

**Opening Statement of Chairman Tom Davis  
Government Reform Committee Hearing  
The Complex Task of Coordinating Contracts Amid Chaos:  
The Challenges of Rebuilding a Broken Iraq  
March 11, 2004**

We meet today to look into the complex task of coordinating contracts amid the chaos and challenges of rebuilding Iraq.

Even before the conclusion of major military actions there were plans for a major effort to rebuild Iraq's infrastructure and government. Emergency supplemental appropriations bills for both FY03 and FY04 have provided more than \$20 billion to rebuild postwar Iraq. Many federal departments and agencies have already awarded or will soon award contracts for the sustainment and reconstruction efforts.

The rebuilding of Iraq is a monumental task. Saddam Hussein spent decades frittering away his nation's vast wealth on himself and his Baath party cronies, while little to nothing was spent to meet the urgent needs of the Iraqi people. Decades of neglect and inaction have turned this once great nation into a country where the majority of people live in poverty and despair.

However, with Saddam's ouster, we are witnessing a rebirth of Iraq. Freedom and liberation have brought a new sense of urgency to the Iraqi people; they understand what is at stake and we, as part of the coalition of the willing, must do our part to sustain freedom by rebuilding their nation.

Twenty days ago, I, along with other members of this committee returned from Iraq, where we witnessed the enormity of the reconstruction effort. This was my second trip, and in the six months since my last visit to the region, I saw significant progress in our reconstruction efforts.

The task at hand is enormous; it will be years before we are able to truly get Iraq running on its own. Yet each day Iraqis are getting a better life thanks to the dedicated American soldiers and civilians working there. Our reconstruction efforts are being completed, even under life threatening conditions. Our military is nothing short of superb. Besides ensuring the safety of the country, they have become master builders and diplomats. The use of funds from the Commanders Emergency Relief Program (CERP) paves the way for local and regional stabilization by allowing for small rebuilding projects that have an immediate impact on the local population.

For example, we recently met with General Odierno, Commander of the 4th Infantry Division, who told us how he used his CERP funds to build a water treatment facility in Tikrit and a sewage treatment facility in Baji. In many ways, the Commander's Emergency Relief Program is meeting the immediate needs until our larger construction projects are completed.

The positive offshoots of the Iraqi rebuilding effort are beginning to take shape. Entrepreneurialism is sprouting, and unemployment, which was once a major problem, is coming under control. Our efforts are paying off. Reconstruction, together with an interim constitution, locally elected leaders, and a functioning, better-trained security force all add up to a more stable and peaceful Iraq.

Today we meet to specifically discuss the complexity of coordinating our rebuilding of Iraq, primarily as it pertains to the larger construction projects and sustainment efforts. Currently, there are many U.S. government agencies working to improve conditions in Iraq. For example, the Department of Defense, including the U.S. Army Corps of Engineers, and the U.S. Agency for International Development are both working to “rebuild” Iraq. Both DOD and USAID have their own procurement shop, their own management team, and their own audit mechanisms. The Committee is interested in the efforts made by each agency to manage and coordinate acquisition activities to ensure that taxpayer money is being spent effectively and efficiently.

In addition, enormous amounts of money have already or are about to be expended in our efforts to rebuild Iraq. We need to make sure that acquisition rules are being followed. Congress has spent years streamlining complex government rules and regulations to make it easier for businesses to sell to the federal government, but did so in a way that carefully balances affordability, accountability, and accessibility to make sure taxpayer dollars are protected. It’s our job to make sure that is happening in Iraq.

We hope to learn today how our acquisition system and the professionals who run it have responded to the challenges raised in Iraq. No one doubts that the circumstances are extremely difficult. I’ve seen the chaos on the ground there. The security situation is tenuous at best. Our service men and woman are being killed and wounded. A number of contractor employees also have been killed or wounded.

Large-scale procurements are complex and difficult to understand in and of themselves. When it comes to procurement, if you’re not confused, you’re not paying attention.

Add in the urgency and inherent dangers of contracting in a war zone, and the challenge of acquiring urgently needed goods and services becomes quite daunting. Through this hearing we hope to separate fact from fiction, truth from rhetoric – and, in turn, help make sure we’re coordinating contract processes in Iraq in a way that ensures success and safety.

Fortunately our acquisition laws have been carefully crafted by Congress to provide enough flexibility for the government to quickly get the goods and services it needs in emergency situations. There are provisions in the acquisition laws that allow for carefully circumscribed exceptions to our standard for full and open competition to provide for a more limited, less time consuming award of contracts for urgently needed supplies and services. I frankly cannot think of a situation that would better fit within these flexibilities than what we are now facing on the ground in Iraq. Sometimes we just don’t have the time to take our time.

I find it ironic that those who are complaining that the government does not have sufficient people on the ground to oversee and administer the current contracts in Iraq would foster contracting strategies that would increase substantially the need for contract administration. For every complex problem, there's a simple solution that doesn't work.

I recognize that there have been mistakes. The contract oversight process is not always pretty, and decisions made under the pressure of combat are not always as lucid as those made under less threatening conditions.

I commend my Ranking Member and others who have raised some important questions pertaining to the reconstruction process. Today I hope we can differentiate between real issues worthy of serious inquiry and those with little or no basis in fact that are raised solely to create a whiff of scandal.

That there have been disagreements with contractors over payments should come as no surprise to anyone familiar with the administration of complex contracts in difficult circumstances. These difficulties should be viewed within the context of the wartime environment in Iraq.

Many of the disputes that have been made public show that the contract oversight process is working. This hearing is part and parcel of a functioning oversight process.

Make no mistake – I have no patience for fraud or abuse. I expect that any such instances that are proven will result in harsh punishment for the perpetrators. I also expect that, as the conditions on the ground improve, the next generation of contracts will be awarded and administered in accordance with our standard acquisition procedures. Emergency procedures are for emergencies only.

This is a monumental task, and there is no room for error. Nor is there room for partisan sniping aimed merely at undermining the overall reconstruction efforts. We're interested in the truth, not rhetorical calisthenics. We're interested in helping coordinate the many important contracts in place today or planned for the future. In short, we ARE interested in moving forward with a contracting framework that benefits our reconstruction goals. We are NOT interested in simply repeating demagogic and disingenuous sound bites.