

TESTIMONY OF

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THE JOINT STAFF

**BEFORE THE UNITED STATES HOUSE OF REPRESENTATIVES
HOUSE COMMITTEE FOR OVERSIGHT AND GOVERNMENT REFORM,
SUBCOMMITTEE ON NATIONAL SECURITY AND FOREIGN AFFAIRS**

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Chairman Chaffetz, Ranking Member Tierney, and members of the Subcommittee, thank you for the opportunity to appear before you today to discuss our efforts to link contracting and the flow of US government-contracting funds to a winning counterinsurgency (COIN) strategy in Afghanistan.

As the Director of the Pakistan-Afghanistan Coordination Cell, I advise the Chairman of the Joint Chiefs of Staff in synchronizing the development, assessment, and implementation of military policy and strategic guidance for Afghanistan and Pakistan. In doing so, my team works closely with all stakeholders to refine the policies, doctrine, capabilities, and processes needed to both implement our COIN strategy and learn from our operations to improve how we will operate in the future. Along those lines, we appreciate the investigations conducted by this Subcommittee and other Congressional committees on Afghanistan corruption. These investigations highlight the significant corruption challenges we face in Afghanistan and will help us improve how we perform in current and future contingency operations.

The focal point of our COIN strategy in Afghanistan is the Afghan people. We are focused on population-centric COIN operations to deny terrorists safe havens, enable an expanded and effective Afghan National Security Force, secure the population, and assist the Government of the Islamic Republic of Afghanistan with improved governance and economic development. Our effective management of the US government's contracting funds is essential to the success of our COIN strategy. However, in a COIN environment, the supply lines themselves are often the front lines. As such, it is critical that the contracting dollars supporting our supply chain do not fall into the wrong hands.

In some cases, segments of the Afghan populace and government perceive that our money is not positively benefiting the Afghan people and is instead supporting power brokers and malign actors. Any such perception is not in our

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national strategic interest, and we must continue to take steps to ensure that contracting dollars are spent solely in the furtherance of our mission.

Our goal is to effectively use our US contracting dollars to get essential business done, promote Afghan development, all the while not creating unintended problems for our overall Afghanistan COIN strategy. We are working with US Central Command (USCENTCOM) to improve contracting visibility and accountability. This will give us greater visibility of what we are spending, what we are about to spend; and ensure we are spending it with the right people, and in the right areas. Additionally, our management of contractors on the battlefield has evolved from an early reactionary approach to a significantly more pro-active theater-wide management.

As you all know, after 30 years of war and social devolution, corruption is a tremendous challenge in Afghanistan. Corruption significantly undermines our nation's conduct of counterinsurgency operations in theater. Deterring corruption involves an integrated effort at all levels to gain visibility of the money flow, understand and shape perceptions of the Afghan people, correct the behavior of some Afghan contractors, and gain an awareness and level of control over the second order effects of our spending. We have and will continue to take the appropriate steps to reduce the effects of corruption and be good stewards of the American taxpayer's dollar.

Over this past year, the Department of Defense (DoD), USCENTCOM, and US Forces-Afghanistan (USFOR-A) greatly increased our understanding of the corruption problem and the unintended consequences our contracting dollars can have on our COIN efforts in theater. This committee staff's Warlord, Inc. Report was very helpful to that increased awareness and understanding. Since that time, we have taken a number of steps to combat corruption. Combined Joint Inter-agency Task Force Shafafiyat...a Dari word meaning "transparency"...has helped map out the criminal patronage networks that exist in Afghanistan and to address corruption

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as a strategic problem. Task Force Spotlight, recently subsumed within the USFOR-A Armed Contractor Oversight Directorate, has aided in tracking and enforcing procedures regarding private security companies. Task Force 2010 (TF 2010) has assisted in helping better understand with whom we are doing business, and provided commanders and contracting activities with the information needed for them to take action.

Specifically, TF 2010 was organized to help commanders better understand with whom they are doing business and to ensure contracting dollars were not empowering the wrong people or undermining our efforts in Afghanistan. TF 2010 uses intelligence, law enforcement, auditors and forensic financial analysts to gain visibility on the flow of contracting. They support the interdiction and recovery of stolen US government property, as well as collect and manage contract data from all US DoD acquisition teams. This counter-corruption task force supports International Security Assistance Force (ISAF), USFOR-A, and regional commanders' counter-corruption efforts on the flow of contract funds in theater. TF 2010 coordinates and seeks to deny power brokers, criminal networks and insurgents the opportunity to capitalize on the illicit revenue or stolen property, and promotes best business practices that support the Commander, ISAF Counterinsurgency Contracting Guidance.

In their first full year of operations, TF 2010 has made significant progress in their mission. A few of their accomplishments include a detailed study of the Host Nation Trucking (HNT) contract which led to identification of key changes to contracting practices that have been integrated into the establishment of the National Afghan Trucking (NAT) contract. The NAT contract was awarded on August 12, 2011 and becomes operational on tomorrow, September 16, 2011. This contract provides a better understanding of transportation service costs, and significantly increases the number of prime contractors. TF 2010 also identified individuals and companies for referral to the Procurement Fraud Branch and the DoD Suspension and Debarment Official for proposed debarment for not performing

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responsibly, which will deny bad actors the opportunity to do further business with the US. Preventative measures that TF 2010 implemented include working closely with USCENTCOM Contracting Command and to share information on vetted contractors with US Embassy Kabul, USAID, and NATO. This vetting process helps identify high-risk contractors before agreements are completed.

TF 2010 has also proposed legislative language which is included in the pending Fiscal Year 2012 National Defense Authorization bill that will provide authority to rescind or void a contract with an individual or entity identified as supporting or working for the enemy and improves transparency over contracts below the prime. These new authorities arm our leaders with the tools needed to gain visibility on the flow of contract funds, and if connections to the enemy are detected, the ability to take immediate steps to deny them further access to our money. I recognize that some of these efforts seem to have come about slowly and that there is concern about our having extended the previous HNT Contract until the new NAT Contract was in place. I share those concerns. However, we have to remind ourselves that those trucks are carrying critical supplies to the warfighter and while the current contract may introduce risk, we cannot accept the much higher risk of not providing our young men and women the material, food and supplies they need to be successful in this fight. The bottom line is we recognize we must see and address the challenges we face with corruption and popular perceptions, even as supplies are flowing to our warfighters in the field, and arriving with good reliability, surprisingly little disruption or pilferage, and with very low investment or loss in US lives and battlefield resources.

I highlighted only a few of the efforts that the DoD is making to counter the effect of corruption on our COIN operations in Afghanistan. These initiatives underscore our focus to overcome the significant challenges we face in Afghanistan and will help us improve how we perform in current and future contingency operations. Again, thank you for your continuous support and for the opportunity to come before you today. I look forward to answering your questions.