

STATEMENT OF AMBASSADOR PATRICK KENNEDY
UNDER SECRETARY FOR MANAGEMENT
U.S. DEPARTMENT OF STATE
Before the Subcommittee on
National Security, Homeland Defense, and Foreign Operations
House Committee on Oversight and Government Reform
"Assessment of the Transition from a Military to a Civilian-Led Mission in Iraq"
June 28, 2012

Chairman Chaffetz, Ranking Member Tierney, distinguished Members of the Subcommittee, thank you for inviting me to testify today on the status of the State Department's operations in Iraq following the military to civilian-led transition.

Since I appeared before you last October, U.S. forces completed their withdrawal from Iraq in December 2011, in accordance with the 2008 U.S.-Iraq Security Agreement. This change from a military to civilian-led mission marked a significant milestone in one of our most important strategic bilateral relationships - the U.S. relationship with Iraq. Embassy Baghdad has increased its engagement with our Iraqi counterparts to bolster Iraq's stability and development, promote U.S. investment, facilitate private sector growth, and deepen relationships with Iraq's diverse populations.

Our strategic goal continues to be a unified, democratic, and stable Iraq that will be a voice of moderation and a successful democracy in a turbulent region. Without hands-on U.S. engagement, and the engagement of other like-minded countries of influence, the possibility remains that Iraq could have a decline in their security environment or slide back toward authoritarian rule. Iraq's development as a democratic nation is ongoing, and while there have been and will continue to be many challenges, a strong democratic Iraq is essential to the security of the region and is a critical component of our engagement in the Middle East.

Engagement after the Withdrawal of U.S. Forces

While the relationship between Iraq and the United States has been based primarily on security interests for close to a decade, throughout this time we have been laying the groundwork for the next phase of our relationship -- one which

goes beyond security and encompasses a broad range of mutual interests guided by the 2008 U.S.- Iraq Strategic Framework Agreement.

Under the Strategic Framework Agreement, the Governments of the United States and Iraq are committed to working together at the most senior levels on a wide range of issues through seven Joint Coordination Committees (JCCs), including defense and security, education and cultural affairs, energy, law enforcement and judicial cooperation, politics and diplomacy, services, and trade and finance.

Our Embassy meets regularly with President Talabani, Prime Minister Maliki, cabinet ministers, parliamentarians, and civil society leaders throughout Iraq. While the overall security environment has improved, the situation on the ground remains challenging. Nevertheless, despite occasional high-profile attacks against Iraqis, our diplomatic engagements with the Iraqis have remained robust since the withdrawal of U.S. forces in December.

We continue to monitor the security situation in Iraq closely, and the Office of Security Cooperation-Iraq (OSC-I) continues to work with the Iraqi Security Forces to boost their capacity to maintain their own public security. OSC-I, which is under Chief of Mission authority, supports Iraq's air, land, and maritime sovereignty missions, sustains our investments in the Iraqi Security Forces to date, and plays a critical role in building our strategic partnership with Iraq.

Glide Path

The Department of State has always planned to align our presence in Iraq with the structures of comparable U.S. missions worldwide; however, prior to the transition, we prudently planned for a robust structure in order to handle uncertainties in the wake of the withdrawal. Now that we have successfully transitioned, we are seeking to streamline and normalize our operations in a methodical, phased fashion, which we refer to as the "glide path."

Two key factors became evident early in 2012: the security environment did not deteriorate with the departure of USF-I; and it became clear that while the Government of Iraq values our bilateral relationship, they also saw the value in a

streamlined mission. We had both an opportunity and an obligation to respond to these developments, and have been in discussions with the Government of Iraq about our civilian presence.

As a result of these developments, we have been evaluating our footprint in Iraq, and we continue to assess our programs and staffing to find ways to rightsize our mission. We are working on reducing personnel, sites and programs for agencies under Chief of Mission authority, reductions that will reflect a whole of government approach as prioritized by the Chief of Mission. As part of this effort, we are identifying possible reductions such as: transitioning from US or third country contractors to local Iraqi staff, and sourcing more goods and services locally, to reduce our overall reliance on contractor support.

We are working to reduce direct-hire staffing by 25-30% by the end of 2013. We have not chosen an arbitrary reduction percentage; rather, we examined embassy operations and determined how they might be made more efficient.

We have continued our concerted efforts to hire more Iraqis to fill direct hire positions in Iraq, and now have 240 of the planned 400 on board.

Since early last fall we have also strongly emphasized that our contractors need to hire Iraqis rather than third country nationals. The country-wide goal is to have 50 percent of our life support contractors be Iraqi. Having started at virtually zero, we are currently at 24% and that number continues to climb each month.

These changes will make us more efficient, allowing us to focus our energy on our most successful programs, and to continue providing the necessary level of security to our people in a dangerous environment. Our efforts are ongoing, and we will continue to make adjustments as required to support a robust but appropriately-sized platform.

Update on Support Platform

Turning to specific elements of the support platform, I would like to provide you with an update since last October. The embassy and our consulates were, as of October 1st, fully operational and “mission capable,” as we had envisioned and

planned for. While the term “mission capable” comes from the DoD lexicon, and has not been applied before to State’s operations, on October 1, we were fully engaged in all diplomatic and support activities, even though some of our facilities were secure but not complete. We have continued to complete our facilities through the transition and beyond. Despite the challenging environment, we have and will continue to carry out our diplomatic mission.

Facilities: Build-out is underway at our primary facilities in Baghdad, Basrah, and Erbil, with completion expected in late FY 2012/early FY 2013. As part of the glide path review, we have determined that we will be able to relinquish three facilities and fold the activities of three separate sites in the Baghdad area onto the Embassy compound:

1. We will be transferring the Baghdad Police College Annex to the Iraqis by the end of this year. We always intended to transfer the property to the Iraqi Government, although this is an accelerated timeline. In the future, Iraqi officials have said that we can continue to use parts of the facility to support our engagements with the Iraqi Ministry of Interior. After the decision was made to accelerate transfer of the facilities, the Department suspended all build-out with the exception of what was required to leave the facilities safe for the Iraqi government.
2. We will move the OSC-I headquarters from the property across the street (FOB Union III) onto the Embassy complex by mid 2013, and intend to turn the site back to the Iraqi Government.
3. The drawdown of some programs will reduce the number of contractors, allowing us to move off the Prosperity support annex. We intend to return this property to the Iraqi Government by the end of 2013.

Security: As I discussed in my previous appearances here, in order to meet the unique security challenges in Iraq and other critical threat locations, the Department competitively awarded a base contract for Worldwide Protective Services to eight companies in September 2010. Task orders for static and movement security were awarded for all Department of State sites in Iraq. One of the challenges we faced in the aftermath of transition was the GOI’s slow issuance

of visas for contractors. While this initially affected our programs, issuance is now on track and our security programs are appropriately staffed. The Bureau of Diplomatic Security is performing its increased contract management and oversight to ensure the professionalism and responsibility of security contractor personnel.

During the transition, the U.S. Army loaned State 60 Mine-Resistant Ambush-Protected (MRAP) vehicles. However, in the post-transition reality of operating in heavily-populated environments such as Baghdad and Basrah, we determined, in consultation with the Iraqi Government, that equipment like the MRAPs and the “little bird” helicopters were not ideally suited to our operations, and we are not using them. Because sustainment for this equipment was to be provided under DoD contracts, ceasing use of this equipment will also reduce American contractor staffing.

Life Support: As the Subcommittee is aware, the Department of State requested DoD continue to provide life support services from two major DoD programs through 2013 – the Logistics Civil Augmentation Program (LOGCAP) – for general facility operation, food service, laundry, and other services, plus the Defense Logistics Agency (DLA) – for the supply of food and fuel. The partnership we established with DoD has been highly effective and is based on strong ongoing communications and coordination. We established a twice monthly Iraq post-transition contracting working group where issues such as the local sourcing of food, equipment transfer, and acquisition strategies are discussed and solutions are solicited in a collaborative forum for alternative options after the DoD contracts expire at the end of 2013.

Medical: To ensure the safety and well-being of our personnel, in June 2011, the Department of State competitively awarded a medical contract to Comprehensive Health Services to provide country-wide medical support in Iraq covering all Chief of Mission personnel, including USG contractors. We established small Health Units and Diplomatic Support Hospitals, staffed and equipped to stabilize trauma cases that would then be moved to nearby, first-world medical facilities in Jordan, Kuwait, or Germany. This partnership has gone extraordinarily well; after maintaining superior medical support over the past year, the Department exercised the first contract option year of the contract, because the

contractor has demonstrated a commitment to establish high quality medical service in a climate where they had to build the confidence of the population served, deploy skilled and experienced western medical personnel, utilize state-of-the-art robotic technology, and achieve a self sustaining reliable supply chain for pharmaceuticals, in a very challenging environment.

Food and Fuel: As the Department of State is working toward establishing a more normalized diplomatic mission; we are in the process of shifting the provisioning of food and fuel from the Defense Logistics Agency (DLA) to local sources under the management of U.S. contractors. Our Office of Acquisitions Management working with Embassy Baghdad deployed a survey team in January to determine the variety and availability of local sources of food within Iraq; this survey supports planned implementation of a Department life support contract we call BLiSS, for Baghdad Life Support Services, which will replace the LOGCAP program by the end of 2013. As an interim step, we have awarded several Blanket Ordering Agreements (BOA) to augment the DLA program by providing locally procured fuel and water to many of our sites in Iraq's north, central and southern regions.

In addition to this expanded local supply strategy for fuel, the Department's procurement office is in the process of awarding a small business contract to assist Embassy Baghdad in managing the purchase, storage, consolidation, and delivery of food and fuel throughout our diplomatic sites in Iraq. The contracting team returned to Iraq the week of June 1, 2012, to meet with embassy personnel to cement the requirement and process to procure fuel and food. The initial focus will be on the supply of fuel; the team collected information on the logistics of locally sourcing and transporting fuel to USG facilities throughout Iraq. State and DoD staff met in-country, and the collected information will also be evaluated by State and DOD officials in Washington.

Operations and Maintenance (O&M): We have released a full and open competitive solicitation to the marketplace that will eventually evolve into a contract to provide O&M support to the Embassy Baghdad compound as well as all USG facilities in Iraq. Proposals were received first week in June; we anticipate initial contract mobilization by October 2012 and full mobilization before December 2013.

Other Support: The U.S. Mission will maintain a few specialized maintenance contracts with DoD, especially those which maintain DoD equipment on loan to the Department of State.

Aviation: The Bureau of International Narcotics and Law Enforcement Affairs (INL) has been involved in aviation operations using fixed- and rotary-wing aircraft since the late 1970's, historically focused on counternarcotics and law enforcement missions in South and Central America. However, since late 2009 other Department bureaus have also used aviation activities to support Embassy Baghdad (and Embassy Kabul) for missions involving movement of personnel and cargo, medical evacuation, and security.

Implementation of aviation support in Iraq is operating smoothly under an existing competitively awarded contract. This program manages and executes aviation operations in support of all U.S. Government elements in Iraq, using five fixed-wing aircraft (Bombardier "Dash 8") and 34 helicopters. Missions performed include medical evacuation support, movement of security support personnel, transportation of personnel by fixed and rotary wing aircraft within Iraq using a "hub and spoke" concept, and fixed wing movement of personnel into and out of Iraq. Aviation operations are funded through a Working Capital Fund, which ensures efficient use of these resources. We are downsizing the program in conjunction with personnel and program reductions. As regional and national aviation services increase in reliability and security in the coming years, we will continue reducing reliance on our own aviation program.

Information Technology (IT): We have implemented a full range of IT support services: terrestrial circuitry and satellite to support our unclassified and classified networks, our telephone and radio programs, and our diplomatic pouch and mail requirements. In many cases we partnered with DoD to improve efficiency and reduce costs. For example, we have partnered with Defense Information Systems Agency (DISA) to provide high speed connectivity to Embassy Baghdad. Since my last update, we completed installation of new telephone systems and high speed connectivity at our consulates in Erbil and Basrah. At the Embassy Annex (also called the Baghdad Diplomatic Support Center) near the Baghdad International Airport, we upgraded and expanded the

telephone system for this location. These installations and upgrades further enhance our ability to sustain diplomatic operations during the transition period.

Mail: The Department of State has successfully transitioned mail service for Chief of Mission personnel in Iraq from Army Post Office (APO), which was provided under the 2008 Security Agreement between the U.S. Government and the Government of Iraq, to Diplomatic Post Office (DPO) mail service managed by the Department of State. The transition required signing a Host Nation Agreement (HNA), new contracts for moving mail into both Baghdad and Erbil, and negotiations at both locations to move mail back to the United States. Additionally, many arrangements were made to get the mail from the “hubs” to the “spokes” in country (and the reverse), including sorting and processing of the mail under LOGCAP IV. The Department managed all of these requirements while simultaneously reducing costs from the previous DoD mail system. The Department’s main challenge remains limited contracted airlift for USPS mail arriving in Baghdad, as currently only two air carriers are providing this service. To reduce the stress on this system, and to “normalize” post, the Unclassified Pouch service is being re-established. Unclassified Pouch will be the primary method for moving official correspondence to and from post.

Property and Equipment: The Department has always coordinated closely with DoD on the accountability, transfer, and support requirements for items that the Department has custody. We re-purposed thousands of containerized housing units (CHUs), as well as generators, water purification units, dining facility equipment, and the like. We are applying our lessons learned and best practices to the transition efforts in Afghanistan. Our primary lesson was that the timing of equipment transfers was critical and presented challenges due to the compressed military withdrawal and transition timeline in Iraq.

Contracting and Contract Oversight: The Department continues to increase our contracting oversight staff; we are using our internal funding mechanisms – a one percent fee charged on all contracting services – and have hired 109 additional contracting staff over the past several years. We have 38 contracting officers, specialists and support service personnel devoted to contracting efforts in Iraq and Afghanistan.

The Department continues to work jointly with the Army Contracting Command, and with State Bureaus including Near Eastern Affairs, Diplomatic Security, and International Narcotics and Law Enforcement, on the training and deployment of Contracting Officers Representatives. To maintain our contract oversight partnership with the Department of Defense which has gone very smoothly, we requested that assistance from the Defense Contract Management Agency and the Defense Contract Audit Agency continue through calendar year 2014 or until the Department develops the capacity to perform similar in-depth duties.

Police Development Program

One of State's main programs in Iraq is the Police Development Program (PDP), established and carried out in consultation with the Government of Iraq, as a follow-on to the police training program led by the DoD. Since the beginning of the State-led program in October 2011, we have focused on helping the leadership of the Ministry of Interior (MOI) and the police services as they work to develop specialized skills, conduct operations, and manage their institutions. The program has also been the subject of audits by the Special Inspector General for Iraq Reconstruction (SIGIR) and GAO. In SIGIR's first audit of the PDP published in October 2011, they recommended that the Department conduct a baseline assessment and develop a comprehensive program plan with performance metrics. Both of these efforts were already in progress at the time of the audit and have since been completed.

In late March, INL conducted the first of its semi-annual reviews to assess program effectiveness and identify the need for any adjustments. This review also facilitated coordination with the mission's overall glide path effort to consolidate operations. Based on this first semi-annual review, I understand that INL and the Embassy are working closely with the MOI on potential program changes to ensure that it is meeting our two governments' expectations. This evaluation is ongoing, and the Department will brief Congress on the further results of this evaluation when it is completed.

Conclusion

In conclusion, the scope of the Department's diplomatic activities in Iraq remains larger than anything we have done in the past. As Secretary Clinton remarked to cadets at the Virginia Military Institute in April, "In Iraq, we have completed the largest transition from military to civilian leadership since the Marshall Plan. Civilians are leading our lasting partnership with a free and democratic Iraq. ... But Iraq has taken charge of its own security and has the chance, if its leaders take it, to stand as an important example of an emerging democracy in a region experiencing historic transformation."

With the military to civilian-led transition behind us, we are focusing on consolidating our diplomatic presence, becoming more reliant on the local economy for support, and employing host country national employees to serve as the administrative foundation of our embassy. We will continue to review our programs and the design of our support structure going forward and to apply all lessons learned in Iraq to future plans in Afghanistan. We are committed to helping Iraq secure the gains it made with U.S. assistance, toward becoming a secure, stable and self-reliant country as efficiently and effectively as possible.

Thank you again for inviting me here today and for your ongoing support for the Department of State. I welcome any questions you have.

Patrick F. Kennedy

Under Secretary

MANAGEMENT

Term of Appointment: 11/06/2007 to present

Patrick F. Kennedy, a Career Minister in the Foreign Service, was confirmed by the U.S. Senate as Under Secretary of State for Management on November 6, 2007. As Under Secretary for Management, he is responsible for the people, resources, budget, facilities, technology, financial operations, consular affairs, logistics, contracting, and security for Department of State operations, and is the Secretary's principal advisor on management issues. He is chair of the department-wide Greening Council, responsible for overseeing implementation of the Secretary's Greening Diplomacy Initiative (GDI), to improve the sustainability of the State Department's facilities and operations.

Prior to assuming his position as Under Secretary for Management, he was Director of the Office of Management Policy, Rightsizing, and Innovation from May 2007; Deputy Director of National Intelligence for Management from April 2005 to May 2007; and from February 2005 to April 2005, he headed the Transition Team that set up the newly created Office of the Director of National Intelligence.

From September 2001 to May 2005 he was U.S. Representative to the United Nations for Management and Reform with the Rank of Ambassador. During this period he also served from May 2003 to the end of November 2003 as Chief of Staff of the Coalition Provisional Authority in Iraq, and from May 2004 to late August 2004 as the Chief of Staff of the Transition Unit in Iraq.

In 1993 he became Assistant Secretary of State for Administration and served in the post until 2001. Concurrently, from August 1996 to August 1997 he served as the Acting Under Secretary for Management; during 1998, as Acting Assistant Secretary of State for Diplomatic Security; and from 1997 to 2001 as the coordinator for the reorganization of the foreign affairs agencies. From 1973, when he joined the Foreign Service, to 1993, he served in a number of positions in Washington and overseas, including as Management Counselor at the Embassy in Cairo and Executive Director and Deputy Executive Secretary of the Executive Secretariat.

Mr. Kennedy is a native of Chicago, Illinois and received a Bachelor of Science in Foreign Service from Georgetown University.