AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
GPO

# LEARNING FROM IRAQ: A FINAL REPORT FROM THE SPECIAL INSPECTOR GENERAL FOR IRAQ RECONSTRUCTION

## HEARING

BEFORE THE

SUBCOMMITTEE ON
THE MIDDLE EAST AND NORTH AFRICA

OF THE

COMMITTEE ON FOREIGN AFFAIRS
HOUSE OF REPRESENTATIVES

ONE HUNDRED THIRTEENTH CONGRESS

FIRST SESSION

JULY 9, 2013

**Serial No. 113–48**

Printed for the use of the Committee on Foreign Affairs

Available via the World Wide Web: http://www.foreignaffairs.house.gov/ or http://www.gpo.gov/fdsys/

U.S. GOVERNMENT PRINTING OFFICE

81–868PDF WASHINGTON : 2013

For sale by the Superintendent of Documents, U.S. Government Printing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512–1800; DC area (202) 512–1800
Fax: (202) 512–2104 Mail: Stop IDCC, Washington, DC 20402–0001

## COMMITTEE ON FOREIGN AFFAIRS

EDWARD R. ROYCE, California, *Chairman*

CHRISTOPHER H. SMITH, New Jersey
ILEANA ROS-LEHTINEN, Florida
DANA ROHRABACHER, California
STEVE CHABOT, Ohio
JOE WILSON, South Carolina
MICHAEL T. McCAUL, Texas
TED POE, Texas
MATT SALMON, Arizona
TOM MARINO, Pennsylvania
JEFF DUNCAN, South Carolina
ADAM KINZINGER, Illinois
MO BROOKS, Alabama
TOM COTTON, Arkansas
PAUL COOK, California
GEORGE HOLDING, North Carolina
RANDY K. WEBER SR., Texas
SCOTT PERRY, Pennsylvania
STEVE STOCKMAN, Texas
RON DeSANTIS, Florida
TREY RADEL, Florida
DOUG COLLINS, Georgia
MARK MEADOWS, North Carolina
TED S. YOHO, Florida
LUKE MESSER, Indiana

ELIOT L. ENGEL, New York
ENI F.H. FALEOMAVAEGA, American Samoa
BRAD SHERMAN, California
GREGORY W. MEEKS, New York
ALBIO SIRES, New Jersey
GERALD E. CONNOLLY, Virginia
THEODORE E. DEUTCH, Florida
BRIAN HIGGINS, New York
KAREN BASS, California
WILLIAM KEATING, Massachusetts
DAVID CICILLINE, Rhode Island
ALAN GRAYSON, Florida
JUAN VARGAS, California
BRADLEY S. SCHNEIDER, Illinois
JOSEPH P. KENNEDY III, Massachusetts
AMI BERA, California
ALAN S. LOWENTHAL, California
GRACE MENG, New York
LOIS FRANKEL, Florida
TULSI GABBARD, Hawaii
JOAQUIN CASTRO, Texas

AMY PORTER, *Chief of Staff* THOMAS SHEEHY, *Staff Director*
JASON STEINBAUM, *Democratic Staff Director*

---

## SUBCOMMITTEE ON THE MIDDLE EAST AND NORTH AFRICA

ILEANA ROS-LEHTINEN, Florida, *Chairman*

STEVE CHABOT, Ohio
JOE WILSON, South Carolina
ADAM KINZINGER, Illinois
TOM COTTON, Arkansas
RANDY K. WEBER SR., Texas
RON DeSANTIS, Florida
TREY RADEL, Florida
DOUG COLLINS, Georgia
MARK MEADOWS, North Carolina
TED S. YOHO, Florida
LUKE MESSER, Indiana

THEODORE E. DEUTCH, Florida
GERALD E. CONNOLLY, Virginia
BRIAN HIGGINS, New York
DAVID CICILLINE, Rhode Island
ALAN GRAYSON, Florida
JUAN VARGAS, California
BRADLEY S. SCHNEIDER, Illinois
JOSEPH P. KENNEDY III, Massachusetts
GRACE MENG, New York
LOIS FRANKEL, Florida

# CONTENTS

Page

WITNESSES

The Honorable Stuart W. Bowen, Jr., Special Inspector General for Iraq Reconstruction ..... 9
The Honorable John Herbst, director, Center for Complex Operations, National Defense University (former American Ambassador to Ukraine and Uzbekistan) ..... 18

LETTERS, STATEMENTS, ETC., SUBMITTED FOR THE HEARING

The Honorable Stuart W. Bowen, Jr.: Prepared statement ..... 12
The Honorable John Herbst: Prepared statement ..... 21

APPENDIX

Hearing notice ..... 50
Hearing minutes ..... 51
The Honorable Gerald E. Connolly, a Representative in Congress from the Commonwealth of Virginia: Prepared statement ..... 53

# LEARNING FROM IRAQ: A FINAL REPORT FROM THE SPECIAL INSPECTOR GENERAL FOR IRAQ RECONSTRUCTION

**TUESDAY, JULY 9, 2013**

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON THE MIDDLE EAST AND NORTH AFRICA,
COMMITTEE ON FOREIGN AFFAIRS,
*Washington, DC.*

The subcommittee met, pursuant to notice, at 10 o'clock a.m., in room 2172 Rayburn House Office Building, Hon. Ileana Ros-Lehtinen (chairman of the subcommittee) presiding.

Ms. ROS-LEHTINEN. The subcommittee will come to order.

After recognizing myself and the ranking member, my good friend, Mr. Deutch, for 5 minutes each for our opening statements, I will then recognize members seeking recognition for 1 minute.

We will then hear from our witnesses. Thank you, gentlemen, for being here, and without objection your written statements will be made a part of the record and members may have 5 days to insert statements and questions for the record, subject to the length limitation in the rules.

I'd like to tell our witnesses that our parties are having their conferences right now and they're just getting out. So I'm sure that people will be filtering in. The chair now recognizes herself for 5 minutes.

The stabilization and reconstruction operations in Iraq were, at the time, the largest such project of its kind that the United States Government ever undertook.

But for all of the good intentions, it was a program replete with challenges, over-promises, setbacks and shortcomings.

Of course, it had its share of accomplishments and successes as well. But at the end of the day, when we look back at our approach to the rebuilding of Iraq, we're left with an overall sense that there were too many errors, that fraud was widespread and that there was an unnecessary amount of waste of U.S. taxpayer dollars.

Not long into the Iraq conflict, it became clear that our expectations for a limited post-conflict engagement gave way to the hard realities on the ground.

Our mission would quickly have to shift from a short-term operation to a long-term protracted rebuilding effort that would require large amounts of human and financial capital that we had neither the planning nor the capability to conduct.

The Special Inspector General for Iraq Reconstruction and his excellent team spent 9 years, countless hours, analyzing our efforts in Iraq in order to identify the challenges that we faced, what we did wrong, where we succeeded, and most importantly, what happened to the $60 billion in taxpayer money used to fund the rebuilding of Iraq.

What was concluded painted a very grim picture of our ability to adequately plan, execute and oversee large-scale stability and reconstruction operations.

According to the Inspector General, as much as $3 billion to $5 billion were wasted from the Iraq relief and reconstruction fund alone due to poor accountability, and as much as $8 billion overall.

Many projects in Iraq ran over budget and behind schedule because of a lack of oversight and a lack of accountability, like the Basrah Children's Hospital. According to the Inspector General's reports, this hospital was supposed to cost $50 million but ran to over $165 million and fell more than a year behind schedule.

Another mismanaged project was the Fallujah wastewater treatment system. The IG found that the initial $30 million project tripled in cost to nearly $100 million and only reached one-third of the homes originally planned.

These are but a few examples but they may prove valuable and the need for improved oversight going into the future.

The lessons learned and the recommendations put forth in the Inspector General's final report—and I hope that everyone will have a chance to look at it—"Learning From Iraq: A Final Report from the Special Inspector General for Iraq Reconstruction," and all of the members have the book—serves as an important tool for the United States Government and for us in the United States Congress as we find ourselves facing a shift in the post-conflict role in Afghanistan.

Our efforts in Afghanistan have already replaced those of Iraq as its nation's largest ever stabilization and reconstruction operation.

Among the many challenges we faced in Iraq that the Inspector General highlights were a deteriorating security situation and inadequate oversight over the projects and programs being implemented.

Yet for all of the challenges that we faced and the deficiencies that we encountered, nearly all of them lead back to the fact that we did not have a proper plan in place beforehand, which hampered our ability to execute and oversee stabilization and rebuilding operations properly.

We have spent nearly $100 billion in Afghanistan under similar circumstances as Iraq, yet we still find ourselves making many of the same mistakes that we cannot afford to make as we prepare to withdraw our troops from Afghanistan at the end of 2014.

It is likely that the United States will find itself in a similar position when examining future reconstruction efforts.

In Haiti, a recent GAO report that I commissioned illustrated the lack of coordination and inadequate use of funds between the USAID and the State Department.

In Syria, we must prepare for the possibility that similar efforts may be needed in a post-Assad era, as the conflict further cripples the country's infrastructure.

In order to ensure that we maintain the know-how to properly plan, execute, and oversee any future similar operations, we must learn from the lessons of Iraq. We must centralize unity of command, advocate for better interagency coordination and use our funds more wisely, more efficiently and more effectively.

And with that, I will turn to my ranking member, Mr. Deutch, for his opening statement.

Mr. DEUTCH. Thank you. Thank you, Madam Chairman, for calling today's important hearing.

It's been just over 10 years since the United States went into Iraq under a false pretense of thwarting weapons of mass destruction.

Nearly 4,500 brave U.S. soldiers were killed. More than 32,000 were wounded, including thousands with critical brain and spinal injuries and over 100,000 Iraqi civilians were killed.

And now I think there is an unfortunate perception there was so much upheaval in the region over the past 2 years Iraq is no longer a priority. Yet at a cost of $2 trillion and the high human toll, we will feel the lasting effects of this war for many years.

The U.S. has spent $60 billion on reconstruction efforts. It's an incredible amount of taxpayer dollars. But we did this to ensure lasting security, not just for the Iraqi people but for stability in the region and to try to create a reliable partner to help protect U.S. strategic interests.

Even though our military operations have concluded, as we'll hear today there are still thousands of U.S. civilian personnel on the ground working to ensure that Iraq has the security and civil society institutions necessary to sustain a successful and stable state.

The United States and Iraq are working to implement all eight tracks of the Strategic Framework Agreement. But in order to sustain long-term stability, the focus needs to be on more than just security. It must be on economic reforms, infrastructure, and rebuilding and strengthening higher education for a new generation of Iraqis.

The IMF projects a GDP growth rate of 10 percent for 2013. Oil production is over 3 million barrels per day, helping to stabilize the markets as the U.S. and our partners can continue to find ways to shrink Iranian exports.

For the first time in 2 years, there is dialogue between all of Iraq's political leaders. Although the run-up to April's provincial elections was marred with increased violence, the elections were deemed a success. However, sectarian violence has only increased with over 2,000 casualties between April and June.

The greater test will come as the Parliament prepares for next year's national elections followed by Presidential elections. A peaceful transfer of power will be the true test of any democracy.

In any operation of this scale, with this much money involved we owe it to the American people to conduct stringent oversight. For the past 9 years, the Office of the Special Inspector General for Iraq Reconstruction has audited and investigated the State and DoD reconstruction operations on the ground in Iraq.

According to the 220 audits and 170 inspection reports conducted by—conducted by the Inspector General, Iraq reconstruction efforts have been plagued by waste, fraud and abuse.

I applaud the IG's work in securing the successful conviction of 100 fraud cases and recovery of nearly $300 million in misused assistance. But the amount wasted we know totals well into the billions.

I am most interested to hear from the Inspector General as to how waste and fraud can be better controlled in future stabilization, how waste and fraud can be prevented in future stabilization and reconstruction operations.

How do we learn from this? How do we use the lessons learned in Iraq to streamline bureaucracy while ensuring better interagency coordination on reconstruction programs?

How do we maintain oversight, evaluate progress and enforce time lines of private security and civilian contractors, particularly when you have, at times, over 170,000 private contractors on the ground? A recent CNN report indicated that contractors have reaped a staggering $138 billion in Iraq—$138 billion.

And perhaps most importantly, I look forward to hearing how we can better achieve host-country buy-in. How do we operate in a situation if the U.S. is looked upon as occupiers by the people?

How can we achieve this connection, not through bribery at every level of government but with the people who will be working in the water treatment plant or the mother who could have the chance to send her child to a university?

As the Inspector General prepares to wind down his mandate later this year, the title of this hearing is fitting—"Learning From Iraq"—because although I hope we're never involved in a contingency operation of this magnitude again, appropriate advanced strategic planning for any future efforts can mitigate the pitfalls of Iraq.

The chair's focus on Afghanistan just several minutes ago, focusing on Afghanistan going forward, saving taxpayers' money, stopping fraud, stopping waste—these are all incredibly important topics that I look forward to hearing our witnesses speak about today.

I look forward to what I hope will be a productive discussion on how we can apply the special Inspector General's best practices to any future operations.

I appreciate your being here, both of you. And Madam Chairman, I yield back the balance of my time.

Ms. ROS-LEHTINEN. Thank you very much, Mr. Deutch, for your opening statement.

We will then now recognize members for a 1-minute opening statement. We will begin with Mr. Kinzinger. Thank you.

Mr. KINZINGER. Well, thank you, Madam Chair, and gentlemen, thank you for serving your nation and being here. I appreciate it.

Since I only have 1 minute, I want to just quickly say I'm a veteran of the Iraq War. I've been there multiple times over multiple years and in fact during that process I saw great improvement, especially after the surge happened, which probably many people still in Congress today oppose the surge. And it was amazing to me.

And then as a Member of Congress, I was utterly shocked to find out that the administration decided that they were going to leave

no residual troops at the end of—there was no negotiation of a further Status of Forces Agreement.

We're talking about the lessons we're going to learn in Afghanistan. I think that's what's important, because I just read an article today in The New York Times that the U.S. is considering a faster pullout in Afghanistan.

In fact, they're talking about a zero-troops option after 2014, which was a number that was randomly pulled out of a political generator of saying, hey, politically, 2014 would be a good number.

I'm very concerned that we repeat the mistakes in Iraq by pulling all troops out of Afghanistan and ending what the American people, young men and women, have fought so hard to achieve and that the Afghan people have fought so hard to achieve on the edge of an Afghanistan victory.

So with that, I yield back. Thank you.

Ms. ROS-LEHTINEN. Thank you very much. Mr. Connolly is recognized.

Mr. CONNOLLY. Thank you, Madam Chairman, and thank you, Mr. Bowen, and your team for your hard work.

You know, the finding that at least 15 percent of the reconstruction money—$8 billion—was wasted is troubling enough.

But when one contemplates that that's probably the tip of the iceberg when you look at inefficiencies, inappropriate projects, projects that half work, projects that aren't going to have lasting value or can't be maintained, that number climbs rapidly.

How can we be surprised that the United States finds so much waste based on a war that had nothing but false premises and, frankly, when the decision was made to go in was inadequate to begin with? And the chaos that resulted has cost us dearly.

And so I hope we focus on the lessons learned and enshrine them so we don't repeat them.

Thank you, Madam Chairman.

Ms. ROS-LEHTINEN. Thank you, Mr. Connolly. Dr. Yoho.

Mr. YOHO. Thank you, Madam Chair.

I'd just like to thank the chair and the ranking members for this hearing today. This hearing is important because it gives us the opportunity to learn lessons from our past endeavors in the Middle East region and hopefully not make the same ones again.

And if insanity is doing the same thing over and over again expecting different results, let's hope by having hearings like this and talking to you, we can inject a little sanity to our foreign endeavors of the future.

I look forward to the testimony of our witnesses and thank them for being here today. Thank you.

Ms. ROS-LEHTINEN. Thank you, Dr. Yoho.

Mr. Cicilline.

Mr. CICILLINE. I thank the chairman and the ranking member for convening this hearing and I certainly want to thank the witnesses for being here.

I think there has been considerable national debate about our engagement in the war in Iraq. But there should be no question that we have an important responsibility to ensure that we're good stewards, not only of the talent of this country but of the treasure.

And this report raises some very alarming concerns. I think, as Mr. Connolly says, it ought not be a surprise based on the false premises that led us to this conflict.

But I'm very anxious to hear from the witnesses and to hear your recommendations how we might reform this process to safeguard not only American lives but safeguard American treasure, and I thank you for being here. I yield back.

Ms. ROS-LEHTINEN. Thank you, Mr. Cicilline.

Mr. Collins is recognized.

Mr. COLLINS. Thank you, Madam Chair.

I just, again, look forward to the testimony of our witnesses today, bringing forth as we've heard some of this in other committees and I'm looking forward to that.

And, again, on what was said earlier, looking forward with a look to the past, I think, is appropriate. I think the one thing, though, just frankly, I'll just, as a point of order here and just a point, to say as we look forward in what happened, as someone who also has served, as Representative Kinzinger, in Iraq and been there, let's look at the report.

Let's do what we're here to do on oversight and let's focus on the fact that real lives were lost, real lives were cost, and the things that—our taxpayer money.

And this idea that we have a false premise for going there or other things needs to be left on the table and we need to focus on what we can learn and move ahead. And I yield back.

Ms. ROS-LEHTINEN. Thank you very much.

Mr. Kennedy is recognized.

Mr. KENNEDY. Thank you, Madam Chair.

Thank you very much for holding this hearing. Thank you to our witnesses for your service and your important work.

I'm just going to add my voice to, I think, the voices and the thoughts that you've heard already this morning. In reviewing the report, I join my colleagues in being particularly troubled with some of the markups in the contracting that you pointed out.

Just on one page, $900 for a switch that was valued at $7.05, a 12,000 percent markup. Another bid that was put in for $80 for a piece of PVC plumbing, that was also competitively bid on for $1.41, a markup of over 5,000 percent.

What can we do? Clearly, the systems that were put in place were inadequate, to say the least.

What can we do to make sure that our treasure is spent wisely and we are matching the commitment that our service members are making abroad?

So I look forward to your thoughts and thank you for your service.

Ms. ROS-LEHTINEN. Thank you, Mr. Kennedy.

Mr. Meadows is recognized.

Mr. MEADOWS. Thank you, Madam Chairwoman, and thank you for being here to testify.

Looking back, it's disturbing to note that we've got so much waste, fraud and abuse and yet, we still don't even really know the full extent of what happened there, and so that's troubling.

The chairwoman has pointed out that, you know, we've seen some 15 to 20 percent of the $21 billion really go up in terms of wasted cost.

A hospital—it cost three times what it should have. Seventy million dollars spent on anti-corruption efforts that really didn't show any results—$70 million.

And so the money is gone, but what I'm hopeful to hear today from each one of you is what we can do in terms of lessons learned.

I appreciate your work. I'm also intrigued to hear the efforts that you've gotten in terms of creating the U.S. Office of Contingency Operations and the implementation thereof.

And so I look forward to working with you to find significant ways that we can reduce waste and fraud. And with that, I yield back, Madam Chairwoman.

Ms. ROS-LEHTINEN. Thank you, sir. Ms. Frankel of Florida?

Ms. FRANKEL. Thank you, Madam Chair, and I thank the madam chair, the ranking member for your very articulate comments.

I want to say, first of all, as the—I'm the mother of an Iraq veteran who served willingly and proudly. He returned safely.

With that said, I think it cannot be said more that the war in Iraq was the wrong war at the wrong time. The real tragedy was the lives that were lost and mangled.

I think it's very unfortunate that we even have to have this hearing today. I understand the reason for it. Madam Chair, I yield.

Ms. ROS-LEHTINEN. Thank you. Thank you very much.

Mr. Cotton is recognized.

Mr. COTTON. Thank you, Madam Chair, for having this hearing. There are many important lessons learned. I too was a veteran of Iraq. I served with the 101st Airborne and led 40 infantrymen in Baghdad.

One of the hallmarks of the Army is that you always engage in self-critique, not just rewarding yourself for the good things to sustain but exploring the failures that you need to improve in the future so you can always gain in your levels of performance.

I look forward today to hearing more about what we can learn from Iraq, how we can apply those lessons to Afghanistan and how we can apply them inevitably in the future when we find ourselves in conflict again defending our country, defending our country's values and its interests, and defending our allies around the world.

I hope that we don't, unfortunately, devolve into a look backward 10 years or more into what took us to war in Iraq, but, rather, what America can do in the future to make America and Americans safer and make the world more free. Thank you.

Ms. ROS-LEHTINEN. Thank you, sir.

Mr. Vargas.

Mr. VARGAS. I'll get it right this time.

Thank you very much, Madam Chair and Ranking Member. I appreciate very much the opportunity to speak but then also the hearing. Especially I want to thank the witnesses for being here.

The numbers are staggering, especially when we take a look at sequestration and what we have to do in the sense of cuts in our own country.

So I'm very anxious to hear your testimony, also to find out if we really are in a better position today than we were, you know, 10 years ago as we move forward.

So, again, thank you very much for being here. And Madam Chair, I yield back.

Ms. ROS-LEHTINEN. Thank you, sir.

Mr. DeSantis.

Mr. DESANTIS. Thank you, Madam Chairwoman, for holding this hearing. I want to thank the witnesses for coming. I just look forward to this.

This is very important. There were a lot of good things we did in Iraq. When I was there, I saw a lot of very positive actions, a lot of bravery from some of our troops and we did expend a lot of blood and treasure there.

And there were some good things and, obviously, there were some not so good things. So I really look forward to learning from your report and your testimony. So thank you.

Ms. ROS-LEHTINEN. Thank you, sir.

Ms. Meng.

Ms. MENG. Thank you, Madam Chair and Ranking Member. And thank you to our witnesses for your service to our country and for being here today.

The Special Inspector General for Iraq Reconstruction Report provides valuable insights into the reconstruction process in Iraq.

This is an important opportunity to evaluate our previous rebuilding efforts and consider how to improve our efficiency in any future stabilization efforts.

Considering all the countries in conflict around the world, it is critical that we learn from our past mistakes and failures before involving ourselves in any other reconstruction efforts.

I look forward to exploring how we can use the information contained in this report to develop more effective response systems and produce better results. Thank you.

Ms. ROS-LEHTINEN. Thank you, ma'am.

Mr. Stockman is recognized.

Mr. STOCKMAN. Thank you for allowing me, Madam Chairman and Ranking Member, to speak and it's good seeing you again after all these years.

We live in a hurricane area, hurricane zone. We would never vote for a hurricane. We would never want a hurricane. But when it happens, we want to be prepared. It's like Boy Scouts. We want to anticipate the worst.

And now we never want to be in that situation again where we're in Iraq the way we are, but should it happen again I think it's critical we address how we can do it better and that's what we're here about today.

I'm excited that you're addressing these issues, and I compliment you for doing all this under the—under the fire of military while you're trying to audit at the same time. I appreciate your sacrifice to our nation and I really look forward to seeing how we can save a dollar.

I think I had the lowest dollar per vote. So this is an issue that we need to address, saving money for our taxpayers. And thank you, Madam Chairman, for opening up.

Ms. ROS-LEHTINEN. Thank you, sir.

And I think that I speak for all the members when I say how blessed we are to have in our subcommittee, as you heard from our members, four veterans of the Iraq war. So for them, they have a real deep personal knowledge in what went on there.

Thank you to Mr. Kinzinger, thank you, Mr. Collins, thank you, Mr. Cotton, and thank you, Mr. DeSantis, for your brave service.

We thank you, Ms. Frankel, for your son, and I'm blessed that my stepson and daughter-in-law also served tours in Iraq. So thank you very much to all these brave heroes.

And we are so pleased to welcome back to our committee Mr. Stuart Bowen, Jr., the Inspector General for Iraq Reconstruction. Mr. Bowen has served in this position since 2004, overseeing more than $63 billion in U.S. funds.

Over the past 9 years, he has made 34 trips to Iraq and his oversight work has produced financial benefits to the U.S. Government in excess of $1.8 billion and has yielded 87 convictions for fraud and other crimes.

Mr. Bowen is a military veteran, having served 4 years on active duty as an intelligence officer in the U.S. Air Force. Thank you for your service and welcome back to our subcommittee. Thank you, Stuart.

Next, we welcome Ambassador John Herbst, the director of the Center for Complex Operations at the National Defense University. Prior to this, the Ambassador was the Ambassador to Ukraine and to Uzbekistan and retired in 2010 with the rank of Career Minister.

He also served as the State Department's coordinator for reconstruction and stabilization, overseeing the creation of the Civilian Response Corps, an interagency group of 1,000 civil servants trained and ready to deploy quickly to crises abroad.

He is a two-time recipient of the Presidential Distinguished Service Award and has also received the State Department's Distinguished Honor Award and the Secretary of State's Career Achievement Award.

Mr. Bowen is here with his daughter, Sophie, who is interning with the Veterans Affairs Committee, and the Ambassador is here with two interns. So we welcome them as well.

And Mr. Chabot of Ohio has just come in, and I'm wondering if he has a 1-minute opening statement before we get to our witnesses.

Mr. CHABOT. I thank the chairwoman, but in the interest of time, I think I'll forego so that we can get to the witnesses.

Ms. ROS-LEHTINEN. Thank you so much.

So we will begin with the Honorable Stuart Bowen.

Thank you, sir.

## STATEMENT OF THE HONORABLE STUART W. BOWEN, JR., SPECIAL INSPECTOR GENERAL FOR IRAQ RECONSTRUCTION

Mr. BOWEN. Thank you, Chairman Ros-Lehtinen, Ranking Member Deutch, members of the committee. It is indeed an honor to appear before you again to discuss our final lessons learned report, "Learning From Iraq." And on a personal note, Madam Chairman, muchas gracias por todo su apoyo durante mi trabajo en SIGIR.

Ms. ROS-LEHTINEN. You're showing off.

Mr. BOWEN. And it's an honor also for me to be at the table with my friend, Ambassador John Herbst, who has truly the most applicable firsthand knowledge about the attempts to address the challenges that arose in Iraq, the attempts to reform our approach to reconstruction and, really, the story of how those attempts didn't meet the mark. So thank you, John, for joining us.

We issued "Learning From Iraq" this March, the ninth lesson learned report, emblematic of my understanding of this mission from the start, and that is not just to generate audits—we did 220 of those, inspection reports, 170, and obtain convictions—we'll have over 100 by the time we're done in September—but to learn from what we were observing and to communicate it to operators so that it could be applied to improve how U.S. taxpayer dollars were being spent in Iraq.

My mission, as I saw it, was to be the taxpayer's watch-dog, but also to be a support to the mission and an advisor to the operators through these reports.

This report provides seven chapters that lay out how that $60-plus billion was spent over the last 10 years but, importantly, concludes with seven lessons that are the focus of today's hearing.

And I think that's what we should absorb from the entire Iraq experience—what we can learn from it, how it can be applied to reforming our system for stabilization and reconstruction operations so that when we next encounter such an operation—and we will, as most of the members have acknowledged—that we are structured to succeed, that we are prepared to win.

And I have to say in answer to an issue raised already at the dais that we are not much better off today than we were 10 years ago with regard to planning, executing, and overseeing stabilization and reconstruction operations.

The seven lessons—here they are. First, begin rebuilding only after you've established adequate security. As someone said to me, why is that a lesson? Isn't that obvious?

Well, it's a lesson because we didn't apply it effectively in Iraq. And thus, to put it in very simple terms, begin modestly. Begin with small projects and don't pursue large ones until the setting is stable.

Second, ensure full host country engagement. Madam Chairman, you pointed this out in your opening statement as a key issue, underscoring the truth that we didn't consult enough with the Iraqis at the outset.

For "Learning From Iraq" I did 44 interviews with leadership, 17 Iraqi leaders including Prime Minister Maliki, prime minister—previous Prime Ministers Jaafari and Allawi, and they all essentially focused on this, that we didn't consult with them about what they really needed and thus we built what we wanted.

As Deputy Secretary of State Bill Burns told me, we came to Iraq and we tried to do it all and do it our own way, and he underscores and echoes the Iraqi point. Consultation is key.

Third, establish uniform contracting, personnel and information management systems. All missing in Iraq. One of our first audits, which we issued almost exactly 9 years ago, found that the Coalition Provisional Authority couldn't account for who was there.

They did not have a staffing system that was apropos, which was unsurprising since it was a start-up. And as I've called it in this report, it was an "ad-hocracy" and, indeed, a series of ad-hocracies that unfolded in Iraq.

That's the wrong way to protect our national security interest. Improvisation is the wrong approach. We have to plan. That's key. And personnel planning is the first and foremost element, I think, because you've got to take the right people to the situation to succeed.

But also IT. Our audits repeatedly found that there was no coherent information management system in place to track what we built.

Indeed, we ultimately concluded, after a series of audits, only 70 percent of what we built was captured in any coherent information management system. Unacceptable, certainly.

Contracting—the Congress has responded to the contracting challenges in Iraq. Indeed, the departments have. But have the departments responded in an integrated, effective fashion? And the answer still must be no.

Also unacceptable, because if you want to talk about waste, a lot of waste occurred in poor contracting vehicle choice, poor quality assurance, poor contract management, ineffective oversight on the ground in the implementation of contracts.

But the most important lesson that these issues can be resolved by establishing an entity that would ensure civil military integration of planning, execution and oversight for future stabilization and reconstruction operations, and H.R. 2606, introduced by Mr. Stockman and Mr. Welch, would do that.

It provides a structure. It addresses the contracting problem. It addresses the personnel problem. Indeed, it puts somebody in charge. Occam's razor: If no one's in charge, someone should be in charge. Accountability is key to success.

The purpose of this hearing is oversight, to impose accountability. But looking forward, as the members have articulated, which we must do, as we learned from Iraq, we have to implement reforms that will effectuate a success in future stabilization and reconstruction operations.

The U.S. Office for Contingency Operations would assure such success.

Thank you, Madam Chairman, and members of the committee. I look forward to your questions.

[The prepared statement of Mr. Bowen follows:]

Statement of

Stuart W. Bowen, Jr.

Special Inspector General for Iraq Reconstruction

before the

Subcommittee on the Middle East and North Africa

of the

Committee on Foreign Affairs

U.S. House of Representatives

on

"Learning from Iraq: A Final Report from the Special Inspector General for Iraq Reconstruction"

July 9, 2013

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

## I. Introduction

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

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

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

## II. Learning From Iraq

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

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

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

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

1. Oversight In A War Zone

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

2. What Happened and To What Effect

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

3. Nation (Re)Building By Adhocracy

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

4. How Much Money Was Spent

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

5. Where the Money Went

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

6. Pathways Toward Reform

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

7. Final Lessons

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

## III. The Primary Lesson

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**IV. Other Lessons**

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

1. Begin rebuilding only after establishing sufficient security, and focus first on small programs and projects.

2. Ensure full host-country engagement in program and project selection, securing commitments to share costs (possibly through loans) and agreements to sustain completed projects after their transfer.

3. Establish uniform contracting, personnel, and information management systems that all SRO participants use.

4. Require robust oversight of SRO activities from the operation's inception.

5. Preserve and refine programs developed in Iraq, like the Commander's Emergency Response Program and the Provincial Reconstruction Team program, that produced successes when used judiciously.

6. Plan in advance, plan comprehensively and in an integrated fashion, and have backup plans ready to go.

**V. Conclusion**

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

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

---

Ms. ROS-LEHTINEN. Excellent. Thank you very much, Mr. Bowen.

And, Ambassador, we'd love to hear from you as well. Just push that green button.

**STATEMENT OF THE HONORABLE JOHN HERBST, DIRECTOR, CENTER FOR COMPLEX OPERATIONS, NATIONAL DEFENSE UNIVERSITY (FORMER AMERICAN AMBASSADOR TO UKRAINE AND UZBEKISTAN)**

Mr. HERBST. Madam Chairman, Ranking Member Deutch, members of the——

Ms. ROS-LEHTINEN. A little bit closer to your——

Mr. HERBST. Thank you for inviting me to appear today. It is a pleasure to appear alongside Stuart Bowen, my longtime colleague and the special Inspector General for Iraq.

In particular, I am here to offer support for his suggestion to create the U.S. Office for Contingency Operations, USOCO.

This discussion comes at an inopportune but a necessary moment. The country has been continuously at war since September 11th, 2001. Our military has been stretched by operations in Iraq and Afghanistan nearly to the breaking point. It needs time and resources for repair and rejuvenation.

With our planned withdrawals from Afghanistan next year, the U.S. seems to be entering a new era of national security challenges. Chastened by the difficulties and cost of Iraq and Afghanistan, the American public has expressed in various polls its preference to avoid such interventions in the future.

This clear preference to avoid large-scale interventions has been reinforced by the nation's budgetary woes. This has put serious pressure on the Federal budget and, of course, the Pentagon.

In sum, there is not much support at this time for the U.S. to invest its reduced budget resources to ensure that we conduct stability operations in a competent way.

This is a serious mistake because whether or not the United States is entering a new post-Afghanistan era in foreign policy, the international scene continues to be characterized by state dissolution and rampant instability.

Al-Qaeda, holed up in the Taliban-led failed state of Afghanistan, launched the September 11th attacks. Today, the extremist group Al-Shabaab in Somalia is recruiting among Somali Americans in Minneapolis.

The Center for Complex Operations recently released a new book, "Convergence: Illicit Networks and National Security in the Age of Globalization," that highlights how various criminal groups are making common cause around the world to the detriment of law-abiding states and citizens.

The Fund for International—the Fund for Peace and Foreign Policy issued the 2013 Failed State Index last month. It listed 20 countries, with Somalia and the Democratic Republic of Congo leading the way, as in critical condition and 20 more in serious danger.

In other words, this problem of ungoverned spaces will be with us for a generation or more, and there will be contingencies when American interests and the American people demand that we act.

For example, Haiti is a near neighbor that has earned its ranking as the eighth most unstable country in the world. This poorly-governed land has prompted American interventions, both military and humanitarian, multiple times over the past century.

Lately, these interventions have been driven by our desire both to alleviate human misery and to prevent a flood of Haitian refugees washing up on our shores.

These are objectives that the American public can understand and support. I was in the State Department during our last intervention in Haiti following the January 2010 earthquake. I recall vividly senior officials saying, "We will do this intervention right so there will be no need for future interventions."

Well, as the chairwoman pointed out, we did not do it right. Our engagement achieved little. There will be an occasion in the future where we will have to engage in Haiti. So it is a very good thing if we are prepared.

There is yet one more reason to develop capacity to conduct stabilization and reconstruction operations. While the American public may be fed up with interventions abroad, many in Congress and our broader political class are not.

We saw this in the run-up to the intervention in Libya. President Obama was initially reluctant to engage, but under pressure from our allies in the U.K. and France and also from Congress we decided to go in.

The President put clear limits on our role. We would only use air power and we put no soldiers on the ground. Yet this intervention was in support of a principle—the responsibility to protect helpless citizens from their own leadership—which if applied regularly would lead to our intervening again and again around the world.

Right now, we are witnessing pressure to get involved in Syria. This pressure is ongoing despite the failure of our intervention in Libya: It was a failure because, while we removed Gadhafi and prevented carnage by Gadhafi on his citizens, this led to the destruction of democracy in Mali and a humanitarian tragedy there, with over 450,000 displaced people, both within the country and without.

Yet pressure is growing for us to engage in Syria, despite the fact that the most effective members of the opposition are Salafi extremists. If we go into Syria, we better be prepared. We are not prepared at this moment.

To properly run stabilization and reconstruction operations, the U.S. needs a significant civilian capacity to complement our world-class military. One way to explain our less than successful stability operations in Iraq and Afghanistan is to point out the obvious. These civ-mil operations were carried out by professionals on the military side but by amateurs on the civilian side.

This is not to denigrate our State Department professionals or our USAID professionals. I was a career Foreign Service officer for 31 years and I can attest to you that our Foreign Service officers are courageous, intelligent and capable. The same is true with our USAID colleagues.

But the point is that neither the State Department nor USAID hires or trains people in large numbers for stability operations. This was evident during our engagements in Iraq and Afghanistan.

Yes, we deployed hundreds and even thousands of USAID and State Department officers, but we eventually staffed it with tens of thousands of contractors—people who served one tour and then left.

Their experience vanished with them. Contrast that with the military personnel who served three or more tours in Iraq and Afghanistan.

The problem on the civilian side has been understood for some time. It led President Clinton to issue Presidential Security Directive 56 and President Bush to issue National Security Directive 44.

The purpose of that second directive was to create a rapid reaction interagency force—a civilian response corps—that could be used for both conflict prevention and conflict response. It was under the control of my old office at the State Department, the Office of the Coordinator for Reconstruction and Stabilization.

While SCRS was beginning to build the Civilian Response Corps, the Obama administration came in. Under the Quadrennial Diplomacy and Development Review under Secretary Clinton, the department took a good step of making my old office a bureau and renaming it the Conflict and Stability Operations Bureau, raising its profile at State.

But, unfortunately, for budgetary and perhaps other reasons, they decided to take apart the Civilian Response Corps. This corps, which once numbered over 1,000, now is reduced to a handful.

In other words, if we go into a major stability operation today we will have to staff the civilian side of this contingency operation with contractors.

We are no farther prepared to staff this with professionals of the U.S. Government than we were 10 years ago. That's the problem.

Experience has shown that we need a corps of dedicated civilian professionals in order to conduct these stabilization operations well. This is where USOCO comes in. As we draw down in Afghanistan, the military is putting together smaller numbers for stability operations but they have the ability to ramp up.

We do not have something equivalent on the civilian side. We have not had that since USAID was taken apart after the Vietnam War. USOCO is a first step toward reestablishing the civilian capacity. The initial cost of this proposal is insignificant—$25 million.

It can be used to put together a staff of 125 professionals who would begin to organize the civilian side for contingency operations. It would provide the first stability operation professionals ready to respond to emergencies abroad.

This would put our civilian side, if this proposal is enacted, in the same situation as our military, which has ramped down the numbers but was able to ramp up in an emergency and which has retained the know-how to conduct civ-mil operations.

We have created the world's greatest military, but without a professional civilian counterpart, this military will not conduct stabilization operations effectively. A small investment today will help us avoid failure tomorrow.

Thank you. I apologize for going over my time.

[The prepared statement of Mr. Herbst follows:]

Statement of

**AMB (Ret) John E. Herbst**

Director

Center for Complex Operations,

Institute for National Strategic Studies,

National Defense University

On

**"Preparing for Security Challenges Created by Political Instability"**

At a Hearing Entitled

"Learning from Iraq: A Final Report from the Special Inspector General for Iraq Reconstruction"

Before the Subcommittee on Middle East and Africa,

House Foreign Affairs Committee,

U.S. House of Representatives

July 09, 2013

* The views expressed in this testimony are my own and do not necessarily reflect the views of the Defense Department or the National Defense University.

Chairman Ros-Lehtinen, Ranking Member Deutch and members of the Subcommittee, thank you for inviting me to appear before this committee today to discuss how the United States should best prepare for the security challenges created by political instability around the world. It is a pleasure to appear alongside my colleague, Stuart Bowen, the Special Inspector General for Iraq Reconstruction. In particular, I am here to offer support for Mr. Bowen's proposal to improve the United States' approach to stabilization and reconstruction operations by establishing the U.S. Office for Contingency Operations (USOCO).

This discussion comes at an inopportune, but necessary moment. The country has been continuously at war since September 11, 2001. Our military has been stretched by the operations in Iraq and Afghanistan to the outer reaches of its capacity. It needs time and resources for repair and rejuvenation.

With our planned withdrawals from Afghanistan next year, The U.S. seems to be entering a new era of national security challenges. Chastened by the difficulties and costs of the Iraq and Afghanistan operations, the American public has expressed in various polls its preference to avoid such interventions in the future. Shortly before his retirement, then Secretary of Defense Gates expressed a similar sentiment when he said that we would be foolish to get into another land war in Asia. In his defense guidance in January 2012, then Secretary of Defense Panetta said that we must retain the know how to conduct large scale stabilization and reconstruction operations, but we would not size the force for such operations.

This clear preference to avoid large scale interventions has been reinforced by the nation's budgetary woes. The explosion in annual budget deficits since the Great Recession of 2008 – even with the recent improvement over the past year -- and the vast increase in the national debt have put serous pressure on the federal budget including at the Pentagon. Sequestration has added additional pressure.

In sum, there is not much support at the moment for the U.S. to invest reduced budget resources to ensure that we can conduct stability operations in a competent way. This is a

serious mistake because, whether or not the United States is entering a new, post-Afghanistan era in foreign policy, the international scene is characterized by state dissolution and rampant instability.

**THE CONTINUING DANGERS OF POLITICAL INSTABILITY**

The mix of declining state power and widely diffused technology is empowering criminal and terrorist groups around the world. This means that narcotics traffickers or human traffickers or pirates or terrorists can nest in failed or failing states and conduct activities that endanger the well-being of our citizens. These groups can even tip the balance of power, turning fragile and corrupt states into potentially criminalized states. (Mexican drug cartels are effectively doing just that in Honduras, Guatemala and El Salvador.)

Al Qaeda holed up in the Taliban-led, failed state of Afghanistan launched the September 11 attacks. The extremist group Al Shabaab in Somalia is recruiting among Somali-Americans in Minneapolis. The Center for Complex Operations recently released a book, 'Convergence: Illicit Networks and National Security in the Age of Globalization,' that highlights how various criminal groups are making common cause around the world to the detriment of law abiding states and citizens.

The Fund for Peace and 'Foreign Policy' issued the 2013'Failed State Index' last month. It listed 20 countries, with Somalia and the Democratic Republic of Congo leading the way, in "critical condition" and 20 more "in danger." This problem of ungoverned spaces will be with us a generation or longer, and there will be contingencies when our interests and the American public demand that the U.S. act.

For example, Haiti is a near neighbor that has earned its ranking as the 8th most unstable country in the world, according to the Failed State Index. This poorly governed land has prompted American interventions both military and humanitarian multiple times in the past hundred years. Lately, these interventions have been driven by our desire both to alleviate human misery and to prevent a flood of Haitian refugees from washing up on our shores. These are objectives that the American public understand and support. I was in the State Department

during our last intervention in Haiti, following the earthquake in January 2010. I can recall very senior officials vowing that "this time" we would "get it right," so that there would be no need for future interventions. Guess what? Our engagement achieved little. So there will be occasion for future engagement in Haiti, and it would be a very good thing if we were prepared.

Take one more example. Northern Mexico is a largely ungoverned space. Or to be more precise, it is space governed more by powerful drug cartels than by Mexican authorities. These cartels use their position in Northern Mexico to expedite their multibillion dollar drug exports to the United States. Developing the capacity that would help Mexican authorities re-establish order along our shared border and to curtail drug sales across the border would serve our interests and be supported by most Americans.

**THE POLITICAL CLASS IS STILL PRONE TO INTERVENTION**

There is yet another reason to develop capacity to conduct stabilization and reconstruction operations. While the American public may be fed up with interventions abroad, many in Congress and the broader political class are not. We saw this in the run up to our intervention in Libya. President Obama was initially reluctant to engage, but under pressure from our allies in the U.K. and France, who had already decided to intervene and then needed our support, and from many in Congress, he reconsidered. The President put clear limits on our role; we would only use air power and would put no soldiers on the ground. Yet the intervention was done under a recently developed international doctrine – the Responsibility to Protect (helpless citizens from carnage by their leadership) – which if regularly applied could add major new responsibilities to our national security agenda.

Right now we are witnessing this same buildup of pressure for American action against the Assad regime in Syria. This pressure is growing despite the evident failure of our Libya operation. (Yes, we averted a humanitarian disaster by preventing Qadhafi from cracking down on the people of Benghazi in 2011; but his demise set off a chain of events leading to the fall of a fragile democracy in Mali and the imposition for a time of Salafi rule in Mali's north, in addition

to the ongoing chaos in Eastern Libya. In other words, we prevented a massacre in Benghazi in 2011 and inadvertently caused a major political and humanitarian disaster in Mali ) The pressure for action in Syria is also growing despite the fact that the most effective members of the Syrian opposition are Salafis.

Another live option is Iran. It is the stated policy of the U.S. to prevent Iran from developing nuclear weapons. Toward this end, all means are on the table. A military strike against Iran might lead us to put troops and civilians on the ground.

If we are called upon to conduct a stabilization and reconstruction operation in either Syria or Iran – and I am not advocating that we do so – we would be much better off if we have the necessary tools.

**PREPARING RECONSTRUCTION AND STABILIZATION OPERATIONS**

To properly run stabilization and reconstruction operations, the U.S. needs a significant civilian capacity to complement our world-class military. One way to explain our less than successful stability operations in Iraq and Afghanistan is to point out the obvious problem with personnel. These civ-mil operations were carried out by professionals on the military side, but by amateurs on the civilian side. This is not to denigrate our competent State Department and USAID professionals. I was a career Foreign Service Officer for 31 years and can assure you that the State Department is made up of intelligent, capable and courageous professionals. And I have worked with USAID colleagues for nearly as long and for nine years as a Chief of Mission oversaw their outstanding work. They too do wonderful things in difficult circumstances.

The point is that neither the State Department nor USAID hires or trains people in large numbers for such operations. This was evident during our engagements in Iraq and Afghanistan. Yes, we deployed hundreds and eventually thousands of State Department and USAID Foreign Service Officers to both countries, but to fully staff the civilian side of operations, we had to hire tens of thousands of temporary government employees under 3161 and Schedule B authorities. Most of these temporary hires served for one tour and were gone. And their experience vanished

with them. Contrast that with the military personnel who had three or more tours in Iraq and Afghanistan.

**RECENT EFFORTS TO PREPARE A CIVILIAN RESPONSE CAPACITY**

The problem on the civilian side has been understood for some time. That is why the Clinton Administration in its second term, after wrestling unsatisfactorily with contingency operations from Somalia to the Balkans, issued Presidential Decision Directive 56: to better organize the interagency for future efforts. The Bush Administration, which came into office dismissing the value of what it called "nation building," redesigned the same wheel as the Clinton Administration.

Recognizing that the civilian side of the U.S. government was not adequately contributing to our operations in Iraq and Afghanistan, President Bush issued National Security Presidential Directive 44 in 2004, setting up the Office of the Coordinator for Reconstruction and Stabilization (S/CRS). Its purpose was to organize a good-sized, rapid reaction interagency force – the Civilian Response Corps – that could be used for both conflict prevention and conflict response. While providing rhetorical support for the Office and its function, senior officials only began to push for significant budget resources in 2007. And the Office only received major funding in the fall of 2008.

While S/CRS was starting to build capacity in the Civilian Response Corps, the Obama Administration was reconsidering how to organize for complex operations. The first Quadrennial Diplomacy and Development Review (QDDR) under Secretary of State Clinton became the vehicle for this. That review and its implementation took the good step of making S/CRS into the Conflict and Stability Operations Bureau (CSO), raising its profile in the State Department bureaucracy, which is important for establishing its role in conflict response.

Implementation also maintained the small, but strong planning capacity that S/CRS had developed for contingency operations. But unfortunately, for budgetary and perhaps other reasons, under CSO the Civilian Response Corps which once numbered over 1200 staff has been reduced to a handful. In other words, if we have a need to staff the civilian side of a contingency operation in large numbers again, CSO would need to call in contractors. We have already seen the problems with that approach. The bottom line is that CSO is developing and

institutionalizing an important capacity for conflict prevention and responding to small crises. It is not in a position to manage large ones.

The Pentagon was also interested in building civilian capacity for stability operations during the Bush Administration. It created in 2008 the Civilian Expeditionary Workforce, as well as the Ministry of Defense Advisor program, which signed up Pentagon civilians for work overseas in support of the troops and host nation governments. Like the Civilian Response Corps, the Civilian Expeditionary Workforce has started to languish.

**WHY USOCO?**

Experience has shown that a core of dedicated, civilian professionals is needed to conduct stabilization and reconstruction operations successfully. Helping a country restore stability or helping a state rebuild itself is not for amateurs. Ad hoc efforts will always yield sub-par results.

The combination of a globalized economy and information system with political instability means that for the foreseeable future, the U.S. will need a capacity to conduct civilian-military operations to restore order. There will be times when our national interests require it and there will be times when our political leaders insist that we take up this challenge.

The only real question is whether we will have the means to do the job when the orders are issued. In this time of budget discipline, the military is ramping down its forces, but retaining the know-how and the capacity to build up the next time we need to launch a major stabilization and reconstruction operation. That is a reasonable way to address this challenge.

The problem, though, is on the civilian side. Since the end of the Vietnam War, when we dismantled, the large, expeditionary USAID that performed brilliantly in the CORDS program, we have not had the civilian capacity to do stability operations the right way. We are now in a time of budget shortfalls. Few are looking to start new programs in the national security field. Yet it would be penny wise to leave unaddressed this vacuum in civilian capacity.

Stuart Bowen has performed a signal public service as the Special Inspector for Iraq. He has seen up close and personal the inadequacies of our stabilization and reconstruction efforts,

which were supported by ad hoc systems on the civilian side. He is now proposing to create a U.S. Office for Contingency Operations USOCO). Its mission would be to hire and train civilians who are experts in running complex operations.

The initial cost of this proposal is insignificant: $25M. It would be used to put together a staff of 125 professionals who would begin to organize the civilian side of contingency operations. It would provide the first stability operations professionals ready to respond to emergencies abroad. It would also begin to do the planning and host the exercises necessary to prepare staff for deployments. It would set up a lessons learned shop to make sure that we evaluate properly our civilian efforts. (Lessons learned is an integral part of military culture; it is not much practiced in our civilian agencies.)

To ensure unity of effort in major operations, it will be necessary to give USOCO the formal lead in running the civilian side. This does not mean the USOCO would "make policy." Policy would be made under Presidential direction at the NSC, with major input from the Departments of State and Defense and other agencies. But USOCO should have responsibility for the implementation of policy on the civilian side in the field.

Of course, this proposed staff of 125 and budget of $25M is just a start. In the event of a major stabilization and reconstruction operation, USOCO would need to hire and train hundreds, if not thousands of civilians. As circumstances dictate, there may be a need to make these additional hires permanent staff. But standing up USOCO now would enable the civilian side to get ready -- in ways that it has not been ready for four decades -- for such an operation. It would be the equivalent of the military's current posture on stability operations: standing down the force, but retaining the knowledge of how to run such operations and the readiness to grow the force for such operations as needed.

We have created the world's greatest military. But without a professional civilian counterpart that military will not conduct stabilization operations effectively. A small investment today will help us avoid failure tomorrow.

---

Ms. ROS-LEHTINEN. Thank you very much, Mr. Ambassador. Thank you for excellent testimony, and we will begin the questioning part. I will recognize myself for 5 minutes.

Mr. Bowen, we have spent nearly $100 billion in Afghanistan already. However, we continue to make some of the same mistakes as we've done in Iraq.

One of the lessons learned from your testimony that you pointed out is that we should begin rebuilding only after establishing sufficient security.

Given the fact, as Mr. Kinzinger pointed out, that we have seen press reports this morning that the President is considering leaving no troops in Afghanistan after our withdrawal in 2014, how will this security vacuum impact our reconstruction efforts in Afghanistan, based on the lessons learned in Iraq?

Mr. BOWEN. I think my interview with Secretary Panetta on this point shed some light on the decision making with regard to the withdrawal from Iraq vis-à-vis what is occurring in Afghanistan.

And Secretary Panetta said to me that the inability to negotiate a basis for a continuing U.S. military presence in the post-2011 Strategic Framework Agreement left the United States without important leverage in Iraq. This weakened American capacity to push for greater change within the Government of Iraq.

That's a lesson, I would say, from the Iraq experience, from Secretary Panetta's perspective, one that should be listened carefully to. And thus, as we look forward to Afghanistan, that lesson ought to be kept in mind because the truth is the last quarter in Iraq has been the most devastating quarter since the summer of 2008.

A lot of causes for that—certainly, what's going on in Syria. But the rule of law certainly is not under control in Iraq at this moment.

Ms. ROS-LEHTINEN. And speaking of Syria, due to that ongoing bloody conflict, the infrastructure needs in Syria will continue to increase and the U.S. might be asked to assist in Syria's reconstruction efforts in the near future.

Looking beyond Afghanistan, what would you suggest, either one of you, our plan should be for a post-Assad Syria within the parameters of reconstruction efforts and how much cost would be involved?

Can you envision what those could be and what mistakes might be repeated there?

Mr. BOWEN. At a minimum, we should be actively planning for participating in a multilateral stabilization reconstruction operation in a post-Assad Syria. We should be planning now. We should have been planning for a while.

Indeed, the U.N., under former Syrian Minister Dhari, is doing that now and he's publicly expressed some frustration at the lack of multilateral engagement on the point.

It's impossible to project the cost but we do know the devastation in Syria is massive and, thus, the stabilization and rebuilding of the country will take time.

But what should be clearly on the table and would be if there was a USOCO in existence now is identifying the contractors, the personnel, the IT system, the oversight, how money would be managed—the controls, just to put a general rubric over it, to ensure

that we avert fraud, waste and abuse of the kind that we saw in Iraq and that we've seen in Afghanistan.

Ms. ROS-LEHTINEN. Mr. Ambassador.

Mr. HERBST. I agree with Stuart that we should be planning now. We should have begun planning long ago for a possible engagement in Syria after the Assad regime falls.

Whether or not we actually do that depends on many things, for example, whether the government that appears after Assad is one that's friendly to us. But we don't know and we should be planning now for that contingency.

I believe there has been some planning being done by the Office of Conflict Stabilization and Operations at the State Department for this.

But I don't know how comprehensive it has been and certainly, as Stuart said, it needs to be done in conjunction with what's being done by the U.N.

Ms. ROS-LEHTINEN. If I could interrupt you, you talk about the Bureau of Conflict and Stabilization Operations was established in November 2011. And this bureau was preceded by the organization that you led, the Office of Coordination for Reconstruction and Stabilization.

And even though the bureau concentrates more on small crises, do you believe that we should increase the capacity of the existing bureau within the State Department or establish a new center, which you proposed, called the U.S. Office for Contingency Operations? And wouldn't there be more redundancy and duplicative efforts between those two entities?

Mr. HERBST. I think there is the possibility for duplication if USOCO is established. But here's how I look at this. The core of a successful stabilization operation on the civilian side consists of, first, planning, secondly, an integrated core of government professionals.

And what you have in CSO right now is, I think, an able planning capacity and a small competent staff. But there's no larger interagency core of professionals to do this work properly.

A conscious decision was taken to reduce that core. Conceivably, it could be redone in that office or conceivably be done with Stuart's proposal for USOCO. There does not seem to be an interest right now in the State Department for doing that.

And even when I was in charge of the SCRS office at State, while we were building this there did not seem to be a readiness on the part of the rest of the building to use it. It was something of a foreign entity in the State Department.

Ms. ROS-LEHTINEN. Thank you very much, sir. Thank you for good answers.

Mr. Deutch is recognized for his questioning period.

Mr. DEUTCH. Thank you, Madam Chairman.

Inspector General Bowen, you—just two of the points that you flag I'd like to explore. You say that—and you spoke today about facilitating greater host country buy-in. I'd like you to speak to why that didn't happen in Iraq.

And then you also recommend ensuring security before rebuilding begins. And I wonder—while that's important, I wonder the extent to which we can actually do that and whether there's concern

that it actually prolongs the conflict—prolongs the conflict and slows the reconstruction of infrastructure, state institutions, the other things that need to happen. If you could speak to both of those.

And then, Ambassador Herbst, as it relates to Syria, if that's the sort of thing that USOCO would do and that's the view that would be taken here, how is it—when is it ever relevant? When is the security situation and who deems the security situation addressed well enough to be able to come in and do these other things? Inspector General.

Mr. BOWEN. Thank you, Mr. Deutch.

First, on the consultation point, part of it was the shift from liberate and leave—which was the pre-war plan—to occupy and rebuild—which became the policy just over 10 years ago now. A significant shift from spending $2 billion to $20 billion in the blink of an eye, and then $60 billion over 10 years.

The reality was—is we were planning on leaving by the end of September 2003 and, thus, there was no commitment to consultation with that planned short stay.

When we shifted to a significant infrastructure-based rebuilding program, the plan sort of evolved within and among the U.S. contractors that were identified and was developed by the Coalition Provisional Authority, and it did not engage with the Iraqis enough. That's their first-person testimony to me about what happened back then.

But more importantly, it's something that wasn't thought of beforehand—the need to consult and the commitment to it, and the deference to host country interest capacity and absorptive capacity, in particular—what can they do, what can they sustain. On the security front, the key is ensuring sufficient security, not absolute security.

So it's a proportional metric. The less secure in the environment, the smaller the project. The more secure the environment, the more substantial the project you can pursue.

Mr. DEUTCH. Right. So just to follow up on that, in Iraq you have the assessments being done both about security and about engagement.

In the absence of USOCO, those assessments were being done by our Ambassador and those assessments were being done by the generals on the ground.

So how do they—where are they on this proposal? Do they feel that they would have benefited? Did the generals—any of the generals or Ambassadors who served in Iraq feel that they would have benefited by having this or——

Mr. BOWEN. Yes sir, Mr. Deutch. Ambassador Crocker says this would have enabled him to operate more effectively and he supports the idea of creating USOCO.

Mr. DEUTCH. And when the—when the U.S. is operating overseas—and I guess we can broaden this, Ambassador, to Syria too—the Ambassador in Iraq—as we've talked about and when the U.S. operates elsewhere, it's the Ambassador who heads the civilian efforts in the country and the commanding general then heads the defense operations.

Where does—I understand what Ambassador Crocker said. Where does—where would USOCO fit into the chain of command? Is it on par with State and DoD? Is it—how does it fit?

Mr. BOWEN. USOCO's mission is very discrete and well-defined, and its clarity will provide certainty to both the agencies and the contractors.

It would be somewhat like FEMA in that the President would declare when a stabilization reconstruction operation begins. USOCO's jurisdiction then is effectuated and its mission is to oversee the relief and reconstruction activity in the affected country.

And then upon completion of that mission as identified by the President he would declare it over. Its reporting chain would be like mine, reporting to the secretary of defense and secretary of state and then the national security adviser.

Mr. DEUTCH. And I only have a few seconds left. Ambassador, when would we ever hit that point in Syria? And in Afghanistan, at what point would that designation have ever been made?

Mr. HERBST. In Syria, we would hit it once we decide the situation is appropriate for us to go in and that point is when you have a government in Damascus or an emerging government in Damascus which we know we can work with and when conditions on the ground are sufficient to permit us to go in.

To make that—to make that call, you need to have very experienced professionals on the ground, certainly, on the border with Syria and hopefully within Syria as well to offer the expert political advice that our leaders need in order to make that decision.

And that's why you need to have a core of professionals devoted precisely to this type of problem. This type of problem is widespread around the world.

Mr. DEUTCH. And without—I'm sorry, my last question, Madam Chairman. So without this core of professionals, we're not able to make the decision about when there's a government that we can work with?

And shouldn't there be—shouldn't there be much more that goes into the discussion of the analysis of when to get involved or do we always wait until there's a government that we can work with?

Mr. HERBST. We should be involved as soon as we see a crisis brewing and we should put our intelligence assets and our best professionals on the ground to develop a sense as to what's happening.

Your question—there has been some skepticism when you said, well, do we need these professionals in order to make these decisions.

My sense is, looking at our experience in Iraq and Afghanistan, that it would have been very helpful if we had this type of professional analysis before our political leaders decided to go in in this very serious way.

The decisions to go in in both cases were full of suppositions that proved to be false. It was mentioned by many members of the committee before we had a chance to testify.

Ms. ROS-LEHTINEN. Thank you very much.

Thank you, Mr. Deutch. One of our Iraq vets, Mr. Kinzinger, is recognized.

Mr. KINZINGER. Thank you, Madam Chair, and, again, gentlemen, thank you for being here, as I mentioned in my opening statement.

You know, I think the big thing we want to know is not should we be involved in other parts of the world but, of course, how do we do it better.

One of the concerns I have is in this time in Egypt where you have this turmoil that we're going to rush to the exits to get rid of aid and to walk away from that situation. I think it's important that in Egypt the United States stay engaged with aid, with foreign aid as they go through this time of instability.

And I think it's, you know, also important to recognize that in Iraq, I think there were mistakes made in the post-war.

Number one, I think we should have gone in with far more troops. We should have had a plan the point Saddam's statue fell.

We should have had a plan for law enforcement and, frankly, we should have gotten on TV and said if you work for the Iraqi Government come to work tomorrow because you're going to continue to have a job. And I think that, in the long run, cost us probably many years of fighting.

And so as we look at this, something I want to explore is what's the difference between what happened in Germany and Japan post-World War II and what we saw in Iraq.

Is it reasonable to expect that any kind of development aid program can succeed in a highly unstable security environment? I'll start with you, Mr. Bowen.

Mr. BOWEN. Well, that's a core lesson from Iraq and Afghanistan that you must have sufficient security before engaging in substantial rebuilding, relief and reconstruction activity, development and aid, and that cost us billions of dollars and too many lives.

Indeed, we issued a report last summer that found that 719 lives were lost while those individuals were engaged in reconstruction-related activity. Better planning, better capacity, better integration among the agencies would avert the kind of fraud, waste and abuse we've seen in Iraq.

It would ensure that better execution and would implement effective oversight so that the loss in blood and treasure that we've seen in Iraq, that we've seen in Afghanistan, would be averted in Syria in whatever future stabilization and reconstruction operation we engage in.

Mr. KINZINGER. Thank you. Mr. Herbst.

Mr. HERBST. Our occupations in Germany and Japan succeeded because the German Government and Japanese Government and people accepted the legitimacy of our presence. In Iraq, that was always a question and——

Mr. KINZINGER. Let me just ask you—not to interrupt but do you believe initially when basically the Saddam statue fell did we have the legitimacy at that point and was it a matter of we didn't enforce laws, we didn't—you know, we basically did the de-Ba'athification? Was that the problem or do you think that was in question from the beginning?

Mr. HERBST. Given the complexities of our relationship with the Arab world, our legitimacy was in question even as Saddam's stat-

ue came down. Still I believe we had a chance if we had done it smart that we could have established some legitimacy.

And if we had done it smart we would have—we would have established law and order, which we had the capacity to do. As you stated, we would have welcomed those who had been part of the Saddam government to continue working in the government. We would not have disbanded the military the way we had.

There were many fundamental mistakes that we made, mistakes because we were not sufficiently sensitive to the culture of the location. But even had we done everything right, Iraq would have been much more difficult than Germany and Japan.

Let me give you one example from Japan which helped us get it right there. The U.S. made the critical decision not to remove the emperor of Japan, and the emperor of Japan said to the Japanese people, "Cooperate with these Americans." We had no such wisdom in Iraq.

Mr. KINZINGER. You're suggesting we should have left Saddam Hussein as President?

Mr. HERBST. No. But we took out Tojo in Japan. The emperor was a very different kettle of fish.

Mr. KINZINGER. Understood. I understand what you're saying. And I thank you for that question. I think as, again, as we look forward, I mean, Iraq, they're very important lessons learned.

We're naive if we think America's never going to have to be in this situation again in the next 50 or 100 years, and so I thank you for your hard work.

Looking forward at where we're at in Afghanistan, again, as I mentioned in my opening statement, my big concern is the number 2014 for the year to withdraw from Afghanistan was pulled out of a hat, and it was pulled out for political reasons.

The President wanted to put a date certain for withdrawal. I'm not going to necessarily argue. I disagree.

But one of my questions, though, and one of my concerns is when you look at Afghanistan today, I think it's something like 60 percent of the people in Afghanistan are under the age of 20 or some amazingly young demographic.

You have the Afghan civil society. People are waking up in Afghanistan. The Afghanistan military now basically controls its entire country. It is standing against resurgent Taliban.

This is a war that has to continue but we're on the eve of not a victory for America—I think it would be a victory for America—but a victory for the people of Afghanistan, which in 50 or 100 years when we look back at the United States, you know, when our grandkids or whatever are reading history books, they're going to look at this finite amount of time when there was instability in the Middle East, instability everywhere, and say what did America do with its position of power.

And it's going to lead to a world of chaos, a world of a Chinese or a Russian leadership, or a world where America continues to be that shining city on a hill. And so I thank you all for your testimony and I yield back.

Ms. ROS-LEHTINEN. Thank you for your service. Thank you.

Mr. Connolly of Virginia is recognized.

Mr. CONNOLLY. Thank you so much, and I would say to my friend from Illinois I appreciate his fingering some of the early mistakes that were proved catastrophic.

And I would argue part of the problem was our own command structure because we, frankly, infused Ambassador Bremer with way too much power to make unilateral decisions that actually undercut negotiations the military and State Department were having to try to keep the country together immediately post-invasion.

And someday, Mr. Kinzinger, I'd enjoy talking to you about that. I commend a book by Thomas Ricks called "Fiasco," which documents this in agonizing and painful detail.

Mr. Bowen, you and I travelled to Iraq together on one of your many peregrinations. Two things, and we've got to be concise if we can do it, but two things that came up in that visit that stay with me and you and I have talked about since, one is CERP—the idea that the military was going to become an aid distribution entity.

It's one thing to have some small sums to fix a problem here to try to bolster the role of rebuilding communities, not just being seen as occupiers and invaders.

But this program ballooned with very little scrutiny and I wonder as part of your final report if you'd talk about that.

And then the second thing is I remember anecdotally when we were travelling in a limited way around Baghdad, if you recall this, there was the story about the water power plant or water purification plant we rebuilt or we built.

The problem was that we gave no thought to the capacity of piping in Baghdad. And so we had this brand spanking shiny new thing we could point to and we cut a ribbon and we turned on the switch and, you know, tens of thousands of Baghdad water pipes burst because they weren't retrofitted to handle this new capacity.

And that's what I was saying in terms of over and above the 15 percent of absolute waste, there were examples like that where we just didn't get it right. Now, maybe it was in haste. Maybe it was because we didn't have the right people on the project.

Maybe it had to do with the coordination you're talking about. But I wonder if you can just talk about that aspect of it too, not just waste.

Mr. BOWEN. Yes. Thank you, Mr. Connolly.

Yes, on CERP, clearly, as our audits demonstrated, it extended far beyond its initial concept as quick hit urgent humanitarian need projects.

That's a good idea. That's a weapon in the arsenal of the local commander to help address hearts and minds issues at the village level.

What happened instead was we had projects like the Baghdad Enterprise Zone, which ballooned up to $38 million, including the painting of a mural on a blast wall for $1 million. That entire project certainly——

Mr. CONNOLLY. Well, that's great work if you can get it.

Mr. BOWEN. Well, it was—I would deem it waste. But more importantly it didn't advance our national security interests locally and instead hindered them.

Ultimately the Congress responded by capping CERP projects at $1 million unless the secretary of defense approved, and that never happened.

But the Congress shouldn't be CERP's program office. That should be done at the Pentagon, and thus in future operations there should be a program office that carefully defines how it should be implemented and ensures training is done. That's what was also missing.

On the Nasiriyah water treatment system, yes, you're right. It was the largest single infrastructure project we did in Iraq, and it, as we documented in our evaluation of it, was only operating at 20 percent after turnover.

It is an example of what happens when you don't carefully consult and effectively oversee and ensure proper execution at the local level. It was a project beyond their means and, as you pointed out in your opening statement, there's so much waste at the sustainment point—in other words, what the Iraqis cannot sustain.

The Nasiriyah system is one example of why it's impossible that the $8 billion number is a conservative number when it comes to waste.

By contrast, in Erbil, the parallel water treatment project—the fourth largest project we did in Iraq—is a smashing success. It's providing fresh water to the people of the capital city of Kurdistan now.

And why? Because the Kurds committed to it and they did have a sustainment plan that they executed. Sustainment is a huge issue in any future operation.

Mr. CONNOLLY. Thank you, Madam Chair.

Ms. ROS-LEHTINEN. Thank you, Mr. Connolly.

Dr. Yoho.

Mr. YOHO. Thank you, Madam Chair.

Gentlemen, I appreciate your testimony. You know, we're talking about fraud, waste and abuse and we need to have transparency and oversight and all that. And I hear that in every meeting I come to but we never find that person that's held accountable at the top.

And, you know, with the money that we looked at spending in Iraq, $60 billion I think is what I have, and then close to $100 billion in Afghanistan, without the oversight, it just seems when we go back to our district—in fact, that's one of the reasons I'm here—is the American people are tired of that. We've got to change our foreign policy and what we do.

And the reason it worked in Japan and Germany is we beat the stink out of them and they surrendered. Nobody surrendered here, and so for us to go into a stable—a non-stable government and try to rebuild, it's almost insanity, I think, or ludicrous that we do that without that clear defined goal.

And now we're looking at Syria to do it again. I want to ask specifically what do you see as the role of the American Government in the Middle East?

Is there a different way that we can approach the Middle East to bring stability to that area instead of going in there and bombing, people die and then we have to look at rebuilding with the waste, fraud and abuse? That's the one question.

The other one is, if you could take us through a scenario of how money is given to this agency and how it's tracked so that we don't get into this again. And I—you know, unfortunately, I think we'll be involved somewhere in the future and I'd rather not see that.

I'd hate to see our young men and women go overseas. They need to stay here and build America strong. So I look forward to hearing you.

Mr. HERBST. You ask a big question when you ask if we can provide stability in the Middle East. I think it's safe to say that it is beyond our means to provide stability in each and every country in the Middle East.

Mr. YOHO. I agree.

Mr. HERBST. And we will bankrupt ourselves if we try. We can offer an environment and we can, by prudent relations, promote stability and that should be part of our goals. And we can also, in specific countries at specific times, make a significant difference.

But we have to be very careful before we go in. We have to have excellent intelligence. We have to have goals that are sufficiently limited that we can achieve them and goals that are consistent with the culture, political and social, of the country where we engage.

And that means we have to look carefully every time before we decide to intervene. And for that, we need to have, again, a serious corps of professionals and leaders with wisdom and humility.

Mr. YOHO. Thank you.

Mr. BOWEN. And Dr. Yoho, with regard to reducing fraud, waste and abuse in future operations, this is what USOCO would do.

It would reduce the cost of preparing and executing and overseeing such operations by ensuring that there was effective planning that afforded our national command authorities options. That's what USOCO would do.

And more importantly, it would not rely on coordination on the ground after the operation begins, which is what occurred in Iraq and which is what occurred in Afghanistan and which didn't work.

That coordination must move to interagency integration so that these—there is a civ-mil capacity that exists before the operation begins and that's done the work ahead of time to ensure that there are controls in place so that the projects and programs succeed and that fraud, waste and abuse is reduced.

Mr. YOHO. Okay, because I was reading in here about the Army Corps of Engineers. They did a program where they were burying the pipelines and it was billions of dollars. And you were saying that we have to rely on better experts and things like that. I mean, how do you get better than the United States of America?

You know, it's just not acceptable that we're spending this money there and then we go back to our taxpayers and say, hey, guess what, you got to send more money in and we're borrowing 43 cents on every dollar to send over here. And it's just—if we don't have the experts now and they go over there, what are we doing?

Mr. BOWEN. Well, accountability is the key.

Mr. YOHO. All right, accountability. Who's——

Mr. BOWEN. Imposing accountability.

Mr. YOHO. Who's held accountable?

Mr. BOWEN. And that's the problem. There's no one in charge now. There was no in charge in Iraq specifically for the rebuilding program.

And when the Commission on Wartime Contracting held its hearing on Afghanistan and called State, Defense and AID to the table and said, who's in charge of the rebuilding program, they couldn't provide an answer. That's what USOCO would do.

You know, Mike Brown was there to fire when FEMA failed. You know, there's no one there to fire now when a stabilization and reconstruction operation doesn't go well because it's not centralized, it's not coordinated, it's not—there's no one identified with accountability for the operation. USOCO would solve that problem.

Mr. YOHO. I yield back. Thank you, ma'am.

Ms. ROS-LEHTINEN. Thank you, Dr. Yoho.

Mr. Cicilline is recognized.

Mr. CICILLINE. Thank you, Madam Chair. Thank you again to the witnesses.

You know, the contrast of the quality and service of our brave men and women in uniform to—compared to the conduct described in this report is really stark, and very, very disturbing. And so I have—I want to ask, really, three separate questions.

First is what role does the pervasive corruption in Iraq play in this reconstruction effort? You note in the report at Page 104 that the United States invested over $67 million since September—as of September 2012 in anti-corruption efforts.

And despite this support for the fight against corruption, apparently little changed between 2003 and 2012 and that Iraq remains consistently one of the most corrupt countries in the world.

I remember from my visit to Iraq hearing from a constituent who was part of the rule of law working group about the challenges.

So I'd like to hear from you about what—whether or not that sort of pervasive local corruption impacts the reconstruction efforts, obviously, and our accountability that we're seeking.

Second, I'd like to hear from you about the police development program. I actually saw that while I was there. Apparently, it wasted over $200 million to train Iraqi police that both Baghdad didn't need or want. How did that happen? How does a program that no one wants and that's that ineffective occur?

And finally, how do you conclude that this new agency would somehow provide the kind of streamlining and oversight that we have a right to expect? I think the American people see what this report reveals and they've become enraged at the kind of waste when we see crumbling infrastructure in cities and towns all across America and we're told we don't have the resources to rebuild our own country, and we see the colossal waste that occurred in the reconstruction of Iraq.

And it is, I think, is properly a source of great rage from the American people. So I'd like you to address those three issues, please.

Mr. BOWEN. Thank you, Mr. Cicilline. The corruption issue in Iraq continues to daunt the country, to limit its capacity to grow and to hold it back from making progress out of the situation in which it's currently mired.

And as Dr. Basit, who's the head of the Board of Supreme Audit, their chief oversight entity, told me when I interviewed him last year, corruption has become an institution in Iraq and it takes the form of money laundering-up to $20 billion to $30 billion lost annually to money laundering in Iraq, by some estimates, by his estimate.

And that drains the economy of its resources and keeps the majority of the population in poverty-stricken circumstances.

The police development program failed to succeed because of the lack of consultation with the minister of interior. When we did our audit of it, we met with Minister al-Assadi and he said to us that it was shaped and formatted in a way that didn't really meet his needs.

Yet it was far down the road at that point and upon issuance of the audit it began to roll back and eventually was concluded earlier this year because of the lack of buy-in. Curiously, you know, this late into the program, still there was a consultation problem.

USOCO would address the fraud, waste and abuse issues, the planning issues, the execution issues, by ensuring accountability and transparency throughout the process. But most importantly, it would promote integration.

These are civ-mil operations. If you accept that and you accept the fact that our current system is not promoting or advancing toward greater civ-mil capacity, then I think reform is necessary.

There is no other proposal on the table. There is no other office in place within the executive branch now that is advancing that interest.

And that interest ultimately is tied to our national security architecture and protecting our interest in the region. Not learning from Iraq, not implementing this kind of reform will leave us worse off.

Mr. CICILLINE. Just a follow-up question. Your report reveals that—or references an audit that was done in 2012 that concluded that roughly $1 billion was transferred out of Iraq each week via currency auctions conducted by the Central Bank and up to $800 million was laundered money transferred illegally under false pretenses.

And that cumulatively over the course of a year, this presents the possibility that up to $40 billion was leaving the country annually because of corruption. Do you have a sense of what percentage of that is American taxpayer money?

Mr. BOWEN. That is all Iraq money. That is oil and gas money flowing from the development fund for Iraq, not U.S. money, and that comes from an audit from the Board of Supreme Audit, Iraq's oversight entity, that was related to me by Dr. Basit.

Mr. CICILLINE. Thank you. I yield back, Madam Chair.

Ms. ROS-LEHTINEN. Thank you, Mr. Cicilline.

Another wonderful Iraq vet, Mr. Collins, is recognized.

Mr. COLLINS. Thank you, Madam Chair.

I appreciate it. I think one of the things that I appreciate in this discussion on the questions on both sides is this is a dialogue. This is one of the things that I think needs to happen.

And I think what's interesting, though, is coming to the table and thinking about the correlation between World War II and now. I think there's an interesting correlation.

One, there is no correlation because there were different aspects of this. In going into Iraq, as we did, when you're fighting a war and trying to rebuild the place at the same time is not the best way to go about it and also, and I think one of the statements that was made about not taking into account local interest in this, and that's something we've got to look at.

The question I have, though, comes, and I think it was—one of them was the corps of professionals and you keep mentioning USOCO, and we'll get to that in just a second.

It was interesting to me that there was a breakdown of 75, 15, and 10, of the money—75 percent DoD, 15 AID, and then 10 State.

Even in the past, if you want to use past knowledge, State Department involvement usually would be higher, especially in these internals.

Is that something that you see—and I want to do it short because I got several things I want to get to—State Department role, especially in this issue, if we're there does it seem like it needs to be higher?

Mr. BOWEN. Yes, Mr. Collins, it does, and especially given the fact that the State Department was given policy authority over the entire reconstruction program. So you had the authority in one agency, yet you had the contracting capacity all in another agency, and as I saw it repeatedly on the ground that led to friction that led to failure.

Mr. COLLINS. Well, and that's what I want to follow up because it's disturbing to me that we're throwing Syria around as quickly as we are here and the fact of where we're at and there has been clear evidence of a lot of things going on in Syria.

And one of the statements, Mr. Herbst, I believe that you made that, you know, our job is to go in, for a paraphrase, is to help those who are—and I think we've got a concern here.

Because the very things that you're talking about, when we start looking at Syria or we start, you know, Egypt or anywhere else is us being involved in a way militarily that's so functionally different in those environments than Iraq and Afghanistan.

My concern goes back to, if USOCO is implemented, what is the cost? What is your estimated cost to set up USOCO?

Mr. BOWEN. $25 million per year.

Mr. COLLINS. And who would it report to? I've looked at your appendix and I've looked at the draft bill. Is it a stand-alone new agency?

Mr. BOWEN. Yes.

Mr. COLLINS. Where's the direct reporting?

Mr. BOWEN. It reports to the Secretary of State and the Secretary of Defense and also to the National Security Advisor for Policy.

Mr. COLLINS. Okay. That right there I see is an issue right there. You have three bosses.

Mr. BOWEN. I actually report to the Secretary of State and Secretary of Defense, and because they're civ-mil—these operations—

it makes sense. These are unique operations, a creature of the modern era and a——

Mr. COLLINS. But also a direct appointment by the President, correct?

Mr. BOWEN. That's right.

Mr. COLLINS. That's what I read in your draft——

Mr. BOWEN. That's right.

Mr. COLLINS. So——

Mr. BOWEN. With Senate confirmation.

Mr. COLLINS. Okay. So it would be, as you made note over the FEMA issue, we'd fire that person. The President could fire that person——

Mr. BOWEN. That's right.

Mr. COLLINS [continuing]. That we look at. As we look forward here, one of the last things that you stated in one of your lessons learned was plan in advance, plan comprehensively in an integrated fashion, have backup plans ready to go.

Mr. BOWEN. Yes.

Mr. COLLINS. Okay. One of the issues—and I don't want to go back too far here, but is that in World War II—because it's been referenced before, if all the history that you would read there is that the first couple years we were focused on winning the war. And then there came the transition as we came to the reconstruction end.

What I found troubling in Iraq was that it seems to be all of a sudden we're there—oh, my God, what do we do, and then how do we do this, and they were sent in to reconstruct.

Now, we're not going to discuss the actual reasons why. But that is a concern for me. Are you looking at USOCO being an agency that is the front end to say—let's just use an example wherever we may go into X state—for whatever reason we decide that firm military involvement needs to be there on a large scale, would you be trying to do, again, to repeat the problems of Iraq where you go in before the fighting is over?

Or are we looking at something that where there's—let's finish it, let's secure it and then begin our rebuilding process?

Mr. BOWEN. It would be the latter. I mean, a key lesson from Iraq is to ensure sufficient security exists before relief and reconstruction activity pursues in earnest.

But the ultimate goal of USOCO with regard to planning, Mr. Collins, is to provide national command authorities with options; in other words, a range of choices with regard to the nature of the aid that you might provide to country X, so that you're not limited by circumstances.

In Iraq, we planned to liberate and leave. We were going to be gone by September. But within 6 weeks of arriving in the country we shifted to occupy and rebuild with no structure, with no system in place to sustain such an operation.

Mr. COLLINS. And I appreciate your work and you have done yeoman's work here on both, and I appreciate that.

I think the concern that I have looking forward here is implementation of USOCO, implementation of this in a—what we'll call a different environment which Iraq and Afghanistan stand alone.

And then you've got the smaller areas on how are we fitting in and how will that fit in long-term.

I think these are Madam Chair, I think these are things that we need to discuss, especially in the Middle East as we go forward, because that has been the hot spot right now in which we have to deal with.

But it also concerns me deeply that we're discussing—and we throw numbers around here—we're discussing taxpayer dollars. These are dollars that men and women do not understand when we send overseas and we don't have a clear, defined role.

I think we've had a long discussion of where we've disconnected what foreign aid should be and what it should be about as to what we have seen recently and I think that has contributed to the distrust that Americans feel.

And we have got to restore that trust and this report helps in that regard. But I think we've got to continue to follow up. Madam Chair, I yield back.

Ms. ROS-LEHTINEN. Very good. Excellent points. And we have been joined by the ranking member of the full committee, Mr. Engel. We're so thrilled to have you. How are we doing so far? Doing all right? Okay.

Ms. Frankel of Florida is recognized.

Ms. FRANKEL. Thank you, Madam Chair. I know——

Ms. ROS-LEHTINEN. Thank you to your son for his service.

Ms. FRANKEL. Oh, and thank you, too, for your family and to our members who have served.

So I have another family confession, which is my son also served in USAID. So this does not make me an expert, either in the military or in the State Department, okay. I want to say that.

But I've tried to have many discussions with my son about this. And incidentally, he now runs a wine bar. He owns a wine bar. So you can see he's changed his direction.

But here's what I want to say. First of all, you know, when I read this memo from our chairlady—thank you for this memo—one thing that really jumps out at me is that SIGIR estimates that DoD managed 75 percent of the reconstruction funds.

That should give a real red alert that the DoD should not be managing reconstruction. And, in fact, I mean, I am very, very proud of the military. I know you mentioned how they are professional, they're trained. But I question whether or not their training is in development.

I know—my son trained to be an artillery officer and—which he was. And I think that's a very different job than training to do development. So I think that one of the mistakes we made is having the Defense Department manage reconstruction.

Number two, you talked about USAID, and maybe what I would just respectfully suggest is that instead of a new bureaucracy, which is called the USOCO, I think one of the failings of government is that every time an agency doesn't seem to be doing well, instead of looking to see what the real problem is we decide to create a new problem.

Maybe I just want to respectfully suggest—and I'd like to hear your comments—maybe USAID is not funded. Maybe USAID does not have the authority it needs and maybe if USAID was in charge

of reconstruction, rather than the military, maybe we'd have a different outcome.

Now, with that said, I'm not sure that either USAID fully funded or professionalized to the degree that we would like it to be, that our reconstruction efforts were worthwhile either in Iraq or Afghanistan. But we can save that for another day.

Mr. HERBST. Thank you. You raise a valid question, whether or not we need a new bureaucracy or we simply use the bureaucracies we have.

My opinion is that the USAID that existed 40 years ago, the USAID that was engaged in Vietnam, would have been able to do the reconstruction operation in Iraq or Afghanistan much better than we have managed to do it ourselves.

Conceivably, you could recreate USAID. You would have to infuse it with substantial resources. It's an agency based almost entirely on contractors. You have to hire many, many more professionals.

You'd also have to institute a rather drastic cultural change. The assistance community in the United States and around the world believes very much in assistance for assistance's sake, as opposed to assistance in direct support of American national interests.

And there are wonderful professionals at USAID but most of them believe that. That is not the type of culture that would do a stability operation correctly.

My sense is that given how USAID functions today—and it does a wonderful job in what it does—you probably would be faster, more efficient by creating a USOCO than trying to redo it with—in USAID.

Ms. FRANKEL. Did you want to——

Mr. BOWEN. Yes. I concur with Ambassador Herbst. The reality is USAID today functions chiefly through contracting out its work, about 80 percent. And so to absorb it within one agency I think has already been attempted at State by—through Ambassador Herbst's office, the Coordinator for Reconstruction and Stabilization.

Ultimately, placing it within any one agency—State, DoD, USAID—will imbue the operation with that particular bureaucracy's biases.

And by providing it independence, pulling it out, you're able to develop a new culture, a civ-mil culture, that ensures, Ms. Frankel, I think your key point, that a civilian leads the reconstruction mission.

You led with that, and I totally concur with it. And part of the motivation behind the creation of USOCO would be to ensure a civilian lead for our stabilization and reconstruction operations rather than at each appropriation, at each supplemental, having this bidding war almost to decide who gets what share of the rebuilding money as occurred so often in the course of the Iraq rebuilding venture.

Ms. FRANKEL. Thank you very much. Thank you, Madam Chair.

Ms. ROS-LEHTINEN. Thank you, Ms. Frankel.

Mr. DeSantis, another Florida colleague, and thank you for your service in Iraq.

Mr. DESANTIS. Thank you, Madam Chairwoman. Thanks to the witnesses. I really appreciate this. I appreciate the report.

The report obviously talks about that initial decision to fire deBa'athification, fire the security forces. General Petraeus, I think, was correctly critical of that.

And I'm just curious, was it just assumed that those folks would not have wanted to participate in a new Iraqi Government or was there actually evidence that led us to pursue deBa'athification?

Mr. BOWEN. I think it was influenced by the Iraqi leadership in charge and the Shia leadership that were pushing the removal of former Sunnis within the government at a level deeper than had initially been planned in pre-war plans.

And that led to, essentially, as has been described by a number of interviewees, of—to a firing of the government and the capacity was difficult to fill and took years of training and governance assistance.

Mr. DESANTIS. Appreciate that. In terms of the report, it talks about the rule of law efforts that were undertaken, and I remember when I was there, I mean, there was a court, I remember built an Iraq. We'd send detainees there, what not.

But was there any measurable success in the time and resources that we put into the rule of law while we were there? I know you said it's deteriorated recently.

But from the time we started—I don't know when—I know it was going on in '07 and '08. Was that just a failure?

Mr. BOWEN. No. I think the interview with Chief Justice Medhat, who was also the chair of the Higher Judicial Council in Iraq, indicated that he was satisfied with the support on a number of rule of law projects, particularly the Major Crimes Task Force and the Judicial Security Support.

Forty-four judges were killed in Iraq over the last 10 years and there was much intimidation of the judiciary by terroristic elements, which prevented the effective rule of law. Over time, that security improved and with its improvement came an overall improvement to the rule of law system.

Mr. DESANTIS. In terms of the corruption, you know, obviously, I think in some of the mismanagement of funds, there was some serious examples of waste of taxpayer money.

But is it the case that, you know, sometimes this corruption is embedded into the cultures; that is, are there not limits to what even a well-administered stabilization operation can achieve in terms of rooting out corruption?

And if that's the case, specifically with respect to Iraq, I mean, do you think that that is just part of kind of what we found when we got there?

Mr. BOWEN. There was a culture of corruption in Iraq and to some extent it affects the region. Saddam certainly managed a formalized corrupt system of patronage.

But our efforts to try and alter that didn't really alter the culture as we've seen, as our reporting demonstrates, and as the Iraqis have told me. That culture is an almost institutionalized element within the system now and billions, tens of billions are being lost to money laundering.

It's upon them. It's their duty, it's their system, it's their sovereignty now to address it and they are beginning to address it. But too much has been lost over the last 10 years.

Mr. DESANTIS. And then, finally, in terms of the CERP project, you know, I remember that was being done when I was there and it just seemed to me, like, there were some benefits, but this is just me on a very low level seeing some of this.

And I didn't get a chance to read, you know, kind of how the report appraised that. But from standing here today, do you think that that was an effective use of dollars, given the circumstances that these commanders were facing at the time?

Mr. BOWEN. Yes, Mr. DeSantis. Our CERP study—our special report on CERP—demonstrated significant reporting from battalion commanders about successful CERP projects when they were managed at a limited level, under $100,000.

That was the initial plan to—that they should be $25,000 to 50,000. And tens of thousands of projects at that level were accomplished I think to good effect, especially those local grants, you remember, that helped local businesses accomplish small projects.

However, when they became $1 million, $5 million, $10 million projects, and then they extended beyond the life of the deployed elements, then we lost oversight and then waste and fraud occurred.

Mr. DESANTIS. Thank you. And then, just finally, Mr. Herbst, you had mentioned about us not being prepared to do some of these operations and so you would not advise us to get involved in a nation-building/stabilization type enterprise in that region right now?

Mr. HERBST. I think we should be very careful before we make any decisions to go in at the present time.

Mr. DESANTIS. Thank you. I appreciate the witnesses. I enjoyed it. Thanks, Madam Chairwoman.

Ms. ROS-LEHTINEN. Thanks, Mr. DeSantis.

Now we will recognize Mr. Vargas of California.

Mr. VARGAS. Thank you very much, Madam Chair, and I think I've figured out the button here finally. So thank you very much.

Ms. ROS-LEHTINEN. Only supposed to learn that in your second year of service, Juan.

Mr. VARGAS. It usually takes me about two or three, so thank you, Madam Chair.

First of all, I appreciate very much the testimony that you've given here today and the information you provided. You know, I think for most Americans, when you think of rebuilding you do think of the Marshall Plan. I certainly do. And I think of it as a success.

One of the things that you bring out in the report, interestingly, is the second point for your seven final lessons learned and that was that you begin rebuilding only after establishing sufficient security and focus first on small programs and projects.

You know, the Marshall Plan began—I don't know, you may recall—it didn't begin right after the war ended. In fact, the Marshall Plan didn't begin until 2 years after the war ended and it was because we had that fear, of course, of the spread of Soviet communism.

So that's when President Truman said we're going to have this plan. It was somewhat controversial.

I went back and looked at the numbers—I thought they were going to be important—because I do recall the numbers being gi-

gantic. And it turns out that we spent about $13 billion when we had a GDP then of $258 billion for the United States. So it was a rather large amount of money.

There was some controversy with it. But at the same time, people generally understood and the American people got behind it saying, yes, those are our allies. They're enemies now but they're going to be allies long term.

So, I mean, I appreciate the timing but I think the second part is important. That is, that Europe was going to be friendly. It doesn't seem to be necessarily the case with, you know, Iraq and Afghanistan. Could you comment a little bit about that?

Because I think that's one of the things I think that have the American people at some unease because they don't seem like—it doesn't seem—you know, every dollar we give to Israel we think that's fantastic because they're friends—they're going to be friends forever—we're protecting them—you know, we're on the same wavelength on everything. Every dollar you spend on Iraq or Afghanistan, it doesn't feel right.

Mr. BOWEN. Yes, Mr. Vargas. Two points. One, on the Marshall Plan, you're right. We spent 2 years planning for it and thus the element of planning to a successful stabilization, reconstruction and rebuilding program is proven through the success of the Marshall Plan.

Also, curious, interestingly, the Marshall Plan's operational entity, the ECA, reported to two Cabinet secretaries. So there is precedent for that as we've described for USOCO.

With regard to receptivity of the local populace, there is a lesson from Iraq on that. In fact, there were two rebuilding programs in effect in Iraq—the one in Kurdistan, the northern three provinces, and then the one in the southern 15.

Virtually all the projects in Kurdistan where we were welcomed, where we were well received, where we did have substantial support, were successful. Most of the projects in the south were not.

I think that's reflective of your core point that ensuring stability, local stability, local buy-in, local consultation, local engagement, are key to successful programs and projects.

Mr. VARGAS. How about you, Ambassador?

Mr. HERBST. There's no question that our interventions in Germany and Japan were successful, even before the Marshall Plan and that's because, as we've all mentioned, the Japanese and the Germans accepted our presence as legitimate in the wake of their defeat.

In Iraq, that was never accepted except among the Kurds, because the Kurds had had a very bad time under Saddam Hussein's regime and also the Kurds looked to us as natural friends.

The Shia were also repressed under Saddam but they did not necessarily see us as friends. And so our intervention in Iraq was always going to be much more difficult in the post-military phase because we were not fully accepted.

Mr. VARGAS. And I think that's the unease, I think, that the American people feel. I mean, I do think that there is a real unease that we have as Americans that we're spending so much money there and that in a few years when we leave they're not going to be our friends.

I mean, they're going to see the world very differently than we do and our allies in the region are going to be their enemies. In other words, they're not going to line up on the same side.

Mr. HERBST. I think that's the reason why we need to be cautious as we decide to engage in these countries.

Mr. VARGAS. Any other comment on that?

Mr. BOWEN. USOCO would ensure caution because it would offer options. We would not be driven by circumstances as was the case in Iraq when we shifted from a plan to leave in 2003 to one that ended up requiring us to stay for 10 years.

And USOCO would also provide accountability and transparency that it would—that I think would assuage those just concerns that the American people have about their dollars being wasted in these operations.

Mr. VARGAS. Thank you. Thank you, Madam Chair.

Ms. ROS-LEHTINEN. Thank you, Mr. Vargas.

And we thank our excellent witnesses for wonderful testimony. And to conclude our subcommittee, I will just read into the record the seven final lessons from Iraq based on the final report from the Inspector General.

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

Two, begin rebuilding only after establishing sufficient security and focus first on small programs and projects.

Three, ensure full host country engagement in program and project selection, securing commitments to share costs, possibly through loans, and agreements to sustain completed projects after their transfer.

Four, establish uniform contracting personnel and information management systems that all SRO participants use.

Five, require robust oversight of SRO activities from the operation's inception.

Six, preserve and refine programs developed in Iraq, like the Commander's Emergency Response Program and the Provincial Reconstruction Team Program, that produce success when used judiciously.

And lastly, seven, plan in advance, plan comprehensively and in an integrated fashion and have backup plans ready to go.

Excellent, gentlemen. We appreciate your testimony. We look forward to working with you in the months ahead. And with that, the subcommittee is adjourned. Thank you.

Mr. BOWEN. Thank you, Madam Chairman.

[Whereupon, at 11:45 a.m., the subcommittee was adjourned.]

# APPENDIX

---

## Material Submitted for the Hearing Record

**SUBCOMMITTEE HEARING NOTICE**
**COMMITTEE ON FOREIGN AFFAIRS**
U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, DC 20515-6128

**Subcommittee on the Middle East and North Africa**
**Ileana Ros-Lehtinen (R-FL), Chairman**

July 2, 2013

**TO: MEMBERS OF THE COMMITTEE ON FOREIGN AFFAIRS**

You are respectfully requested to attend an OPEN hearing of the Committee on Foreign Affairs to be held by the Subcommittee on the Middle East and North Africa in Room 2172 of the Rayburn House Office Building (and available live on the Committee website at www.foreignaffairs.house.gov):

**DATE:** Tuesday, July 9, 2013

**TIME:** 10:00 a.m.

**SUBJECT:** Learning from Iraq: A Final Report from the Special Inspector General for Iraq Reconstruction

**WITNESSES:** The Honorable Stuart W. Bowen, Jr.
Special Inspector General for Iraq Reconstruction

The Honorable John Herbst
Director
Center for Complex Operations
National Defense University
(*Former American Ambassador to Ukraine and Uzbekistan*)

**By Direction of the Chairman**

*The Committee on Foreign Affairs seeks to make its facilities accessible to persons with disabilities. If you are in need of special accommodations, please call 202/225-5021 at least four business days in advance of the event, whenever practicable. Questions with regard to special accommodations in general (including availability of Committee materials in alternative formats and assistive listening devices) may be directed to the Committee.*

## COMMITTEE ON FOREIGN AFFAIRS

MINUTES OF SUBCOMMITTEE ON *the Middle East and North Africa* HEARING

**Day** *Tuesday* **Date** *07/09/13* **Room** *2172*

**Starting Time** *10:05 a.m.* **Ending Time** *11:45 a.m.*

**Recesses** [ ] ( to ) ( to ) ( to ) ( to ) ( to ) ( to )

**Presiding Member(s)**

*Chairman Ros-Lehtinen*

***Check all of the following that apply:***

**Open Session** [✓]
**Executive (closed) Session** [ ]
**Televised** [✓]
**Electronically Recorded (taped)** [✓]
**Stenographic Record** [✓]

**TITLE OF HEARING:**

***Learning from Iraq: A final Report from the Special Inspector General for Iraq Reconstruction***

**SUBCOMMITTEE MEMBERS PRESENT:**

***(See attendance sheet)***

**NON-SUBCOMMITTEE MEMBERS PRESENT:** *(Mark with an * if they are not members of full committee.)*

***Steve Stockman (R-TX)***

**HEARING WITNESSES: Same as meeting notice attached? Yes** [✓] **No** [ ]
*(If "no", please list below and include title, agency, department, or organization.)*

**STATEMENTS FOR THE RECORD:** *(List any statements submitted for the record.)*

***SFR - Rep. Connolly (D-VA)***

**TIME SCHEDULED TO RECONVENE** _____
or
**TIME ADJOURNED** *11:45 a.m.*

**Subcommittee Staff Director**

**Hearing Attendance**

**Hearing Title**: Learning from Iraq: A Final Report from the Special Inspector General for Iraq Reconstruction
**Date**: 07/09/13

*Noncommittee Members*

| Member | Present |
|---|---|
| Ros-Lehtinen, Ileana (FL) | X |
| Chabot, Steve (OH) | X |
| Wilson, Joe (SC) | |
| Kinzinger, Adam (IL) | X |
| Cotton, Tom (AR) | X |
| Weber, Randy (TX) | |
| Desantis, Ron (FL) | X |
| Radel, Trey (FL) | |
| Collins, Doug (GA) | X |
| Meadows, Mark (NC) | X |
| Yoho, Ted (FL) | X |
| Messer, Luke (IN) | |
| *Steve Stockman* (TX) | X |

| Member | Present |
|---|---|
| Deutch, Ted (FL) | X |
| Connolly, Gerald (VA) | X |
| Higgins, Brian (NY) | |
| Cicilline, David (RI) | X |
| Grayson, Alan (FL) | |
| Vargas, Juan (CA) | X |
| Schneider, Bradley (IL) | |
| Kennedy, Joseph (MA) | X |
| Meng, Grace (NY) | X |
| Frankel, Lois (FL) | X |
| | |
| | |

The Honorable Gerald E. Connolly (VA-11)

**MENA Subcommittee Hearing: Learning from Iraq: A Final Report from the Special Inspector General for Iraq Reconstruction**
**Tuesday, July 9, 2013**
**10am**

To date, 4,326 U.S. service members have lost their lives in a war that began under false pretenses. The Bush Administration misled America and our allies in the fog after 9/11 by claiming that Saddam Hussein had weapons of mass destruction and that he was intent on using them. There was talk of yellowcake uranium, aluminum tubes, and the need for preemption. The final report from the Special Inspector General for Iraq Reconstruction (SIGIR) gives us a baseline to examine the cost of the Iraq war in "blood and treasure." Though such an analysis gives us a quantitative cost, I think many of us agree that the true cost cannot be summarized by one number. Despite this harsh truth, we ought to fully examine the financial cost of the Iraq War in an effort to truly uncover what another rash military action could cost us.

When the last U.S. troops crossed from Iraq into Kuwait on December 18, 2011, in accordance with the November 2008 Security Agreement (SA), the United States' combat role in Iraq came to an end. The phrase "combat role" is operative, as the United States still has a presence in Iraq, though our presence itself is in a state of transition. The Office of Security Cooperation—Iraq (OSC-I) claims 3,500 staff and operates out of six total facilities in Iraq. By the end of 2013 the OSC-I, which is under the authority of the U.S. Ambassador, will transfer its facilities to the Government of Iraq.

As of the end of the last fiscal year (FY 2012), various international donors made available $220.2 billion for the relief and reconstruction of Iraq. The United States has provided about $60.6 billion, or 28% of the total sum, and the March report from SIGIR details the five major funds[1] that provided 85% ($51.6 billion) of those funds. I have repeatedly raised concerns about one of these funds in particular: the Commander's Emergency Response Program (CERP). This fund, which I first learned about during a CODEL to Afghanistan, exists both for Iraq and Afghanistan. According to the March SIGIR report, through FY 2011, the Pentagon allocated a total of $4.1 billion to CERP in Iraq; as of January 2013, $3.7 billion of the appropriated funds had been obligated. As someone who has spent many years working on foreign development, the idea of such sums of money being referred to as "walking around money" with little to no oversight and coordination is disconcerting to say the least. Moreover, the idea of commanders in war zones with such sums of money invites inefficiency and even temptation. As a proponent of transparency and oversight in U.S. security assistance, I dare say CERP has been problematic. I only hope that its existence in two wars has not set a precedent for future actions.

Transparency of U.S. security assistance requires a centralized tracking system of all money and projects. As most auditors will say, one has to "follow the money." The March SIGIR report cites

[1] Iraq Relief & Reconstruction Fund (IRRF), Iraq Security Forces Fund (ISSF), Economic Support Fund (ESF), Commander's Emergency Response Program (CERP), International Narcotics Control and Law Enforcement (INCLE).

The Honorable Gerald E. Connolly (VA-11)

seven databases with which SIGIR and its staff had to contend to track down large sums of money. The most egregious problems were associated with the Iraq Reconstruction Management System (IRMS), which had serious problems including missing, inaccurate, and incomplete data. The March report goes on to detail other issues, including significant gaps in agency records that prevented SIGIR from identifying how appropriated Iraq relief and reconstruction funds were used. Civilian agencies did not come out ahead in this final report. For example, USAID tracked financial data by program, but it did not consistently track data on projects within the programs.

The ultimate conclusion of SIGIR's final report is bleak. It states:

> Our inability to account for specific projects, the status of projects, and their use by the Iraqis raises questions about the purpose of the spending and whether waste occurred in its use. Nonetheless, based on the 390 audits and inspections and over 600 investigations conducted by SIGIR's audit, inspection, and investigative staff since 2004, our judgment is that waste would range up to at least 15% of Iraq relief and reconstruction spending or at least $8 billion.[2]

The notion that waste in reconstruction spending for a war that began under false pretenses could amount to at least $8 billion is damning. This must be among the lessons learned from Iraq, and it should give us pause as we listen to voices clamor for U.S. action in Syria or other parts of the world.

Thank you, Madam Chairman.

###

[2] Special Inspector General for Iraq Reconstruction, "Government Agencies Cannot Fully Identify Projects Financed with Iraq Relief and Reconstruction Funds," SIGIR, 13-006, 2 March 2013, p. 21.

○