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**Testimony before the House Armed Services Committee
Subcommittee for Oversight and Investigations**

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**“Efforts to Ensure Accountability and Oversight for Contractors
Operating in Iraq and Afghanistan”**

Mr. Chairman, Ranking Member Wittman, and Distinguished Members of the Subcommittee, thank you for the opportunity to appear before you today. I look forward to providing you with an update on U.S. Agency for International Development (USAID) efforts to ensure accountability and oversight of implementing partners working in Afghanistan and Iraq, per the National Defense Authorization Act (NDAA) of 2008, Section 861, and related provisions.

As you may be aware, USAID operates in more than 80 countries worldwide to provide economic, humanitarian, and development assistance in support of our U.S. foreign policy goals. As an independent federal agency, USAID delivered more than \$13 billion of assistance in FY 2008. We did this with approximately 2,600 civil and foreign service employees and 3,800 local and third-country nationals working with our implementing partners to build sustainable development programs and achieve development results.

We look to Iraq and Afghanistan for examples. USAID currently has 130 employees in Iraq who manage and oversee the work of more than 4,000 implementing personnel working on 22 active awards. In Afghanistan, a current level of 250 USAID employees implement more than 165 awards and oversee 10,000-plus implementing personnel. In FY 2008, USAID programmed more than \$629 million for Iraq and almost \$1.8 billion in Afghanistan—5% and 13%, respectively, of USAID's total program dollars.

Strong oversight and accountability of our programs in these critical countries are priorities for USAID, including properly identifying the number of U.S.-hired contractors working in these countries. USAID, like our colleagues in the U.S. Department of Defense (DOD) and the U.S. Department of State (DOS), are committed to the terms of the Memorandum of Understanding (MOU) that was signed in July 2008 to maintain a database on all contracts in Iraq and Afghanistan. We are working closely with our interagency colleagues to adapt to DOD's Synchronized Pre-Deployment and Operational Tracker database, commonly referred to as SPOT, to function for USAID.

USAID Implementation of SPOT

To date, USAID has experienced steady progress with SPOT implementation, particularly in Iraq. This progress comes as a result of diligent coordination with DOD's SPOT implementation team and DOS colleagues. Technical and business solutions for implementation of this database to meet USAID standards are actively being pursued and applied—from increasing the system's capability for accepting subcontracts to updating general field designations to meet USAID procurement needs.

In Iraq, SPOT implementation became a reality in late 2008 with relevant technical and procurement USAID staff trained and actively using the database. In January 2009, USAID/Iraq issued a notice requiring all in-country contractors and grantees to begin use of SPOT by February 28, 2009. This notice provided specific procedures to assist in training implementing partners and their personnel to appropriately use the system.

At this time, USAID/Iraq holds capability to ensure all USAID Mission users, contractors and grantees, and subcontractors are designated within the system. It should be noted that this capability to utilize SPOT is due in large part to the current operating environment of Iraq. The long-established precedent for requiring letters of authorizations (LOAs) for implementing personnel to gain access to in-country facilities allowed USAID and implementing partners to adapt quickly to SPOT-generated LOAs.

This serves as one lesson learned for USAID as we look toward implementation of SPOT in Afghanistan. Currently, reviews are underway to determine how we can best apply the lessons of Iraq to mitigate potential challenges posed by current operating standards in Afghanistan, which differ greatly from Iraq. For example, with more than 10,000 implementing personnel on the ground and only seven U.S. direct hire contracting officers supporting Afghanistan efforts, we face a management challenge. Secondly, LOAs are required only for U.S. government-provided services. For Afghanistan, LOAs are not necessary due to the nature of operations; our implementing partners have long been responsible for their own company resources for in-country logistics and operational support.

DOD and DOS have been extremely receptive to working through these challenges with USAID. Daily conversations are assisting us in

moving forward with practical implementation of SPOT in both Iraq and Afghanistan, and we at USAID are committed to actively collaborating on these solutions. We look forward to working with our interagency colleagues to advance the goals of accountability and oversight in Iraq and Afghanistan.

Again, I appreciate the opportunity to appear before the Subcommittee today and will be pleased to respond to your questions.