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Washington's Afghan Shadow Army

By [Jeremy Scahill](#) On

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I've been reading through the hot-off-the-presses, exciting 100+ page report from the [Commission on Wartime Contracting](#): "At What Cost? Contingency Contracting In Iraq and Afghanistan." There have been several good [pieces](#) that covered the Congressional hearings related to this report, so I thought I would just post some of the more important excerpts from the report. One general note: The Commission, which was created due to the diligent efforts of Senators Jim Webb and Claire McCaskill, has been doing some incredibly important work digging deep into the corruption, waste, abuse, fraud, etc of the US war contracting system. The [statute](#) that created the commission "requires the Commission to assess a number of factors related to wartime contracting, including the extent of waste, fraud, abuse, and mismanagement of wartime contracts. The Commission has the authority to hold hearings and to refer to the Attorney General any violation or potential violation of law it identifies in carrying out its duties."

While the new report reveals some critical details about issues of waste and abuse, the general tone is very pro-contractor, which is not surprising. However, I find it disturbing that one of the members of the Commission, [Dov Zakheim](#), is, according to his Commission bio, a current vice-president of Booz Allen Hamilton, a major defense, homeland security and intelligence contractor with a direct stake in US policy on contractors.

Booz is now majority owned by The Carlyle Group, which has deep political connections. In an [Op-ed](#) in *The Washington Post* last year, Zakheim campaigned against "More regulations and bureaucratic restrictions on contractors" and advocated for "a larger, more diversified base of prime contractors and suppliers." Zakheim, who was a foreign policy advisor to Bush and part of the circle of the Vulcans, is now a key member of the primary body that is responsible for investigating the industry and making formal recommendations on US policy. While the Commission is made up of appointees from both political parties, (Zakheim was appointed by

President Bush) Zakheim's corporate stake on these matters should be cause for a review of his position on the Commission.

One fact that jumped out at me in the report is that, at present, according to the Commission, "contracting oversight" in Afghanistan is being done remotely from Iraq. And remember, there are 70,000 contractors (and growing) in Afghanistan.

Here are some excerpts from the report, which I have categorized and in some cases highlighted or analyzed:

EXTENT OF US RELIANCE ON CONTRACTORS

- Contractors are playing a key role in the drawdown of U.S. military forces in Iraq. As military units withdraw from bases, the number of contractor employees needed to handle closing or transfer tasks and to dispose of government property will increase... preparations for this major shift out of Iraq and into Afghanistan or other areas are sketchy
- As the military operations in Iraq and Afghanistan have progressed, the military services, defense agencies, and other stakeholder agencies... continue to increase their reliance on contractors. **Contractors are now literally in the center of the battlefield in unprecedented numbers.**
- **From fiscal years (FY) 2001 through 2008, the Defense Department's reported obligations on all contracts for services, measured in real-dollar terms, more than doubled — from roughly \$92 billion to slightly over \$200 billion.** In fiscal year 2008, this figure included more than \$25 billion for services to support contingency operations in Iraq and Afghanistan. These figures do not include State and U.S. Agency for International Development (USAID) contracts.
- [T]he missions in Iraq and Afghanistan are the first major contingency operations to reflect the full impact of the shift to heavy reliance on contractor personnel for critical support functions in forward operating areas. Despite the key role of contractors in overseas operations, DoD lacks enough staff to provide adequate contract oversight. The State Department and the U.S. Agency for International Development also use significant levels of contractor support in Southwest Asia.
- The Commission believes that a **serious shortage of U.S. government civilians in Afghanistan is all too likely to trigger heavy reliance on contractors in both the short term and the long run.**

THE NUMBERS

- During its April 2009 trips to Iraq and Afghanistan, the Commission sought to identify the total picture of contractor support in those countries. **Officials in both Iraq and Afghanistan told us that there was no central list of all contracts providing support. The Commission was unable to put together a complete footprint of the contracts being performed at the bases we visited.** GAO has also been unable to identify complete and reliable data on contractor personnel in Southwest Asia. Only DoD provided data on the number of contractor personnel, but officials have told GAO that its census data were not routinely evaluated for accuracy or completeness. **There is still no clear picture of who the contractors in theater are, what services they provide, which contracts they perform, and what their support costs are.**
- U.S. Army Central Command's second-quarter fiscal year 2009 census reflected **242,657 active DoD contractor personnel in its Southwest Asia area of operations. This total includes 132,610 in Iraq, 68,197 in Afghanistan, and 41,850 in other Southwest Asia locations.**

ARMED "SECURITY CONTRACTORS"

According to a chart contained in the report, **the total number of DoD PSCs in Iraq is: 12,942 and 3,321 for the State Department. In Afghanistan, there are 4,373 DoD PSCs and 689 State Department PSCs.** As we previously reported, in the first quarter of 2009, there has been a 29% increase in the number of PSCs in Afghanistan and will continue to grow. The report also raises concerns about the poor or inadequate training some of the PSCs receive, particularly Third Country Nationals hired to guard US bases and facilities: "Poorly trained and ill-equipped contractor employees providing security for our operating bases put American forces at increased risk of harm."

- In Iraq, 25,000 to 30,000 PSC personnel work for U.S. agencies, the government of Iraq, coalition governments, and U.S. contractors. These numbers exceed the PSC census data in the table above because they include PSC support to the government of Iraq and coalition governments. **The total U.S. spending for PSCs is estimated to be between \$6 billion and \$10 billion from 2003 to 2007.** Of this amount, \$3 billion to \$4 billion is estimated to be for obligations made directly by U.S. government agencies, and \$3 billion to \$6 billion is estimated to have been spent by U.S. contractors to acquire PSC support.

Regarding accountability, the report notes that the US civilian laws covering contractors are rarely enforced:

- The MEJA (Military Extraterritorial Jurisdiction Act) statute has been used infrequently. From MEJA's enactment in 2000 through March 2008, **DoD has referred 58 cases involving PSCs and other contractors to the Department of Justice.** Federal prosecutors brought charges in 12 of those cases, and state prosecutors brought charges in one other case. Of those, eight resulted in a conviction and five await trial.

WASTE, FRAUD ABUSE

According to the Commission's report, there is a severe shortage of oversight personnel to monitor these massive contracts and contractors. The report notes that within the Defense Contract Audit Agency "overall staffing levels have remained relatively constant at roughly 4,000 since FY 2000, even though DoD contract transactions have increased by 328 percent — from 304,500 in FY 2000 to over 1.3 million in FY 2006."

- Through fiscal year 2008, the DCAA has taken exception to over \$13 billion in questioned and unsupported costs associated with the efforts in Iraq and Afghanistan.
- Inadequate oversight, combined with poorly written statements of work, lack of competition, and contractor inefficiencies have contributed to billions of dollars in wasteful spending. The drawdown of U.S. forces in Iraq brings the risk of more waste. Money is being wasted on completing projects that are no longer needed. And poor control of U.S. government property in Iraq that must be moved, handed over to the Iraqis, or scrapped could cause even more waste.
- Without proper oversight, the government cannot confirm that contractors are performing in accordance with contract requirements, cannot support payment of award or incentive fees, cannot support the certification of invoices for services performed, and cannot ensure that services critical for the completion of our military and reconstruction missions are performed. Any one of these conditions invites waste and abuse. Taken together, they are a perfect storm for disaster.

CONTRACTORS "SELF-POLICING"

The Defense Contract Management Agency "told the Commissioners that contractor 'self policing' had been tried, but 'did not work out.'" Some contracts are actually being "monitored" by investigators physically located in the United States. While the Commission asserts there have been improvements in contractor oversight in Iraq, the system in Afghanistan "is very different and raises significant concerns about contracting for certain functions generally performed by the government." Similar to what happened in Iraq, a contractor was hired to monitor contractors as part of the Armed Contractor Oversight Division (ACOD). The company that won the contract is Aegis, the British-owned firm headed by famed mercenary Tim Spicer. According to the report, ACOD is "primarily staffed" by the company:

Aegis's work raises heightened inherently governmental concerns because the ACOD receives limited U.S. government supervision. **Since its establishment, ACOD in Afghanistan has primarily been run by contractor personnel from Aegis.** Aegis's responsibilities include working with the Afghan Ministry of Interior in investigations concerning PSC escalation-of-force incidents. CJTF-101 submitted an expedited request for four field-grade officers for ACOD; however, as of mid-May the request had yet to be approved and there were still no senior U.S. military officials assigned full-time to the directorate. A review of the Aegis contracting documents showed that without these military officers in place, **Aegis is in a role of significant official responsibility in reviewing activities of other private security contractors.**

According to the report, "DoD interviewees informed the Commission that sufficient military manpower and/or expertise did not exist in Afghanistan, and that contracting with Aegis allowed the Combined Joint Task Force (CJTF-101) to obtain expertise quickly. Aegis does not currently provide armed contractors in Afghanistan, and as the ACOD is currently structured, an Aegis contractor serves as the Deputy Director and has day-to-day responsibility for managing the directorate. Should they be awarded a PSC contract under the current structure, there would be a conflict of interest."

KBR

- The Commission believes that the **services provided by contractor KBR under LOGCAP III — with \$31.4 billion funded through March 20, 2009 — could have been delivered for billions of dollars less.**
- **DCAA is reviewing \$277 million in LOGCAP III subcontracts involving KBR employees or ex-employees that have been or may have been involved in improper procurement activities.** The purpose of DCAA's review is to assess the reasonableness of payments under those subcontracts.

The report notes that KBR is still firmly entrenched in the latest LOGCAP contract:

- LOGCAP IV, the fourth iteration of the program, is a multiple-award contract competitively awarded in April 2008 to DynCorp International LLC, Fluor Intercontinental, and KBR Services. **Each contractor can receive up to \$5 billion of work under the contract in a given year, so total spending over the possible 10-year life of the contract could be as high as \$150 billion.** Meanwhile, work contracted under LOGCAP III continues, so a slow segue from one contract to another is under way.