

HEARING ON AFGHANISTAN CONTRACTS: AN OVERVIEW

Dec. 17, 2009

Opening Statement of Senator Claire McCaskill

This hearing will now come to order.

Today's hearing marks the Subcommittee's second hearing on Afghanistan contracts.

In June, we examined the State Department's contract with ArmorGroup to provide security at the U.S. Embassy in Kabul. At that hearing, we focused on one contract as a case study of how mismanagement and lack of oversight can lead to poor performance.

Today we are taking a step back to look at the big picture. The five officials who will testify today will speak for the agencies responsible for the overwhelming majority of contracts in Afghanistan: the State Department, USAID, the Defense Department, the Joint Contracting Command, and the Army.

Although there is variation in the types of contracting each of these agencies does, they are all responsible for awarding and managing contracts in support of the U.S. mission in Afghanistan. They each have valuable perspectives to share about the steps we need to take to ensure that the mission succeeds with as little waste, fraud and abuse as possible.

We have asked these witnesses to testify today to help the Subcommittee examine three important questions: What role does each of these agencies currently play in Afghanistan? Who is responsible for coordinating their efforts to ensure that the billions of dollars in contracts are helping to achieve our goals in Afghanistan? And what additional controls and government oversight are needed to make sure that these contracts don't result in the waste, fraud, and abuse we saw in Iraq?

Currently, there is a great deal we do not know about contracting in Afghanistan. We do know, however, that the President's new strategy in Afghanistan will bring a massive increase in the number and value of contracts and contractors in Afghanistan.

We also know that contracts and contractors have been integral to the U.S. efforts in Afghanistan to date. According to one report, contracting in Afghanistan has exceeded \$23 billion since the beginning of the war.

We also know that, because of problems with tracking Afghanistan contracts, the real value of contracts is likely to be much higher.

We know that there are more than 100,000 contractors currently working in Afghanistan. According to new estimates from the Congressional Research Service, the number of Defense Department contractors alone may reach 160,000 in the next year.

We also know that, because of questions about how data about contractors is collected and reported, the real number of contractors is likely to be much higher.

We know that federal auditors have already identified nearly a billion dollars in wasteful spending on Afghanistan contracts. That's nearly 1 of every 6 dollars.

And we also know that, because auditors have only looked at a fraction of contracts, the real amount of waste is likely to be much higher.

In Iraq, we saw how poor contract management, including contractors overseeing contractors; poor coordination of interagency efforts; continual personnel turnover; and the challenges of contracting in a war zone resulted in projects the Iraqis didn't want or couldn't use, shoddy construction, and billions upon billions of dollars in waste.

Unfortunately, it looks like we may not be applying these lessons learned in Afghanistan.

In many of the Subcommittee's past hearings, we have focused on what went wrong in the past. Today's hearing lets us ask what could go wrong in the future and how we can avoid repeating the mistakes of the past – before we make them again.

One area of contracting we will not focus on today is the training of the Afghan National Security Forces. The Wartime Contracting Commission will examine those contracts tomorrow morning, and I welcome their oversight of this important issue.

I want to thank all of our witnesses for appearing here today. I also want to thank the Defense Department, particularly the Defense Contract Audit Agency, the Army, USAID, and the State Department for their cooperation with the Subcommittee in preparing for this hearing. I look forward to working with you all as we continue our oversight in the future.