

Attachment B.

November 12, 2004

Sole Source Justification for Blackwater Security Consulting

Background

The International Republican Institute began conducting programs in Iraq in the summer of 2003. At that time, Iraq was substantially less violent and dangerous than it is today. A shifting and currently-deteriorated security environment, particularly in and around Baghdad – where the majority of IRI staff resides and works – has necessitated nearly constant reassessment and augmentation of the IRI security team.

Security needs for staff and IRI offices were deemed minimal in the summer of 2003 and the months immediately after. Working without professional security guards, staff maintained a low profile and low visibility in the conduct of their work, minimized non-work related travel, and resided at the Al Hamra Hotel which was secured by T-walls and hotel guards. As the program grew and IRI staff size increased – initially the result of increased funding from the National Endowment for Democracy - new residential and office facilities were identified next to the Australian Embassy in the Karada district of the city. IRI moved its staff to an area adjacent to the Embassy, using several buildings for offices and residences. These are located outside the heavily protected “Green” or “International” Zone where the Embassy and several Iraqi government buildings are situated. This move, and the deteriorating security environment in which it took place, necessitated the first comprehensive re-evaluation and restructuring of our protective services program.

In March 2004 and after a competitive search, IRI obtained the services of Diligence LLC., to protect staff working in Baghdad and traveling to other points in Iraq, and to guard the offices. At the same time, the insurgency became more proactive, with increased attacks on the Green Zone, and other CPA facilities throughout the country. The rule of “low profile” continued to be the mode of operation since it appeared that heavily armored SUV convoys bore the brunt of attacks.

In the ensuing months, following the handover of sovereignty to the Iraqi Interim Government at the end of June, insurgents become better organized, attacks on the International Zone became more frequent, car bombings increased and kidnappings of foreigners rose. IRI continuously re-assessed the security environment. As these events occurred, and as IRI was repeatedly confronted with the need to consider and implement rapid augmentations of its security posture, we became increasingly concerned about Diligence’s organizational depth and surge capacity¹.

Diligence has been able to provide the initially-contracted services and has improved in some areas since IRI procured its services, the Institute’s management is not convinced

¹ Examples of this concern are as follows: Inability to increase inventory of body armor immediately, no armored cars available when we wanted to supplement the contract with them to increase protection for the staff, relatively low ratio of expat to Iraqi security detail even when we requested a modification to increase,

that the company has the depth of resources and experience that we believe have become critical. (Diligence has been in existence for less than two years.) IRI management has determined that it is necessary to procure the services of a security company that has the necessary experience and resources to protect the lives of IRI's staff, both expat and local, while they work in Iraq. IRI's executive management believes that Blackwater Security Consulting is the only organization that can provide this. The following paragraphs describe the Blackwater capacity. IRI has not requested formal bids from other firms because the executive management is unaware of any that has this depth of experience and resources. Additionally, time has become of the essence as the security situation remains tenuous and becomes more so with the approaching elections.

Reasons for contracting directly with Blackwater Security Consulting.

Blackwater was established in 1996 and enjoys a good reputation around the world. It provided security for the Administrator of the Coalition Provisional Authority in Iraq, Ambassador L. Paul Bremer and currently provides security for the U.S. Embassy in addition to other clients. Diligence is newer to the security protection field, having operated more on an information and security advisor basis. Blackwater's primary focus has been on security protection.

Blackwater has the following resources that Diligence is unable to provide readily at this time:

- Blackwater has the resources to expeditiously obtain body armor and the type of armored vehicles that will allow for appropriate "low profile" while providing increased protection for staff.
- Blackwater has greater staff depth and can provide additional ex-pat security personnel to its IRI detail on an as needed basis and without delay. Blackwater may also be unique in its capacity to provide field training to its recruits, be they Americans or non-Iraqi third country nationals.
- Blackwater has its own plane for flights in and out of BIAP. It also has access to helicopters available inside Iraq. Access to these resources could be critical to the safety of IRI staff in the event that evacuation becomes necessary.
- Blackwater can operate in low profile ways but is capable of ramping up heavily armored and armed transport on high risk roads, such as the road to Baghdad International Airport.
- Blackwater has extensive, and to a great extent unique, experience incorporating K-9 units in its protection services. Given the increasingly important role that canine patrols have played in detecting explosives and in saving lives, IRI sees this as an essential component of its future security program.

Cost/Price Analysis: IRI's program director and executive management have done an informal comparison between the amount our colleagues (NDI and IFES) are now

paying for security compared to that initially anticipated. That anecdotal information is that the costs have increased and approximate the per unit cost from Blackwater. As important as IRI's mission is and as seriously as IRI takes its responsibility as a trustee of funds when working under federal assistance agreements, safety of our staff has to be an equally important consideration. In the judgment of the executive management, the Blackwater experience and capacity is the best option for protecting staff in the current environment in Iraq. It recognizes the impact that this increase has on the overall programs' budgets and is embarking on this contract only for 120 days, the time anticipated through the Iraqi elections in January 2005. Should this level of security be required past that time, executive management will revisit the totality of the situation (e.g., the security situation in absolute terms as well as the impact on our ability to have effective programs with fewer resources since relatively more resources will be used for security, etc.)