

**GAO**

Statement Before the Commission on  
Wartime Contracting in Iraq and  
Afghanistan

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**OPERATION IRAQI  
FREEDOM**

**Preliminary Observations  
on DOD Planning for the  
Drawdown of U.S. Forces  
from Iraq**

Statement of William M. Solis, Director  
Defense Capabilities and Management





Highlights of [GAO-10-179](#), a statement before the Commission on Wartime Contracting in Iraq and Afghanistan

### Why GAO Did This Study

The United States and the Government of Iraq have signed a Security Agreement calling for the drawdown of U.S. forces from Iraq. Predicated on that agreement and U.S. Presidential guidance, Multi-National Force-Iraq (MNF-I) has issued a plan for the reduction of forces to 50,000 U.S. troops by August 31, 2010, and a complete withdrawal of forces by the end of 2011. The drawdown from Iraq includes the withdrawal of approximately 128,700 U.S. troops, over 115,000 contractor personnel, the closure or transfer of 295 bases, and the retrograde of over 3.3 million pieces of equipment.

Today's statement will focus on (1) the extent to which the Department of Defense (DOD) has planned for the drawdown in accordance with timelines set by the Security Agreement and presidential directive; and (2) factors that may impact the efficient execution of the drawdown in accordance with established timelines. This statement is based on GAO's review and analysis of DOD and MNF-I plans, and on interviews GAO staff members conducted with DOD officials in the United States, Kuwait, and Iraq. It also draws from GAO's extensive body of issued work on Iraq and drawdown-related issues.

[View GAO-10-179 or key components.](#)  
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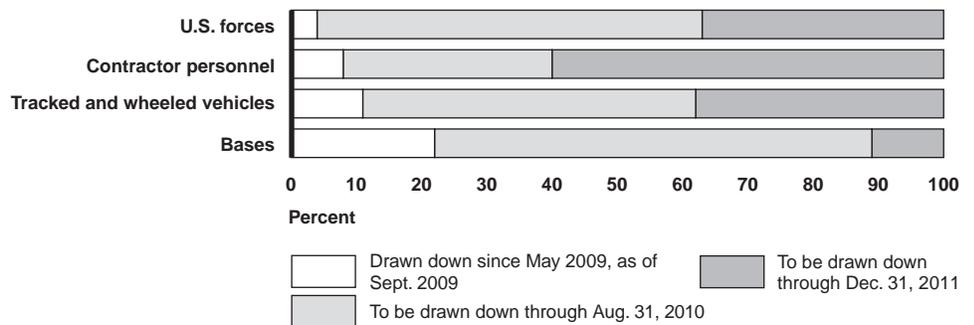
## OPERATION IRAQI FREEDOM

### Preliminary Observations on DOD Planning for the Drawdown of U.S. Forces from Iraq

#### What GAO Found

While DOD's primary focus remains on executing combat missions and supporting the warfighters in Iraq, several DOD organizations have issued coordinated plans for the execution of the drawdown within designated time frames. In support of these plans, processes have been established to monitor, coordinate, and facilitate the retrograde of equipment from Iraq. DOD's organizations have reported that their efforts to reduce personnel, retrograde equipment, and close bases have thus far exceeded targets; since May 2009, for example, DOD reports that the number of U.S. servicemembers in Iraq has been reduced by 5,300, and another 4,000 are expected to be drawn down in October. However, many more personnel, equipment items, and bases remain to be drawn down. For U.S. forces, contractor personnel, selected vehicles, and bases, the graphic below depicts drawdown progress since May 2009, as well as what remains to be drawn down by August 31, 2010 and December 31, 2011, respectively.

**Drawdown Progress Since May 2009 and What Remains to Be Drawn Down through August 31, 2010, and December 31, 2011**



Source: GAO analysis based on DOD data.

Efficient execution of the drawdown from Iraq, however, may be complicated by crucial challenges that, if left unattended, may hinder MNF-I's ability to meet the time frames set by the President, the Security Agreement, and MNF-I's phased drawdown plan. First, DOD has yet to fully determine its future needs for contracted services. Second, the potential costs and other concerns of transitioning key contracts may outweigh potential benefits. Third, DOD lacks sufficient numbers of contract oversight personnel. Fourth, key decisions about the disposition of some equipment have yet to be made. Fifth, there are longstanding incompatibility issues among the information technology systems that may undermine the equipment retrograde process. And sixth, DOD lacks precise visibility over its inventory of some equipment and shipping containers. While much has been done to facilitate the drawdown effort, the efficient execution of the drawdown will depend on DOD's ability to mitigate these challenges. We will continue to assess DOD's progress in executing the drawdown from Iraq and plan to issue a report.

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Chairman Thibault, Chairman Shays, and Commissioners:

I appreciate the opportunity to be here today to discuss issues related to the drawdown of U.S. forces from Iraq. When GAO last reported on the progress of planning for the Department of Defense's (DOD) drawdown from Iraq in September 2008, the pace and overall extent of drawdown had yet to be determined, although various defense commands had already begun planning toward that end.<sup>1</sup> Since then, the United States and the Government of Iraq have signed a Security Agreement that took effect on January 1, 2009, which includes a timeline and requirements for the drawdown of U.S. forces from Iraq. In addition, on February 27, 2009, President Obama announced that by August 31, 2010, Multi-National Force-Iraq's (MNF-I) mission will change from combat to supporting the Iraqi government and its security forces. In light of these developments, MNF-I has issued a phased plan aligned with goals and time frames set forth by the Security Agreement and the President, including a transition in mission, the reduction of forces to 50,000 U.S. troops by August 31, 2010, and a complete withdrawal of forces by the end of 2011.<sup>2</sup>

The drawdown effort has already begun. It is, however, one of several tasks U.S. forces in Iraq are conducting concurrently in a continuously evolving environment during a period of Iraqi political uncertainty. For example, besides overseeing operations in Iraq, MNF-I and its subordinate headquarters are also merging into a single headquarters, called United States Forces-Iraq, which is scheduled to become mission capable on January 1, 2010, and includes a 40 percent reduction of headquarters personnel. Moreover, brigade combat teams are being replaced by relatively new Advise and Assist Brigades that will focus primarily on training Iraqi security forces while retaining the capability to conduct full-spectrum operations. Finally, although DOD has reported that enemy

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<sup>1</sup> GAO, *Operation Iraqi Freedom: Actions Needed to Enhance DOD Planning for Reposturing of U.S. Forces from Iraq*, GAO-08-930 (Washington, D.C.: Sept. 10, 2008).

<sup>2</sup> In a separate initiative, the Government of Iraq introduced a referendum on the Security Agreement which may be voted on during the January 2010 national elections. If passed, it could require U.S. forces to leave Iraq much earlier than the December 31, 2011 deadline set in the Security Agreement.

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activity has decreased markedly since its highest point in June 2007, the insurgency in Iraq remains dangerous.<sup>3</sup>

As of August 31, 2009, there were approximately 128,700 U.S. military personnel in Iraq, spread among 295 bases throughout the country. Additionally, there were over 3.3 million pieces of Army equipment in Iraq worth \$45.8 billion, 18 percent of which is theater provided equipment, which is a pool of permanent, stay behind equipment that has accumulated in Iraq and Kuwait since combat operations began in 2003. Although much of this theater provided equipment has remained in theater as units rotate, the withdrawal timelines in the Security Agreement will compel DOD to make critical decisions regarding the future of this equipment. Figure 1 below provides a more detailed breakdown of the U.S. Army equipment in Iraq. In addition, DOD reported over 119,000 contractor personnel in Iraq as of third quarter fiscal year 2009.<sup>4</sup> Contractor personnel in Iraq and Kuwait perform a wide range of tasks essential for drawdown including repairing military vehicles, providing trucks and drivers for logistics convoys, and providing transportation assets and personnel necessary for the retrograde of equipment. In addition, contractor personnel working on the Logistics Civil Augmentation Program (LOGCAP) provide the majority of base and life support in Iraq.<sup>5</sup>

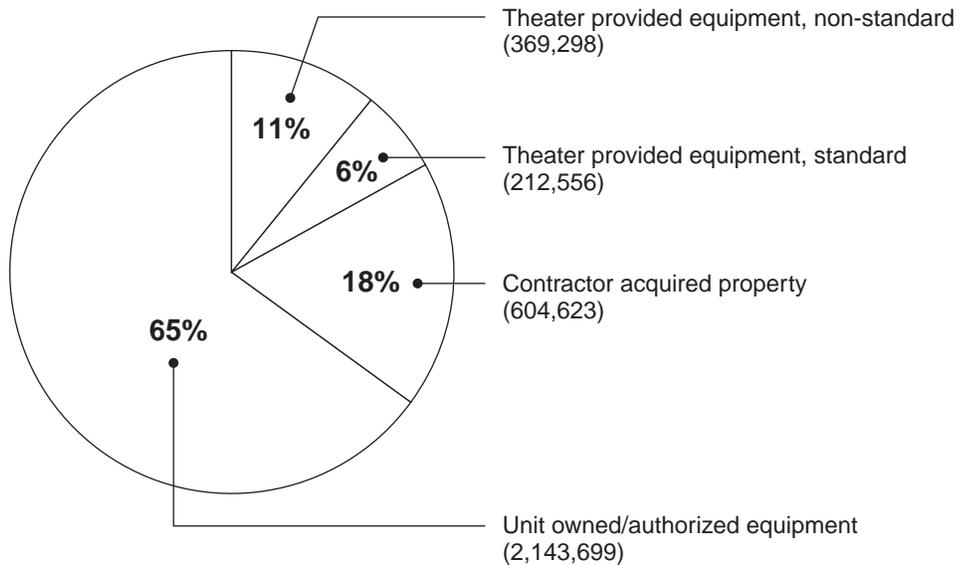
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<sup>3</sup> DOD, *Measuring Stability and Security in Iraq: Report to Congress in Accordance with the Department of Defense Supplemental Appropriations Act 2008, Section 9204, Public Law 110-252* (July 23, 2009).

<sup>4</sup> We have determined that agency-reported data should not be used to identify trends or draw conclusions about the number of contractor personnel in Iraq, due to limitations such as incomplete and inaccurate data. GAO, *Contingency Contracting: DOD, State, and USAID Continue to Face Challenges in Tracking Contractor Personnel and Contracts in Iraq and Afghanistan*, [GAO-10-1](#) (Washington, D.C.: Oct. 1, 2009).

<sup>5</sup> The Logistics Civil Augmentation Program, commonly referred to as LOGCAP, is a program to provide worldwide logistics and base and life support services in contingency environments, and is currently providing most base and life support in Iraq.

**Figure 1: Breakdown of U.S. Army Equipment in Iraq**



Source: GAO analysis based on DOD data.

You asked us to provide our preliminary observations concerning DOD’s progress in planning for the drawdown of materiel from Iraq, and challenges that may affect the smooth execution of the drawdown. My statement today will focus on: (1) the extent to which DOD has planned for the drawdown from Iraq in accordance with timelines set by the Security Agreement and presidential directive, and (2) factors that may impact the efficient execution of the drawdown in accordance with established timelines. Additionally, we will continue to assess DOD’s progress in executing the drawdown and plan to issue a report.

My statement is based on our review and analysis of DOD and MNF-I plans, and interviews GAO staff members conducted with DOD officials in the United States, Kuwait, and Iraq. Additionally, I have drawn from our body of issued work examining Iraq and drawdown-related issues.<sup>6</sup> This work was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We

<sup>6</sup> For a list of this work, see GAO’s web page, Topic Collection: Iraq and Afghanistan, at <http://www.gao.gov/docsearch/featured/oif.html>.

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believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. We provided copies of a draft of this statement to the Department of Defense for its review and comment. We considered and incorporated its comments, as appropriate.

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## Summary

While DOD's primary focus remains on executing combat missions and supporting the warfighters in Iraq, several DOD organizations have issued coordinated plans for the execution of the drawdown from Iraq within designated time frames. Furthermore, in support of these plans, processes have been established to monitor, coordinate, and facilitate the retrograde of equipment out of Iraq. Additionally, several organizations have been created to oversee, synchronize, and ensure unity of effort during the drawdown.<sup>7</sup> Moreover, DOD reports that it has exceeded its goals during the initial months of the drawdown. While DOD's progress since May 2009 has exceeded its targets, a large amount of personnel, equipment, and bases remain to be drawn down within the established timelines

Several unresolved issues may impede effective execution of the drawdown in accordance with time frames set by the President and the Security Agreement and which are encompassed in MNF-I's phased drawdown plan. These include:

- contract services that have not been fully identified;
- potential costs and other concerns of transitioning key contracts that may outweigh potential benefits;
- longstanding shortages of contract oversight personnel;
- some key decisions about the disposition of equipment that have not yet been made;
- longstanding information technology system weaknesses; and
- a lack of precise visibility over some equipment.

Without resolution, these issues may inhibit the efficient and effective execution of the drawdown.

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<sup>7</sup> Unity of effort requires coordination and cooperation among all forces toward a commonly recognized objective, although they are not necessarily part of the same command structure. Joint Publication 1, *Doctrine for the Armed Forces of the United States* (Mar. 20, 2009).

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## DOD Organizations Have Issued Coordinated Plans and Established Processes and New Organizations to Facilitate the Drawdown from Iraq

A number of DOD organizations have issued orders outlining a phased drawdown from Iraq that meet the time frames set forth in the Security Agreement and presidential guidance, while being responsive to security conditions on the ground. Additionally, much has been accomplished to prepare for the retrograde<sup>8</sup> of materiel from theater, including establishing processes to monitor, coordinate, and facilitate the flow of equipment out of Iraq. Furthermore, several organizations have been created to facilitate the retrograde of equipment and support unity of effort. To date, these efforts have contributed to MNF-I meeting or exceeding its targets for drawing down forces, retrograding equipment, and closing bases. While DOD has made significant progress executing the drawdown, there remains a large amount of personnel, equipment, and bases that must be drawn down within the established timelines.

Headquarters, Department of the Army, MNF-I, and its subordinate command responsible for executing the drawdown in Iraq—Multi-National Corps-Iraq (MNC-I)—have issued plans outlining how the drawdown should be managed over time. These plans also endeavor to provide flexibility to commanders on the ground to conduct ongoing combat operations while simultaneously executing the drawdown. For example, in order to balance operational needs with the requirement to meet drawdown goals, commanders have the discretion to choose which of their equipment is no longer essential for ongoing operations, and can therefore be retrograded. Subsequent phases will see an increase in the flow of equipment retrograded from Iraq as the pace of the drawdown quickens.

In support of these plans, processes have been established to monitor, coordinate, and facilitate the retrograde of equipment out of Iraq. As we reported in September 2008, MNF-I had processes in place to manage the retrograde of various types of equipment from Iraq. Since that time these processes have been refined and new elements have been established to improve them. For example, partly in response to our previous work, representatives from the Office of the Secretary of Defense’s Lean Six Sigma office conducted six reviews to optimize theater logistics, one of

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<sup>8</sup> We use the term “retrograde” to indicate the removal of military equipment from an operating area.

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which focused on the process for retrograding equipment from Iraq.<sup>9</sup> This work informed the development of a new data system, referred to as the Theater Provided Equipment Planner, which is intended to streamline the retrograde process by facilitating the issuance of disposition instructions for theater provided equipment while it is still in Iraq. In addition, a second new data system, Materiel Enterprise Non-Standard Equipment, has also been developed to facilitate the issuance of disposition instructions for non-standard equipment.

In addition to refining the retrograde processes, several organizations have been created to oversee, synchronize, and ensure unity of effort for the retrograde of equipment from Iraq. In September 2008, GAO reported that the variety of organizations exercising influence over the retrograde process and the resulting lack of a unified or coordinated command structure was not consistent with joint doctrine, led to increased confusion and inefficiencies in the retrograde process, and inhibited the adoption of identified mitigation initiatives. To bolster unity of effort, MNF-I has created a Drawdown Fusion Center, the mission of which is to provide a strategic picture of drawdown operations, identify potential obstacles, address strategic issues, and assist in the development of policy and guidance related to several aspects of drawdown. To accomplish this mission, the Drawdown Fusion Center provides guidance on the disposition of materiel, monitors and advises on transportation options, tracks and monitors the capabilities of ports through which materiel is shipped, tracks logistics actions that impact disposition during drawdown, and acts as a focal point for all external agencies and the Government of Iraq in matters related to the drawdown. Assisting the Drawdown Fusion Center is U.S. Army Central's Support Element-Iraq, a liaison element established to enhance synchronization and coordination among MNF-I; MNC-I; U.S. Army Central; Headquarters, Department of the Army; and Army Materiel Command. It also generates theater and Department of the Army disposition guidance for all forces and materiel redeploying and retrograding out of Iraq. Finally, the Department of the Army, with Army Materiel Command as the lead agency, created a Responsible Reset Task Force to facilitate the provision of disposition instructions for materiel

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<sup>9</sup> Lean Six Sigma, a disciplined process improvement methodology, has been endorsed by DOD leadership as a key means by which the department will become more efficient in its operations and more effective in its support of the warfighter. On April 30, 2007, the Deputy Secretary of Defense created a program office to drive DOD-wide activities associated with Lean Six Sigma.

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retrograding out of Iraq and synchronize those instructions to facilitate the reset of Army equipment.<sup>10</sup>

DOD organizations reported that their efforts to reduce personnel, retrograde equipment, and close bases in the initial months of the drawdown have exceeded targets. First, according to the MNF-I commanding general, U.S. forces have already begun drawing down in Iraq without compromising security. For example, since May 2009, the number of U.S. servicemembers in Iraq has been reduced by 5,300. Furthermore, the MNF-I commander testified on September 30, 2009, that another 4,000 servicemembers will likely be drawn down in October 2009—earlier than originally planned—due to improvements in Anbar province. Second, as of August 2009, the Army reported that it has exceeded its target figure for the retrograde of rolling stock by 1,800 pieces.<sup>11</sup> Finally, the Army has reported that as of August 2009, it had closed three more bases than originally planned.

While DOD's progress since May 2009 has exceeded its targets, a large amount of personnel, equipment, and bases remain to be drawn down within the established timelines. To meet the presidential target of reducing the number of U.S. forces in Iraq to 50,000 by August 31, 2010, MNF-I must reduce its forces by almost 60 percent by next summer. Furthermore, to meet the other targets established by MNF-I and the Army for August 2010, MNF-I must draw down 32 percent of its contractor personnel workforce, retrograde over 50 percent of its tracked and wheeled vehicles, and close 67 percent of its bases in Iraq. The remaining forces, contractor personnel, and equipment will have to be drawn down during the final 16 months, from September 2010 to December 31, 2011, during which time some of the largest bases in Iraq will also need to be closed or transferred to the Government of Iraq, a task the commanding general of MNF-I stated could take 9 to 10 months to complete. Figure 2 below illustrates the numbers of U.S. forces, contractor personnel, tracked and wheeled vehicles, and bases that have been drawn down since the initiation of drawdown; that must be drawn down by the August 31, 2010,

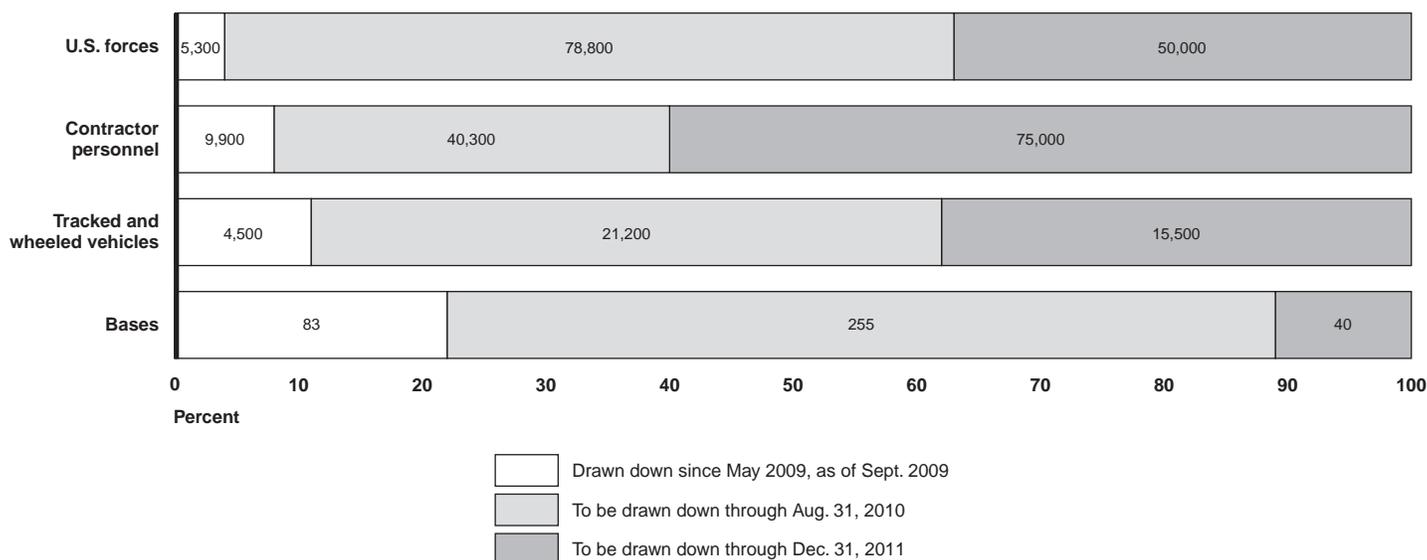
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<sup>10</sup> We use the term “reset” to refer to the repair, recapitalization, and replacement of military equipment in order to restore units’ equipment to a desired level of combat capability commensurate with mission requirements and availability of resources.

<sup>11</sup> Rolling stock is a subset of class VII equipment and includes wheeled vehicles, tracked combat vehicles, wheeled/tracked construction equipment, trailers, semitrailers, and standard trailer-mounted equipment such as generators.

change of mission date; and that must be drawn down before December 31, 2011.

**Figure 2: Drawdown Progress Since May 2009 and What Remains to Be Drawn Down through August 31, 2010, and December 31, 2011**



Source: GAO analysis based on DOD data.

## Efficient Execution of the Drawdown Requires the Resolution of Several Key Issues

Efficient execution of the drawdown from Iraq may be complicated by crucial challenges regarding several unresolved issues that, if left unattended, may hinder MNF-I's ability to meet the time frames set by the President, the Security Agreement, and MNF-I's phased drawdown plan. These challenges include:

- contract services that have not been fully identified;
- potential costs and other concerns of transitioning key contracts that may outweigh potential benefits;
- longstanding shortages of contract oversight personnel;
- some key decisions about the disposition of equipment that have not yet been made;
- longstanding information technology system weaknesses; and
- a lack of precise visibility over some equipment.

Some of these issues are outside MNF-I's purview and require action by the Office of the Secretary of Defense and the Military Departments.

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Others require a coordinated effort by MNF-I, U.S. Army Central, and other DOD organizations supporting the drawdown effort.

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## Contract Services Needed to Support the Drawdown Have Not Been Fully Identified

DOD has not fully defined the additional contracted services it will need to successfully execute the drawdown and support the remaining U.S. forces in Iraq. Experience has shown that requirements for contracted services will likely increase during the drawdown and joint guidance states that planners should work closely with contracting officers to determine the best approach for purchasing contract services.<sup>12</sup> In Iraq, such efforts may be hampered because contracting officials in Iraq do not have full visibility over the approximately 52,000 contracts in theater.<sup>13</sup> Officials at Joint Contracting Command-Iraq/Afghanistan, the organization responsible for coordinating contract support during the drawdown, are currently trying to get the full picture of operational contract support in Iraq. However, DOD lacks a centralized repository of the specific services available on the various contracts. For example, there are several contracts for trucking services currently being used to transport materiel in support of the drawdown, but planners may lack the details necessary to allocate these services efficiently as drawdown progresses. Joint guidance also calls for DOD to identify contracted support requirements as early as possible to ensure that the military receives contracted support at the right place, at the right time, and for the right price.<sup>14</sup> In particular, for the drawdown of forces to occur according to the timelines, commanders will need to determine their contract support requirements and communicate these to contracting officers several months in advance. Although the MNF-I drawdown order anticipates an increase in its need for contracted services through September 1, 2010, as of July 2009 commanders had not identified the specific types and levels of contracted services they will need during the drawdown. For example, Army officials in Kuwait responsible for the retrograde of theater provided equipment had not defined the specific level of contracted services needed to perform functions such as repairing vehicles and requesting disposition instructions.

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<sup>12</sup> Joint Publication 3-33, *Joint Task Force Headquarters* (Feb. 16, 2007).

<sup>13</sup> The total of 52,207 contracts is measured in accordance with the definition of “contract” from section 864(a)(2) of the National Defense Authorization Act for Fiscal Year 2008, which includes task orders, among other things. See GAO-10-1.

<sup>14</sup> Joint Publication 4-10, *Operational Contract Support* (Oct. 17, 2008).

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In planning for the contractor presence needed during the final phase of the drawdown, MNF-I has made assumptions in the absence of defined requirements or full visibility over contracted services that may contribute to wasted resources and may hinder the timely execution of drawdown. Even though it anticipates an increase in contracted services needed during the drawdown, MNF-I has set a target for reducing the number of contractor personnel in Iraq to 75,000 by September 1, 2010. According to MNF-I officials, this target was based on the historic ratio of contractor personnel to servicemembers in Iraq, rather than requirements for contracted support. However, as GAO has previously reported, the drawdown of forces may create additional requirements for contracted support, and officials in Iraq have acknowledged that additional contractor personnel will be needed to provide services currently being provided by U.S. forces.<sup>15</sup> For example, according to DOD, in the third quarter of fiscal year 2009 the number of armed private security contractors in Iraq went from 10,743 to 13,232, a 23 percent increase. This increase in private security contractors was due, in part, to an increased need for private security contractors as the military began drawing down its forces. Without identifying the level and types of contractor support needed to facilitate the drawdown, the actual number of contractor personnel needed remains unknown. Unless commands in theater define and communicate contract requirements with sufficient lead time, DOD risks not having the right contracted services in place to meet drawdown timelines and may resort to contracting methods that could cost the government more and that may be conducive to waste. Moreover, in determining the best means to meet commanders' requirements, planners' limited visibility over the range of contracted services available may contribute to decisions based on incomplete information, buying services that are already on contract, experiencing difficulty in enforcing priorities, and using limited contracting resources inefficiently. These outcomes may impact the timely execution of the drawdown. In 2006, we reported that a lack of visibility over contracted support negatively impacted MNF-I and MNC-I planning for base closure, among other things.<sup>16</sup>

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<sup>15</sup> GAO, *Military Operations: Contractors Provide Vital Services to Deployed Forces but Are Not Adequately Addressed in DOD Plans*, [GAO-03-695](#) (Washington, D.C.: June 24, 2003).

<sup>16</sup> GAO, *Military Operations: High-Level DOD Action Needed to Address Long-standing Problems with Management and Oversight of Contractors Supporting Deployed Forces*, [GAO-07-145](#) (Washington, D.C.: Dec. 18, 2006).

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## Near-Simultaneous Transition of Key Contracts Creates Risks for Interruption of Services

The transition of key contracts that are scheduled to expire during the height of the drawdown presents the potential for the interruption of vital services. With the exception of LOGCAP, major contracted services in Iraq and Kuwait, including those for base and life support, convoy support, and equipment maintenance will soon reach their expiration date and are scheduled to be re-competed and re-awarded.<sup>17</sup> If contracts are awarded to new contractors, outgoing and incoming contractors would be required to transition within a certain time period to continue vital services. If these contracts are re-awarded as scheduled, major contracted services in Iraq and Kuwait will be transitioning nearly simultaneously during the height of the drawdown, increasing the risk that services will be interrupted. According to a DOD lessons learned document, during the transition from LOGCAP III to LOGCAP IV in Kuwait which concluded in June 2009, the incoming contractor intended to hire at least 80 percent of the outgoing contractor's personnel to begin providing services according to schedule. However, the outgoing contractor needed to retain its employees in order to continue to provide the services for which it was contracted. Although the incoming and outgoing contractors agreed to a protocol for transferring employees, poor execution at some sites led to staffing shortages and some service interruptions. To prevent similar service interruptions when other key contracts transition, it will be critical that DOD ensures that the outgoing contractor release personnel to the incoming contractor as anticipated. Furthermore, if contractor personnel choose not to transfer to the new contractor, the transition may result in greater-than-anticipated costs and delays as the contractor hires, screens, and deploys new personnel. Additionally, a lack of experienced personnel may also lead to service interruption. For example, according to the lessons learned document, a shortage of personnel available to operate large machinery in Kuwait forced officials to shut down operations critical to the drawdown. In addition, offices responsible for issuing credentials to employees were not prepared to handle the large volume of employees needing to obtain new badges, a situation exacerbated by the provision of inaccurate employee lists by the incoming contractor, resulting in a further disruption of services. As of July 2009, officials had not considered possible stresses on these offices that might occur during the upcoming, near-simultaneous contract transitions expected to occur during the drawdown. Finally, the outgoing contractor refused to provide, and in one

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<sup>17</sup> We met with Army officials, including contracting officers responsible for these contracts. These officials acknowledge that the contracts will expire well before the end of the drawdown and in no case did these officials indicate they are considering extending the expiring contracts through the drawdown period.

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case erased, data it was required to provide to the government. Government officials confirmed that these data would have facilitated a more efficient transition process. Contract management officials stated that challenges experienced during the transition from LOGCAP III to LOGCAP IV in Kuwait will likely be magnified during the upcoming contract transitions in Iraq, given the scope of contract transitions during the height of the drawdown.

Even though LOGCAP III in Iraq does not expire during the drawdown time frame, DOD plans to undertake a complex transition to other means of contracted services despite concerns that the potential benefits of doing so may not be fully realized. According to DOD officials, MNF-I plans to transition base and life support and logistics functions currently provided by LOGCAP III to other contracts, including LOGCAP IV, the Air Force Contract Augmentation Program (AFCAP), and individual sustainment contracts with Iraqi contractors.<sup>18</sup> However, unlike convoy support and maintenance contracts in Iraq and Kuwait, LOGCAP III does not expire until January 2012. A senior DOD official has stated that the rationale for making the transitions includes reducing the cost of base and life support services and mitigating the risks associated with relying on a single contractor to provide essential services. However, this official and others have raised concerns, indicating that these potential benefits may not be fully realized. For example, while cost savings may result from transitioning from LOGCAP III to other contracts, the senior DOD official with whom we spoke has conceded that costs may actually increase during the transition when both the incoming and outgoing contractors have duplicative personnel, including large transition teams. These costs may offset potential savings, in part because the new contracts would have, at most, about a year to realize their potential benefits, given the time needed to conduct the transition and the date that the Security Agreement states U.S. forces must be out of Iraq. Moreover, according to Army officials, there has been no formal cost-benefit analysis to weigh potential benefits against risks such as cost increases. In the absence of a robust cost-benefit analysis, the benefits of making the transition remain uncertain.

The upcoming LOGCAP transition in Iraq will potentially increase the contract management and oversight responsibilities of the combat forces

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<sup>18</sup> Sustainment contracts provide supplies and services to deployed U.S. forces, such as food services and housing.

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and impact the quality of service provided to the warfighter. Unit commanders, as customers of LOGCAP, play a significant role in the management and oversight of the LOGCAP contractor. For example, customers are required by the Army to periodically evaluate the contractor's performance. Currently, units provide feedback to the contractor during monthly performance evaluation boards. Because the Army intends to award several task orders for services for base and logistics services—possibly to multiple contractors—it is possible that the number of monthly evaluations would increase for some commanders. Furthermore, while service disruptions like those experienced in Kuwait during the transition to LOGCAP IV between February and June of 2009 may have amounted to temporary inconveniences, in a continuously evolving environment like Iraq they have a greater potential to negatively impact ongoing operations. For example, according to a senior Defense Contract Management Agency official responsible for contract management and oversight in Iraq, there is concern about DOD's plan to begin transitioning the theater transportation mission at the beginning of 2010, since it could require a new contractor to assume the mission just as the department undertakes a significant troop-level reduction that is planned for March-April 2010. Executing the rapid movement of troops and equipment out of Iraq will require significant truck assets. Transitioning the mission to a new contractor and requiring the new contractor to provide 23,000 trucks and crews could be daunting. Additionally, this official expressed concerns about the ability of a new LOGCAP IV contractor to quickly obtain the necessary staff to execute the mission if the transitions from LOGCAP III are done as currently planned. As we noted above, if an incoming contractor needs to hire a significant number of new personnel, service interruptions could result.

For commanders in the field already tasked with conducting complex counterinsurgency operations and the drawdown of forces, among other responsibilities, it is important to know who is responsible for providing particular services. However, increasing the number of contracts in Iraq, as is planned to occur during the upcoming transition, may complicate commanders' abilities to obtain essential contracted support. For example, under the current LOGCAP III contract in Iraq, commanders generally need to speak with one program manager to obtain the full range of contracted services. Under LOGCAP IV, however, services may be divided among multiple contractors for any particular location. As a result, the tasks of determining how to obtain essential services and correcting service problems may divert commanders' limited resources from other responsibilities, which potentially increases risk to the mission.

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In addition, complex transitions to local contractors may impact the quality of services provided to the warfighter. For example, commanders in Iraq noted that some base and life support services being provided to U.S. forces through a newly transitioned contract managed by local sustainment contractors were not meeting the level of quality that U.S. forces had come to expect. We also found that a similar strategy in Kuwait resulted in service interruptions, including inefficiencies at key storage areas that led to expanses of disorderly materiel such as tires and cylinders.<sup>19</sup> Should the upcoming LOGCAP transition in Iraq proceed as planned, the need for commanders to overcome challenges on which we have previously reported, such as inexperience in dealing with contractors, uncertainty regarding oversight responsibilities, and inability to dedicate resources for oversight, would be particularly acute.<sup>20</sup>

Limited oversight resources coupled with a projected significant increase in oversight demands during the LOGCAP transition in Iraq heightens the risk of waste. The successful transition from LOGCAP III to multiple base and life support contractors will require a large number of government oversight personnel, as the transition from LOGCAP III to LOGCAP IV in Kuwait demonstrated. However, overseeing the LOGCAP transition in Iraq would be an added responsibility for the Defense Contract Management Agency, which will continue to be responsible for the day-to-day management and administration of the LOGCAP III contractor, private security contracts, and other large contracts in Iraq. A Defense Contract Management Agency official expressed concern about conducting LOGCAP transitions at multiple locations simultaneously throughout Iraq because this would require a greater number of oversight personnel than a consecutive transition. For example, Defense Contract Management Agency officials cited insufficient numbers of property administrators available to transfer billions of dollars worth of property from LOGCAP III to one of several dozen possible contracts. These personnel shortages may delay the transfer of property, such as materiel handling equipment critical for loading, unloading, and moving containers which, in turn, may inhibit the timely retrograde of equipment from Iraq. Contract oversight requirements would further increase following the transition. Specifically,

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<sup>19</sup> GAO, *Defense Acquisitions: Sound Practices Critical to Ensuring Value for the Defense Logistic Agency's Acquisitions*, GAO-09-1040T (Washington, D.C.: Sept. 24, 2009).

<sup>20</sup> GAO, *Military Operations: Implementation of Existing Guidance and Other Actions Needed to Improve DOD's Oversight and Management of Contractors in Future Operations*, GAO-08-436T (Washington, D.C.: Jan. 24, 2008).

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the Defense Contract Management Agency may go from overseeing one LOGCAP contractor to having to oversee three LOGCAP contractors and the AFCAP contractor. In addition, the contracts for specific base services that the Joint Contracting Command-Iraq/Afghanistan plans to award to Iraqi contractors could increase the workload for contracting officers from this command. Furthermore, as the number of contracts increase at an installation, commanders will be required to increase the number of personnel to ensure responsible oversight of contractor personnel. As a result, the number of personnel available for other operations will decrease.

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## Longstanding Contract Oversight Personnel Shortages May Increase the Likelihood of Wasteful Practices During the Drawdown

DOD's longstanding challenge to provide an adequate number of trained oversight personnel in deployed locations will continue to plague the department as it proceeds through the drawdown. Since 2004 we have reported on DOD's inability to provide an adequate number of oversight personnel in CENTCOM's theater.<sup>21</sup> Joint doctrine emphasizes the importance to commanders of ensuring that appropriate administration and oversight personnel are in place when using contractors.<sup>22</sup> While MNF-I guidance recognizes the need to ensure oversight, DOD is likely to find it difficult to meet the oversight requirement as forces are withdrawn and the pool of personnel available for oversight decreases. Historically, as forces decrease, the need for contracted services increases. The oversight challenge in Iraq and Kuwait is exacerbated by the competing need to provide professional contract management and oversight personnel from agencies like the Defense Contract Management Agency to meet the increased oversight requirements in Afghanistan. DOD officials at all levels have expressed concern about the department's ability to provide the required number of oversight personnel. For example, an Army unit in Kuwait with 32 government personnel that is currently providing oversight for more than 3,000 contractor personnel anticipates doubling its contractor workforce, but is not anticipating a concomitant increase in oversight personnel. The unit has identified the lack of oversight personnel as a significant concern to successfully moving equipment out of Kuwait.

As we noted in several of our previous reports, having the right people with the right skills to oversee contractor performance is crucial to ensuring that DOD receives the best value for the billions of dollars spent

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<sup>21</sup> For a summary, see [GAO-08-436T](#).

<sup>22</sup> Joint Publication 4-10.

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each year on contractor-provided services supporting forces deployed to Iraq. For example, we reported in 2004 that the Defense Contract Management Agency could not account for \$2 million worth of tools purchased using the AFCAP contract, in part because of a lack of contract management and oversight personnel in CENTCOM's theater.<sup>23</sup> In January 2008, we reported that the Army did not have adequate staff to conduct oversight of an equipment maintenance contract in Kuwait.<sup>24</sup> We have found in the past that, as a result of the vacant oversight positions, the Army was unable to fully meet the oversight mission including fully monitoring contractor performance. In that same report we noted that poor contractor performance resulted in the Army spending \$4.2 million to rework items that were presented to the Army as meeting contract standards but failed Army inspection. We have also noted that an inadequate number of oversight personnel results in some contracts receiving insufficient oversight. For example, in 2008 we reported that the Army assigned seven contracting officer's technical representatives to provide oversight for about 8,300 linguists in 120 locations across Iraq and Afghanistan. In one case, a single oversight person was responsible for linguists stationed at more than 40 different locations spread throughout the theater of operations. Officials responsible for the contract agreed that there were not enough contracting officer's technical representatives to effectively oversee the contract.<sup>25</sup> Having too few contract oversight personnel precludes DOD from being able to obtain reasonable assurance that contractors are meeting their contract requirements at every location where the work is being performed. Without adequate contract oversight personnel in Iraq and Kuwait during the drawdown, DOD risks not receiving the level and quality of service it needs to effectively and efficiently meet the goals of the drawdown.

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<sup>23</sup> GAO, *Military Operations: DOD's Extensive Use of Logistics Support Contracts Requires Strengthened Oversight*, [GAO-04-854](#) (Washington, D.C.: July 19, 2004).

<sup>24</sup> GAO, *Defense Logistics: The Army Needs to Implement an Effective Management and Oversight Plan for the Equipment Maintenance Contract in Kuwait*, [GAO-08-316R](#) (Washington, D.C.: Jan. 22, 2008).

<sup>25</sup> GAO, *Military Operations: DOD Needs to Address Contract Oversight and Quality Assurance Issues for Contracts Used to Support Contingency Operations*, [GAO-08-1087](#) (Washington, D.C.: Sept. 26, 2008).

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## Execution of the Drawdown Is Dependent Upon Key Decisions over the Disposition of Equipment

MNF-I's execution of the drawdown from Iraq in accordance with established timelines depends on its obtaining clear guidance as to what equipment can and will be provided to the Government of Iraq and what will be retained by the U.S. military; identification of the mechanisms that are to be used to transfer equipment to the Government of Iraq; determinations of what will be done with certain types of non-standard equipment, such as Mine Resistant Ambush Protected vehicles (MRAP); and resolution of other decisions related to the Army's modernization and reset plans.

DOD plans to transfer military equipment to the Government of Iraq in order to achieve U.S. objectives in Iraq, but decisions still need to be made by DOD on what can and will be transferred to the Government of Iraq, contributing to planning uncertainty. Multi-National Security Transition Command-Iraq, an MNF-I subordinate command responsible for training and equipping the Iraqi security forces, has prepared a list of equipment it believes will enable the Government of Iraq to provide for its own security after U.S. forces have left Iraq.<sup>26</sup> This list comprises about 1.5 percent of the estimated 3.3 million pieces of equipment in Iraq, with a projected value of about \$600 million. This list is currently undergoing progressively higher levels of review within DOD, for potential approval by the Military Department Secretaries and the Secretary of Defense. Until this list is approved, and an appropriate transfer mechanism determined, the equipment that will be transferred to the Government of Iraq remains uncertain. Currently, no decision has been made as to what authorities will be used to transfer these items to the Government of Iraq. While certain authorities exist that may permit the transfer of excess defense articles, DOD has also requested additional authority to transfer non-excess defense articles.<sup>27</sup> Section 1234 of the National Defense Authorization Act for Fiscal Year 2010 provides an additional authority, requested by the Department of Defense, under which the Secretary of Defense, with the concurrence of the Secretary of State, may transfer certain equipment to the Government of Iraq without the Military Departments declaring it excess to their needs.<sup>28</sup> Because this provision does not specify a

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<sup>26</sup> GAO recently issued a classified report on the capabilities of the Iraqi security forces. See GAO, *Securing and Stabilizing Iraq: U.S. Drawdown Plans Should Include Contingency Plans for Use If Key Assumptions about Security and Iraqi Capabilities Prove Wrong*, [GAO-09-939C](#) (Washington, D.C.: Sept. 30, 2009).

<sup>27</sup> For instance, under section 516 of the Foreign Assistance Act of 1961 (22 U.S.C. § 2321j), excess defense articles may be transferred to other countries under certain circumstances.

<sup>28</sup> Pub. L. No. 111-84, § 1234 (2009).

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mechanism for reimbursing the Military Departments for the transfer of non-excess equipment, the loss of which may affect unit readiness, senior Army officials expressed concern about it prior to its passage, and the conference report accompanying the Act urged the Secretary of Defense to develop a plan to reimburse the Military Departments for such items.<sup>29</sup> In addition, other DOD officials expressed strong reservations about section 1234 prior to its passage, arguing that existing authorities, such as those which underpin Foreign Military Sales, are sufficient to transfer U.S. military equipment to the Government of Iraq, but are not fully understood within the department. Clarification of authorities to be used for transferring equipment to the Government of Iraq will help facilitate decisions on which equipment will be transferred, and will assist in ensuring that DOD will meet its stated timelines.

The complexity of issues surrounding transfer authorities has already presented obstacles to transferring equipment to the Government of Iraq. For example, beginning in May 2009, MNC-I undertook an initiative to turn over the Ibn Sina hospital, located in the International Zone, to the Government of Iraq as a fully equipped, fully operational hospital. However, 100 of the approximately 9,800 pieces of equipment in the hospital, such as intensive care unit beds, trauma centers, and patient vital signs monitoring equipment, were ineligible for transfer because, according to Army officials, the Army could not declare them as excess to the needs of the Army.<sup>30</sup> As a result, officials had to seek alternate means to transfer or sell the remaining pieces of equipment necessary to outfit the hospital. Ultimately, the hospital was transferred to the Government of Iraq on schedule. However, Army officials stated that after exhausting all legal options for transferring or donating the remaining equipment, the hospital was transferred without these 100 pieces of important equipment.

According to the Army, disposition for nearly all currently identified non-standard equipment in Iraq has been determined, but all items needing

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<sup>29</sup> H.R. Conf. Rep. No. 111-288, at 838-839 (2009). Section 1234 requires a report including a description of “the plan, if any, for reimbursing military departments” for non-excess equipment, and prohibits transfers that would have an “adverse impact on the military readiness of the United States,” in accordance with section 516 of the Foreign Assistance Act of 1961 (22 U.S.C. § 2321j).

<sup>30</sup> Under section 644 of the Foreign Assistance Act of 1961 (22 U.S.C. § 2403), the term “excess defense articles” generally refers to defense articles, with some exceptions, owned by the U.S. government that is excess of the approved level of stock for all DOD organizations at the time the equipment is transferred.

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disposition have not yet been identified. Non-standard equipment is mainly theater provided equipment that has been issued to units that is not listed on their modified table of organization and equipment.<sup>31</sup> Non-standard equipment includes a wide range of items such as construction equipment, materiel handling equipment, flat screen televisions, certain types of radios, and MRAPs. To facilitate the retrograde of non-standard equipment, the Army is implementing a new process in which the Life Cycle Management Commands are cataloguing all types of non-standard equipment in Iraq for entry into a new database.<sup>32</sup> The Army then determines the location to which each type of item will be shipped upon retrograde from Iraq. Army officials state that they have determined disposition for the majority of types of non-standard equipment already identified in Iraq. However, these officials also state that additional types of non-standard equipment are still being entered into the database as efforts to gain accountability over non-standard equipment continue. Until this effort is complete, the disposition of some types of non-standard equipment in Iraq may be delayed.

Decisions on the disposition of MRAPs also have not been finalized, and DOD faces challenges in retrograding the large number of these vehicles that remain in Iraq. MRAPs are a unique type of non-standard equipment that were initially procured specifically for use in Iraq to better protect servicemembers from improvised explosive devices. As the drawdown progresses, DOD officials acknowledge that most of the MRAPs retrograded from Iraq will return to the United States, and that only some of these vehicles are suitable for use in Afghanistan. According to Army officials, the Army, which manages most of the MRAP fleet, has issued preliminary disposition instructions for MRAPs to be retrograded from Iraq, but service-wide requirements for MRAPs have not yet been finalized. Moreover, although in January 2008, DOD designated the Red River Army Depot and Marine Corps Logistics Command bases in Albany and Barstow as the depots that would repair MRAPs in the United States, Headquarters, Department of the Army only recently issued a message directing the shipment of 200 MRAPs from Kuwait to Red River Army Depot as part of

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<sup>31</sup> A modified table of organization and equipment documents the specific types and amounts of equipment Army units are authorized to have.

<sup>32</sup> The Army Materiel Command has five Life Cycle Management Commands, each of which is responsible for certain types of equipment. They are: Aviation and Missile, Chemical Materials Agency, Communications-Electronics, Joint Munitions & Lethality, and Tank-automotive & Armaments Command.

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an MRAP Reset Repair Pilot Program. To date, all MRAPs retrograded from Iraq have passed through the MRAP Sustainment Facility in Kuwait for repair. However, at the time of our July 2009 visit to the CENTCOM area of operations, this facility could process only 20 MRAPs per week, contributing to a build-up of nearly 900 MRAPs in a retrograde lot in Kuwait. The officials who manage this lot stated that it was nearing full capacity for holding MRAPs. However, data provided by U.S. Army Central indicate that DOD's capacity to process and ship MRAPs out of Kuwait exceeded the relatively few numbers of additional vehicles that left Iraq since our visit, decreasing the total number of MRAPs that are sitting in the retrograde lot to under 800 as of October 2009. Nevertheless, according to U.S. Army Central, over 8,000 MRAPs remain in Iraq. To remove MRAPs from Iraq according to the timeline set by the Security Agreement, the pace of their retrograde will need to significantly increase as the drawdown progresses, which heightens the potential for bottlenecks.

The disposition of equipment in theater may also be affected by other decisions that have not been made related to the Army's future composition and equipment reset needs. For example, the Army has not decided what equipment and how much of each type of equipment will be transferred to Army Prepositioned Stocks<sup>33</sup> and Theater Sustainment Stocks.<sup>34</sup> Also, the Army is currently drafting an "Equipping White Paper" that describes how the Army plans to allocate equipment in accordance with future force structure designs. For example, Army officials stated that they are considering changing one or more heavy brigade combat teams into Stryker brigade combat teams. Other factors also add uncertainty to the disposition of equipment. For example, while the Army has taken steps to streamline the reset induction process for equipment in Iraq, disposition for reset depends on when the equipment is retrograded from Iraq and the condition of the equipment. In addition, the extent to which equipment may be stored in Kuwait is unclear. Specifically, some officials from the Office of the Secretary of Defense told us that some equipment may be stored at depots or in Kuwait while decisions about disposition are made, while Army officials told us that the Army has no plans to store equipment

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<sup>33</sup> The Army Prepositioned Stocks program supports the National Military Strategy by strategically prepositioning critical war stocks afloat and ashore worldwide and, thus, reducing the deployment response times of the modular expeditionary Army.

<sup>34</sup> Theater Sustainment Stocks are a pool of military equipment in theater that can be used to expedite the replacement of equipment damaged during operations.

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in Kuwait. Finally, decisions have not been finalized on what additional equipment will be transferred from Iraq to Afghanistan.

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## Longstanding Information Technology System Weaknesses May Compromise the Timely Retrograde of Equipment

Weaknesses in data systems used to retrograde equipment from Iraq that we cited in our September 2008 report remain uncorrected, and a new problem has surfaced. In our September 2008 report, we noted that when theater provided equipment reached Kuwait, the 401st Army Field Support Brigade, which received the equipment, had to undertake two concurrent manual data entry processes in separate logistics information systems to establish accountability and visibility for the equipment. We also reported that the process for requesting disposition instructions was lengthy and involved sending spreadsheets populated with equipment data from Kuwait to the appropriate Life Cycle Management Command in the United States and then back to Kuwait. According to DOD officials we interviewed in Iraq and Kuwait in July 2009, the manual manipulation of data and extensive reliance on spreadsheets still occurs while other DOD officials stated that any problems that delay equipment from being retrograded can be problematic given the rapid pace of the drawdown. In addition, during our recent field visits we identified another data system problem that prevented the timely issuance of disposition instructions for equipment identified for retrograde from Iraq. Specifically, due to a data corruption error that occurs during data transfer between two legacy Army systems, Army officials in Kuwait were unable to issue orders to move the equipment to its designated destination. Officials stated that this problem had a negative effect on their ability to retrograde equipment, and officials in the United States and Kuwait worked together during regularly scheduled meetings to discuss issues delaying the transmission of these instructions. To fix the problem in the system, programmers had to implement manual fixes for each individual set of disposition instructions. According to Army officials, a solution to correct the data corruption error has been implemented since our visit. However, we have not been able to validate this claim and, according to Army officials, similar problems with legacy systems occur regularly.

Higher projected flows of theater provided equipment during later phases of the drawdown may also put the timely issuance of disposition instructions at risk. We reported in 2008 that receipt of disposition instructions for some rolling stock took anywhere from three to nine months, resulting in equipment being held in Kuwait awaiting disposition instructions. Although officials told us during our July 2009 visit to Kuwait that this situation had improved, the data used to support that claim may be unreliable. With increased flows of equipment, inefficiency resulting

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from the reliance on the entry of data by hand will be magnified. The higher volume of equipment requiring disposition instructions may stress the manual processes currently being used, thereby increasing the risk that more time will be necessary to request and receive disposition instructions, which may again cause equipment to sit idle in Kuwait. While the Theater Provided Equipment Planner may improve retrograde process efficiency by automating the issuance of disposition instructions that would otherwise need to be issued through the existing manual process, the extent to which items will be retrograded using the new system, especially as the volume of equipment being retrograded increases during later phases of the drawdown, is unclear. In addition, the increased volume of equipment projected for the later phases of the drawdown will require additional contractor personnel to make the manual entries made necessary by the system incompatibility issues.

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## DOD's Lack of Precise Visibility Over Its Inventory of Equipment and Shipping Containers Inhibits Planning for Retrograde from Iraq

The execution of the drawdown may also be affected by the lack of a complete and accurate inventory of three broad types of equipment. These three types of equipment include contractor acquired property,<sup>35</sup> non-standard equipment, and shipping containers. According to Army data, these three types of equipment comprise 28 percent of the total DOD property in Iraq. To facilitate a more complete and accurate record of equipment in Iraq, MNF-I required its subordinate units to complete a 100 percent inventory of their equipment, identify excess equipment that can be immediately retrograded, and account for previously undocumented equipment by June 27, 2009. Undocumented equipment, however, continues to be identified and added to the inventory.

According to MNF-I guidance, the command's ability to meet drawdown requirements and timelines depends upon establishing an accurate and complete inventory of the amount and types of equipment that will have to be retrograded from Iraq. In that vein, MNF-I ordered a 100 percent inventory of all U.S. government owned equipment in Iraq. Overall, DOD officials stated that property accountability has improved in Iraq since 2006, especially with regard to theater provided equipment. The guidance calling for completion of an inventory by June 27, 2009 was intended to account for undocumented items. When these previously undocumented

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<sup>35</sup> For simplicity, we use the term "contractor acquired property" to include all items that the contractor manages expressly to perform the contract, including items given to the contractor by the government (government furnished equipment) and items acquired/fabricated by the contractor using government funds.

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items are entered onto property books, commanders become accountable for them. The intent is to facilitate drawdown planning and execution by providing an incentive for commanders to take action on previously undocumented items that otherwise may not be factored into the retrograde plans. However, although MNC-I states that the inventory is complete, previously undocumented equipment continues to be found every month. Until all undocumented equipment is included in the inventory, DOD's information on the number of items requiring retrograde remains incomplete, which adds risk to meeting the drawdown timelines.

During our visit to the CENTCOM area of operations in July 2009, officials in Iraq and Kuwait stated that, of all categories of equipment, they had the least visibility over contractor acquired property. Army officials stated, however, that as of October 2009, this situation had improved. While contractors are typically required under the terms of their contract to maintain property accountability over this equipment, there is no standardized process for doing so, limiting MNF-I's and U.S. Army Central's accountability and visibility over this equipment. During the drawdown, accountability of contractor acquired property is important to ensure the efficient allocation of the transportation assets used to retrograde this equipment.

U.S. Army Central officials also noted that they lack full accountability and visibility over non-standard equipment in Iraq, adding another potential risk to their ability to efficiently retrograde this equipment out of Iraq. Army officials have estimated that there could be as many as 360,000 pieces of non-standard equipment in Iraq, but concede that they have low confidence in property accountability for non-standard equipment. Moreover, Army and U.S. Army Central officials note that obtaining an accurate inventory of non-standard equipment is complicated by the fact that many of these items have multiple identification numbers and that commanders have significant flexibility in accounting for this equipment. For example, a piece of non-standard equipment that is valued at greater than \$5,000 must be recorded on a military unit's property book, but after the value of that item depreciates below the \$5,000 threshold, it is left to the individual commander's discretion whether to continue recording the property. Not knowing the precise amount of non-standard equipment in Iraq that will need to be retrograded contributes to planning uncertainty for the organizations tasked with executing the drawdown, and may put at risk the ability to position transportation assets and personnel to manage the many aspects of the retrograde process in time to facilitate a steady flow of equipment from Iraq.

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Another factor compounding planning uncertainty is the lack of an accurate accounting of the quantity and serviceability of shipping containers in Iraq. Containers are unique in that not only are they items that have to be retrograded from Iraq, they are also a primary vehicle for shipping other types of equipment out of Iraq. According to U.S. Army Central officials, the data system in place to track containers is inaccurate and incomplete because, among other factors, it must be manually updated every time a container arrives at or leaves a specific location. Reports based the data from this system indicate that the system is at best 25 percent accurate. Furthermore, updates to the location and status of containers may not occur routinely because of personnel shortages. For example, according to officials in charge of container management, 200 containers listed as located in Iraq were, in fact, in Afghanistan. Moreover, in addition to inaccurate data on the number of containers and their locations, officials also lack data on the serviceability of containers. In an effort to rectify this problem, MNC-I issued an order directing a 100 percent inventory of containers, including instructions for reporting the serviceability of the containers. Subsequent reports indicate that approximately 54,000 containers had been physically inventoried as of August 2009, which was almost 25,000 fewer than the number of containers in the data system. Out of these containers entered in the data system, the location of over 7,000 could not be verified and the serviceability of 39 percent remained unknown. Moreover, many containers in Iraq are being used for storage, office space, and living quarters, among other purposes, yet are not documented as such, and may not immediately be available for retrograde. Due to limited container accountability, MNF-I and U.S. Army Central's ability to plan for the steady flow of equipment out of Iraq necessary to meet the drawdown timelines may be at risk.

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## Concluding Observations

As I have stated today, much has been done in Iraq and Kuwait to facilitate the drawdown effort. However, the effective execution of the drawdown may be compromised by several complex challenges: notably, identification of contractor requirements needed for the drawdown, and development of plans to address the challenges created by key contract transitions and to mitigate the risk of waste caused by an inadequate number of trained oversight personnel that would aid the successful management of contract services. Additionally, the effective execution of the drawdown is dependent upon decisions about what equipment can and will be transferred to the Government of Iraq, the clear establishment of transfer mechanisms, and final decisions on the disposition of non-standard equipment. Moreover, longstanding data information system

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incompatibility issues and a less-than-comprehensive inventory of some types of equipment in Iraq may hamper the drawdown.

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