that's subcontracted down and so the face of the operation really turns out to be nationals from a wide variety of countries, none of whom are American or even close, you get a very different mix, and the message becomes not, perhaps, the one that we always would like to send.

SHAYS:

Well, there's going to be a lot of thought on this hearing. And, you know, we have to determine whether it's a resource issue or an alignment issue or a combination of both.

For what it's worth, Mr. Schneider, you impacted the staff, because they wrote the post and said, "We all agree an NSC level entity is needed to force coordination." And I said, "Who the hell is 'we'? It's those guys back there." But anyway, you had some impact with them.

Let me say, you had some comment that I didn't let you make, and maybe you forgot it, but that was my test. If you forgot it, it really wasn't that important. Do remember what it was?

SCHNEIDER:

Yes, it was about the need to have an integrated rule of law concept and capability not solely focused on police.

SHAYS:

OK.

SCHNEIDER:

And the other was that there are 700,000, approximately, civilian police in the United States at this point. About 10 percent of them are in the reserves. When they come up and enter active duty, they do not get brought up to be police trainers were to service police. They serve in other occupations that they've signed up with. If this is a fundamental requirement for success in Afghanistan, something needs to change.

SHAYS:

Gotcha.

I'm going to allow all of you to say is there a question we should have asked? Is there one that you wanted to answer or is there a point you want to make before we conclude?

Do you want to start, Mr. Perito, or any comment you want to make?

PERITO:

Yes, I hate to waste my opportunity here, but, you know, the problem. . .

SHAYS:

You can take two opportunities.

PERITO:

All right, two opportunities: First opportunity is, you know, reservists who happen to be police officers in their civilian life are not the answer, because they can only serve once, and they may not have the capacities. And I'll give you an example.

We met recently with a man who's advising the most-senior person, or the second- or the third- most senior person in Afghanistan police. And this man is a police chief in his own right, but he's a police chief of the police force that has 24 vehicles and 70 total personnel, and so it's a total mismatch. And so just because somebody happens to. . .

SHAYS:

We get your point out. I think it carries out.

PERITO:

Right.

SHAYS:

What would you like to conclude with?

PERITO:

One thing: I would like to go back to this framework for stabilization and reconstruction and recommend that you take a serious look at that and that you also look at the guidelines, which are rather thick, but I think worth reading through, because I think there's a lot here that will be very useful to you in your organizing work.

SHAYS:

If we don't come across seriously about that, trust me, the staff is.

PERITO:

I know. I know those guys back there. They're very serious bunch.

SHAYS:

Good. And we have some folks out in the audience as well, and others who will, so it will be treated very seriously.

SCHNEIDER:

I have two things. One is that you mentioned earlier in the previous panel that there is follow-up that takes place from the Department of Defense. There's actually an entity that's designed to take into account your recommendations. And I think that there is also a similar entity that takes into account the SIGAR and SIGIR's recommendations. That same kind of entity needs to be created in both USAID and the State Department.

SHAYS:

Thank you.

Dr. Jones?

JONES:

Yes, I'd just like to briefly conclude by suggesting that you continue to look not just at bureaucratic structures here in the U.S., but cases on the ground where there was effective coordination that led to effective outcomes. And there are cases in David Kilcullen's book, *Accidental Guerrilla*, one that I highlighted as well. We had a useful model. I think it's not been included in our process.

SHAYS:

Accidental Guerrilla?

JONES:

Accidental Guerrilla.

SHAYS:

OK.

JONES:

We saw the useful model in Kunar province. I would just suggest that from here in Washington all the way down to the field level, we're looking at what factors have contributed to this being done well and so that we can begin to repeat those ones. That's it.

SHAYS:

Well, let me just say on behalf of all the commission members and the staff, this was an interesting day. We appreciate our first panel. I have to tell you I just loved having the three of you here. You really got me thinking about a lot of things, so thank you so much.

And with that, we will call an end to this hearing.