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COORDINATION  
OUSD(AT&L)DPAP/POLICY  
RM 5E621 PENTAGON

Please Reply NLT, COB, Monday, September 25, 2006

SUBJECT: Reply to Latest Lessons Learned Initiative Report, "Iraq Reconstruction:  
Lessons in Contracting and Procurement

After coordination please FAX to (b)(6), or PDF e-mail copy to  
(b)(6)@osd.mil with a copy to (b)(6)@osd.mil or call (b)(6) on  
(b)(6) for pick up.

**COORDINATION**

DIR(ARA)	_____	DATE	_____
DUSD(BTA)	(b)(6)	DATE	9/28/06
DUSD(IP)	_____	DATE	_____
DGC(A&L)	_____	DATE	_____
JCS(J-4)	_____	DATE	_____
DASA(P&P)	_____	DATE	_____

**COMMENTS:**

Action Officer: LTC (b)(6) Acting Deputy Director, DPAP/Policy, (b)(6)



OFFICE OF THE UNDER SECRETARY OF DEFENSE  
3000 DEFENSE PENTAGON  
WASHINGTON, DC 20301-3000

ACQUISITION  
TECHNOLOGY  
AND LOGISTICS

**ACTION MEMO**

September 15, 2006, 1:00 PM

FOR: UNDER SECRETARY OF DEFENSE (AT&L)

FROM: Shay Assad, Director, Defense Procurement and Acquisition Policy

SUBJECT: Reply to Latest Lessons Learned Initiative Report, "Iraq  
Reconstruction: Lessons in Contracting and Procurement"

- You directed a coordinated response to the six recommendations in the SIGIR report at TAB B.
- Of the six recommendations we take exception with recommendation 4, which states that the deployable contracting reserve corps be organized under the Office of the Coordinator for Reconstruction and Stabilization (S/CRS). Our position is that this Corps should be under DoD. Army has expressed concerns that this Corps must be additive to the current force structure and not from the current force structure.
- We have delineated a response to each recommendation and a plan of action where necessary.

RECOMMENDATION: Sign the memo at TAB A.

COORDINATION: DIR(ARA), DUSD(BTA), DUSD(IP), DGC(A&L), JCS(J4), DASA(P&P), at TAB C.

Attachments:  
As stated

Prepared by: LTC (b)(6) DPAP-Policy (b)(6)



A



ACQUISITION,  
TECHNOLOGY  
AND LOGISTICS

## THE UNDER SECRETARY OF DEFENSE

3010 DEFENSE PENTAGON  
WASHINGTON, DC 20301-3010

### MEMORANDUM FOR SPECIAL INSPECTOR GENERAL FOR IRAQ RECONSTRUCTION

**SUBJECT:** Reply to Latest Lessons Learned Initiative Report, "Iraq  
Reconstruction: Lessons in Contracting and Procurement"

This is in response to your August 02, 2006, memorandum that outlines your six primary recommendations:

**Recommendation 1: Explore the creation of an enhanced Contingency FAR (CFAR).** When the (Special Inspector General for Iraq Reconstruction) SIGIR met with the Commanding General of the Multi-National Forces-Iraq and told him of the contracting Lessons Learned Initiative, he observed that there was a compelling need for a single, simplified, and uniform contracting process for use during contingency operations. Although the existing Federal Acquisition Regulation (FAR) provides avenues for rapid contracting activity, the Iraq reconstruction experience suggests that the FAR lacks ease of use. Moreover, promoting greater uniformity through a single interagency CFAR could improve contracting and procurement practices in multi-agency contingency operations. An interagency working group led by DoD should explore developing a single set of simple and accessible contracting procedures for universal use in post-conflict reconstruction situations. Congress should take appropriate legislative action to implement the CFAR, once it is developed by the interagency working group.

**DoD Response:**

Concur. The FAR Council has issued an interim rule (in effect) that consolidates in a new FAR Part 18, information about flexibilities provided for in current law and policy that can be used in a contingency situation. DoD is in the process of identifying like flexibilities for the DoD FAR Supplement (DFARS). Those flexibilities shall be published in late September as an interim rule. DoD will also issue Procedures Guidance and Information (PGI) that will greatly assist in the interpretation and execution of the regulations. DoD will also create a standing Contingency Contracting DFARS committee. This committee will continuously update the DFARS section 218 and also create the various waiver and deviations that could be activated by a commander during a contingency or emergency.



**Recommendation 2: Pursue the institutionalization of special contracting programs.** In Iraq, smaller scale contracting programs, like the Commander's Emergency Response Program (CERP) and the Commanders Humanitarian Relief and Reconstruction Program (CHRRP), achieved great success. Commanders used these programs to accomplish projects that immediately met the needs of a post-war population in distress. Given the positive performance of CERP and CHRRP in Iraq, the Congress should legislatively institutionalize such programs for easy implementation in future contingency operations.

**DoD Response:**

**Discussion:** DoD supports institutionalizing programs similar to the existing CERP authority. CERP and CHRRP programs currently are authorized annually and are tied to yearly Appropriation Acts. Each year the amount of funding differs. Funding by this approach results in short planning horizons for commanders to effectively and efficiently execute the program. Institutionalizing these programs with a known trigger, such as a contingency declaration, would increase the effectiveness of planning for the execution of funds by the commanders. The Senate included authority for continuous CERP capability in its Fiscal Year 2007 Defense Bill but restricted the amount per country. The legislation in its current form is little help to DoD in future contingencies. The Department provided an appeal to the proposed legislation requesting that the ceiling of \$200K per country be removed so that DoD has maximum flexibility to use this important capability in the future.

**Plan of Action:** The Joint Contingency Contracting Task Force will monitor the current legislation and appeal if necessary. Should the requested authority fail in this year's cycle the task force will pursue a legislative proposal to create a mechanism to institutionalize the programs and funding calculations. This mechanism would give the commander a planning figure from year-to-year to be able to more effectively take advantage of these types of programs.

**Recommendation 3: Include contracting staff at all phases of planning for contingency operations.** Contracting plays a central role in the execution of contingency operations, and thus it must be part of the pre-deployment planning process. Whether for stabilization or reconstruction operations, contracting officials help provide an accurate picture of the resources necessary to carry out the mission.

**DoD Response:**

Concur. The requirement for contracting staff involvement in planning will be addressed in the new joint publication 4-series on Joint Contracting and Contractor Management. The expedited development process has begun and should be complete by November 2007.

**Recommendation 4: Create a deployable reserve corps of contracting personnel who are trained to execute rapid relief and reconstruction contracting during contingency operations.** This contracting reserve corps could be coordinated by the DoS Office of the Coordinator for Reconstruction and Stabilization as part of its civilian ready reserve corps. An existing contingent of contracting professionals, trained in the use of the CFAR and other aspects of contingency contracting, could maximize contracting efficiency in a contingency environment.

**DoD Response:**

We concur with the recommendation to create a deployable cadre of experienced personnel, including a reserve component, trained in contingency contracting operations. However, the cadre should include program management and financial management personnel in addition to contracting officers. This team, patterned after a program management office, would have the resources, training and experience to define contingency contraction and stability operations (Stability, Security, Transition and Reconstruction (SSTR)) requirements, rapidly award the appropriate contract, administer the contract, and effectively manage the resulting projects or services to completion.

We do not concur, however, with the suggestion that the deployable contracting reserve corps be organized under the Office of the Coordinator for Reconstruction and Stabilization (S/CRS) as part of the proposed civilian reserve. Contingency contracting plays a critical role in achieving the commander's tactical, operational and strategic goals and should therefore be under the direct operational control of the combatant commander working in close coordination and supporting the DoS led country team concerned. The Office of the Under Secretary of Defense (Acquisition, Technology & Logistics) is developing a proposal for a contracting reserve corps that is one aspect of a larger effort to establish a contingency contracting/stability operations support office within Joint Forces Command. Part of the organizational concept would create a new joint reserve unit attached to the office and assign the office as a direct reporting element of Joint Forces Command.

The concept and implementing strategy for a contingency contracting/stability operations support office is being developed in response to the Deputy Secretary's January 22, 2006, memo on institutionalizing stability operations within DoD. As a total force organization, manning for the office would include active duty military, government civilians, and a joint reserve corps component as well as contractor support. The active duty and government civilian personnel, augmented with contractor support, would form the permanent, full-time core of the contingency contracting/stability operations support office. In addition to planning functions (in coordination with COCOM staffs and the interagency) and contract administration activities for pre-awarded contracts, the core group would deploy a team of contracting officers and program managers with other Joint Force Headquarters Core Elements for those contingency/stability operations requiring a robust, in-theater contracting capability. Once in theater, this team would

form the nucleus of the Joint Contracting Command (JCC) supporting the Combatant, Multi-National Force or JTF commander, using established contingency contracting procedures. The joint reserve unit assigned to the office would consist primarily of contracting officer and program management teams and would be activated to supply the required expert manning for a JCC and sustain it through potentially long-term operations.

**Plan of Action:** The Office of the Under Secretary of Defense (Acquisition, Technology & Logistics) will develop and refine the concept for a contingency contracting/stability operations support office. The implementation strategy includes briefing key DoD and interagency stakeholders before presenting the plan to the Deputy Secretary of Defense for approval and execution.

**Recommendation 5: Develop and implement information systems for managing contracting and procurement in contingency operations.** The interagency working group that explores the CFAR should also review current contracting and procurement information systems and develop guidelines and processes for enhancing these existing systems or, if necessary, creating new ones to meet unique contingency operational needs.

**DoD Response:**

**Discussion:** The Task Force to Support Improved DoD Contracting and Stability Operations in Iraq is working to develop and deploy a simple solution to provide visibility to contracting actions in theater, create a medium to solicit and receive proposals from Iraqi businesses, and develop a common Iraqi supplier database so that contracting offices can find competent local suppliers of goods and services. The first spiral of this capability will be delivered in October 2006 to the Joint Contracting Command Iraq/Afghanistan. Functionality will be added after this first delivery that provides automatic data feeds to reduce errors and increase worker efficiency by eliminating manual reporting. This increased visibility will allow contracting offices operating in theater to execute contracts with synergy and provide strategic effects through integrated sourcing.

**Plan of Action:** The Joint Contingency Contracting Task Force will monitor and facilitate development of this capability and explore opportunities to institutionalize this concept for future use. Lessons learned and processes used will be documented for doctrinal development.

**Recommendation 6: Pre-compete and pre-qualify a diverse pool of contractors with expertise in specialized reconstruction areas.** These contractors should receive initial reconstruction contracts during the start-up phase of a post-conflict reconstruction event.

**DoD Response:**

We concur with the SIGIR recommendation, however pre-qualifying contractors and pre-competing contracts should be extended beyond reconstruction activities and include other stability, contingency or emergency operations. The concept of operations for a contingency contracting/stability operations support office includes pre-competing and awarding contracts for the common goods and services required during stability operations and other contingencies.

Pre-awarded contracts would be reserved for the subset of common tasks for which there is an urgent and immediate need during the opening phases of a contingency or stability operation. These would include essential human services such as restoration of power, water and sanitation systems, refugee relief and emergency medical services, and transportation, but could also include common requirements with longer lead times such as establishing a communications infrastructure as a key enabler for reconstruction. These contracts would be constructed with contract line items (CLINs) which could be rapidly funded and activated to provide an immediate response. Other contract CLINs would allow for contractor participation in planning and exercises.

For other requirements which are uniquely scenario dependent or for which there is time to follow a more traditional contracting approach, contractors could be pre-qualified, reducing the time required for market research prior to initiating a call for proposals for a competitive contract. In addition, the concept of a contingency contracting/stability operations support office includes maintaining a data base of US-based and regional contractors with capabilities relevant to contingency and SSTR operations.

**Plan of Action:** This activity will be conducted by the contingency contracting/stability operations support office once established.

Please contact LTC (b)(6) at (b)(6), or via e-mail at (b)(6)@osd.mil if additional information is required.

Kenneth J Krieg



**B**



## SPECIAL INSPECTOR GENERAL FOR IRAQ RECONSTRUCTION

2, 2006

Mr. Kenneth J. Krieg  
Under Secretary of Defense  
(Acquisition, Technology and Logistics)  
3010 Defense Pentagon  
Washington, D.C. 20301-3010

Dear Mr. Krieg:

Knowing your interest in the ongoing stabilization and reconstruction efforts in Iraq, I wanted to provide you SIGIR's latest Lessons Learned Initiative report, "*Iraq Reconstruction: Lessons in Contracting and Procurement.*"

The report's findings strongly support our six primary recommendations:

**Recommendation 1: Explore the creation of an enhanced Contingency FAR (CFAR).** When the SIGIR met with the Commanding General of the Multi-National Forces-Iraq and told him of the contracting Lessons Learned Initiative, he observed that there was a compelling need for a single, simplified, and uniform contracting process for use during contingency operations. Although the existing FAR provides avenues for rapid contracting activity, the Iraq reconstruction experience suggests that the FAR lacks ease of use. Moreover, promoting greater uniformity through a single interagency CFAR could improve contracting and procurement practices in multi-agency contingency operations. An interagency working group led by DoD should explore developing a single set of simple and accessible contracting procedures for universal use in post-conflict reconstruction situations. Congress should take appropriate legislative action to implement the CFAR, once it is developed by the interagency working group.

**Recommendation 2: Pursue the institutionalization of special contracting programs.** In Iraq, smaller scale contracting programs, like the Commander's Emergency Response Program (CERP) and the Commanders Humanitarian Relief and Reconstruction Program (CHRRP), achieved great success. Commanders used these programs to accomplish projects that immediately met the needs of a post-war population in distress. Given the positive performance of CERP and CHRRP in Iraq, the Congress should legislatively institutionalize such programs for easy implementation in future contingency operations.

**Recommendation 3: Include contracting staff at all phases of planning for contingency operations.** Contracting plays a central role in the execution of contingency operations, and thus it must be part of the pre-deployment planning process. Whether for stabilization or reconstruction operations, contracting officials help provide an accurate picture of the resources necessary to carry out the mission.

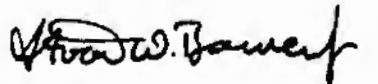
**Recommendation 4: Create a deployable reserve corps of contracting personnel who are trained to execute rapid relief and reconstruction contracting during contingency operations.** This contracting reserve corps could be coordinated by the DoS Office of the Coordinator for Reconstruction and Stabilization as part of its civilian ready reserve corps. An existing contingent of contracting professionals, trained in the use of the CFAR and other aspects of contingency contracting, could maximize contracting efficiency in a contingency environment.

**Recommendation 5: Develop and implement information systems for managing contracting and procurement in contingency operations.** The interagency working group that explores the CFAR should also review current contracting and procurement information systems and develop guidelines and processes for enhancing these existing systems or, if necessary, creating new ones to meet unique contingency operational needs.

**Recommendation 6: Pre-compete and pre-qualify a diverse pool of contractors with expertise in specialized reconstruction areas.** These contractors should receive initial reconstruction contracts during the start-up phase of a post-conflict reconstruction event.

The full report is also available on the SIGIR Web site: [www.SIGIR.mil](http://www.SIGIR.mil). Should you have any questions about this report, its recommendations, or SIGIR's ongoing audits and investigations, please contact (b)(6), Assistant Inspector General for Congressional and Public Affairs, at (b)(6) or (b)(6)@sigir.mil, and we will arrange for a briefing.

Sincerely,

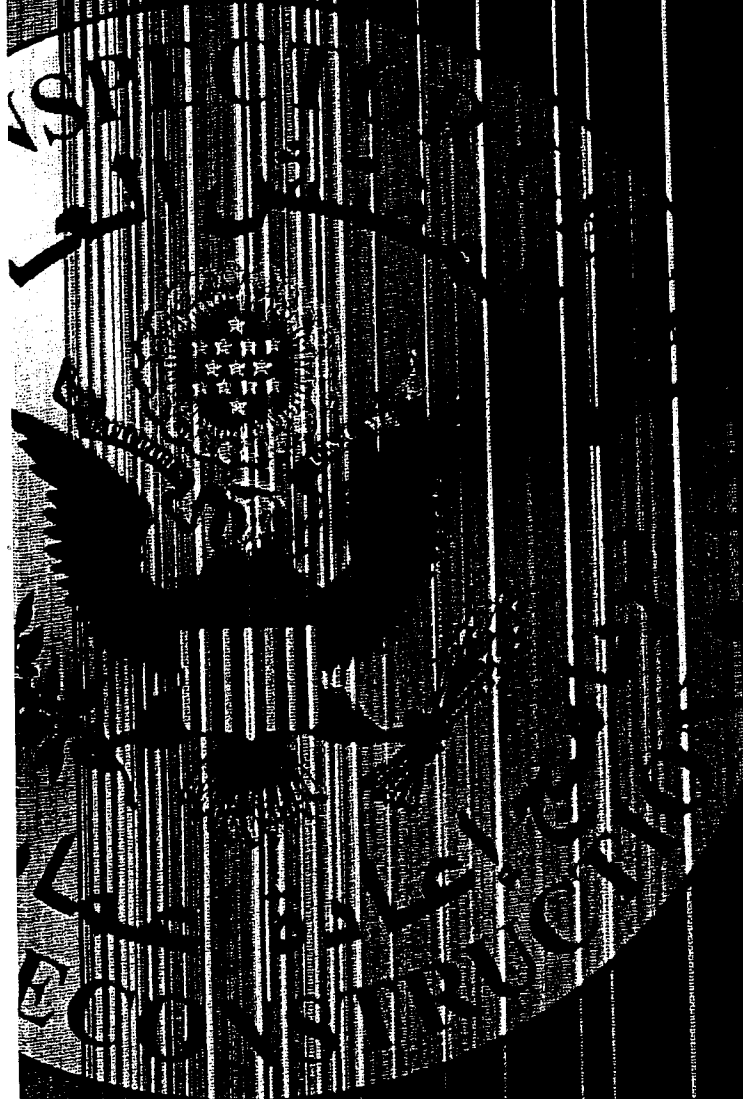


Stuart W. Bowen, Jr.  
Inspector General

OFFICE OF THE SPECIAL INSPECTOR GENERAL FOR IRAQ RECONSTRUCTION

# Iraq Reconstruction

## Lessons in Contracting and Procurement



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