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DEPARTMENT OF STATE

BEFORE THE
COMMISSION ON WARTIME CONTRACTING

HEARING

ON

“Private Security Contractors (PSCs) in Iraq: Where Are We Going?”

June 21, 2010

Good Morning Co-Chair Shays, Co-Chair Thibault, and Commissioners. Thank you for the invitation to appear before you today with my distinguished colleagues. I would also like to thank the Commission for your continued support and interest in the Department of State’s Bureau of Diplomatic Security’s (DS’s) programs in Iraq.

Today’s hearing is well timed. The Department of State (DoS) is deeply engaged in planning for the implementation of the U.S. Government’s bilateral Security Agreement with the Government of Iraq and the transition from a largely military presence to a civilian-led diplomatic model under the authority of the Chief of Mission. DS has played a key role in this

planning process and will assume a much larger role for providing security in Baghdad and the new diplomatic posts in Iraq established as part of the transition. DoS will face many challenges as we take on roles and responsibilities currently provided by our military colleagues, but are confident we can sustain the robust security platform required to enable our government's foreign policy. However, in order to succeed we need to continue our use of private security contractors (PSCs). Carrying out this mission successfully will require the full utilization of all available security assets including the services of PSCs. DoS understands that along with the use of PSCs, there must also be a commensurate level of contract and operational oversight of the PSCs.

Over the last two and a half years the Department of State (DoS) has worked closely with the Department of Defense (DoD) and USAID to form a partnership dedicated to enhancing and improving private security contractor oversight and accountability. These efforts are outlined in a number of key documents, including the 2007 Secretary of State's Panel on Personal Protective Services in Iraq, the December 2007 DoD – DoS Memorandum of Agreement on USG Private Security Contractors, sections 861 and 862 of the National Defense Authorization Act (NDAA) of FY 2008, and the July 2008 Memorandum of Understanding between DoS, DoD, and USAID relating to contracting in Iraq and Afghanistan. The coordination triggered by these documents has resulted in many positive developments, such as:

- The identification of DoD's Synchronized Pre-Deployment and Operational Tracker (SPOT) database as the repository of information required by section 861 of the NDAA FY 2008.
- The establishment of procedures to ensure that the U.S. Forces in Iraq (USF-I) and the Embassy are aware of and coordinate on all movements by each others' protective

details. The Embassy continues to provide information on the movement of its protective details to USF-I to provide visibility to military commanders.

- Embassy Baghdad and USF-I established procedures to respond to and investigate serious incidents involving protective security details, in coordination with the Iraqi authorities.
- State developed new investigative policies and procedures for use of force incidents by PSCs. These procedures also facilitate the referral of cases to the Department of Justice if there is evidence of potential criminal conduct.
- A Joint Incident Review Board, which includes the Embassy and USF-I, periodically, reviews incident investigations to develop lessons learned, determine trends, and make recommendations for improvements in private security contractor operations.
- The Regional Security Officer in Baghdad established direct channels of communication and coordination with senior Iraqi officials at the National Police, Ministry of Interior, and Ministry of Defense. A new position, the Coordinator for Armed Contractor Oversight (CACO) was established to facilitate this active liaison relationship and improve the Embassy's coordination and communication among the private security contractor community in Iraq.
- As required in section 862 of the NDAA FY 2008, DoD has led the initiative to publish an interim rule in the Federal Register on 32 CFR Part 159 on Private Security Contractors (PSCs) Operating in Contingency Operations (Federal Register/Vol. 74, No. 136/ July 17, 2009).

Currently, DS utilizes the services of approximately 2,700 PSC personnel in Iraq, comprised of roughly 900 movement security personnel under the Worldwide Personal Protective Security

II (WPPS II), and an additional 1,800 guards providing perimeter security to Embassy Baghdad and related facilities in the International Zone. In contrast, DS currently employs 1,800 Special Agents (direct-hire Government employees) to meet its global responsibilities. While we will continue to rely on PSCs, we do so with the full acknowledgment of the need for comprehensive oversight and accountability regimes. Through our WPPS II contract, DS has always maintained high standards for selecting, vetting and training of contract security personnel, but we are equally proactive at implementing recommendations from the audits or panels that have examined our programs, as well as the best practices we have identified. We have also made the analysis and incorporation of lessons learned into our contracts an ongoing process. For example:

- A DS officer is embedded in each protective security detail in Iraq to provide operational guidance and oversight.
- DS has installed video recording systems and tracking systems in DoS vehicles, as well as required PSCs to similarly do so in their vehicles, to capture a historical record of events occurring during protective security motorcade movements.
- All protective security radio transmissions are monitored, recorded, and archived in the Embassy's Tactical Operations Center (TOC)..
- All PSC personnel in Iraq must complete country-specific cultural awareness training prior to deployment.
- The DoS Mission Firearms policies were revised to strengthen rules on the use of force. DS also fielded new less-than-lethal equipment as a means to minimize the need for the use of deadly force.

- DS has banned the consumption of alcohol by all PSC personnel under the WPPS II contract in Iraq, Afghanistan, and Pakistan, as well as the Baghdad Embassy Security Force (BESF) and Kabul Embassy Security Force (KESF) static guard contracts.
- DS has established a new Security Protective Specialist (SPS) program to provide additional direct hire personnel to supplement DS Special Agents and assist with the operational oversight of PSCs. SPS personnel, are hired under the Foreign Service Act's Limited Non-Career Appointment authority, and are being recruited from a pool of highly qualified applicants with experience in protective operations in Iraq, Afghanistan, or other critical threat or non-permissive environments.
- Since March 2009, DS has augmented Regional Security Office contract oversight in Iraq with the continuous presence of a member of the DS program office.
- DS is further augmenting contract oversight personnel in Iraq with the establishment of personal services contractor positions dedicated to each contract or task order.

As we look to the future, DS anticipates that we will need between 6,000 and 7,000 security contractors to meet requirements in Baghdad and at the new consulates and embassy branch offices. Current estimates reflect that nearly 2,200 PSC movement security personnel and as many as 4,600 PSC static guard personnel could be needed to secure these new facilities and support Department programs. As planning evolves, so too could this estimate. The majority of these PSC personnel will be employed under a successor to the current WPPS II contract, which we are calling the Worldwide Protective Services Contract (WPS). With the Commission's support, Congress provided DoS the authority in the Consolidated Appropriations Act of 2010 to award contracts for static guard services in Iraq, Afghanistan, and Pakistan on the basis of "best value" provided these awards are made prior to the end of this fiscal year. This authority

provided the Department the opportunity to create the WPS contract, an Indefinite Delivery Indefinite Quantity (IDIQ) contract, to satisfy static guard, personal protective, and emergency response service requirements, which are currently met separately by the WPPS II, BESF, and KESF contracts. Awarding one umbrella IDIQ contract, as opposed to multiple contractual vehicles, will allow the Department to consolidate the terms, conditions, standards, and contracting procedures for these highly visible requirements and provide many benefits, including:

- Enhance contract oversight through the application of uniform standards and requirements for all PSC services in contingency environments;
- Allow for more efficient program management as compared to multiple stand-alone contracts;
- Lessen the duplication of PSC administrative and support functions by consolidating personal protective and static guard requirements into a single task order at certain locations;
- Reduce acquisition timelines; and
- Provide the Department timely options in the event a company fails to perform.

The new WPS contract will also contain a revised standards of conduct clause that incorporates recent lessons learned, a comprehensive set of reporting requirements for incidents of misconduct, and a section regarding trafficking in persons. All PSC personnel will be required to sign an acknowledgement form confirming they have read and understand these requirements.

While DS has a history of using PSCs for personal protective and static guard services, the greatest challenges will be replacing specialty capabilities currently provided by the military. Some of these functions, such as explosive ordnance disposal and downed vehicle recovery, will be included in the new WPS contract. DS is pursuing separate contracts for certain highly technical capabilities, such as a replacement for the military's counter-rocket and mortar (C-RAM) notification system. These systems will be new for DS, but DS will be ready to assume these responsibilities in support of our government's expanded diplomatic presence in Iraq by October 1, 2011.

In closing, while the military withdrawal from Iraq will prompt a larger operational role for DS, we will also remain deeply engaged with our colleagues in DoD and USAID to coordinate policy and other issues related to the private security industry. One such issue designed to raise industry standards worldwide is the development of a Code of Conduct that PSCs could voluntarily endorse and adopt. This initiative is being facilitated by the Swiss Ministry of Foreign Affairs and has broad participation from the private security industry, non-governmental and human rights organizations, and client states such as the United States and United Kingdom. DS has participated with DoD in several conferences and workshops and remains strongly supportive of the initiative's success. Thank you for providing me with this opportunity to appear before you and your ongoing support for the Department of State and Diplomatic Security.