



Congress created SIGIR to provide independent oversight of U.S. funds used for the reconstruction of Iraq by:

- promoting economy, efficiency, and effectiveness in the administration of programs and operations
- preventing and detecting waste, fraud, and abuse in such programs and operations
- keeping the Secretary of State, Secretary of Defense, Congress, and American taxpayers informed about problems, deficiencies, and recommendations for corrective action relating to the administration of programs and operations

Stuart W. Bowen, Jr., was appointed Inspector General in January 2004. This month, the IG returned from his fifteenth trip to Iraq to review progress on the reconstruction effort.

LESSONS LEARNED INITIATIVE

SIGIR's Lessons Learned Initiative focused on three areas of the U.S. relief and reconstruction program in Iraq:

- **HUMAN CAPITAL MANAGEMENT**
- **CONTRACTING AND PROCUREMENT**
- **PROGRAM AND PROJECT MANAGEMENT**

Through expert forums and research, this initiative has identified significant challenges facing the U.S. reconstruction mission in Iraq and developed actionable recommendations to inform future U.S. reconstruction and stabilization operations.

SIGIR hosted four lessons learned forums, gathering officials from key U.S. government agencies, distinguished members of the academic and independent research communities, and executives from a broad spectrum of industry service providers supporting the reconstruction mission in Iraq.

In September 2005, SIGIR held the first forum at Johns Hopkins University's Washington, D.C. campus to discuss human resource management. In December 2005, SIGIR held two forums on contracting and procurement processes, one at the George Washington School of Law, and the other at the Professional Services Council. In April 2006, SIGIR held the fourth and final panel, on program and project management, at the National Defense University.

Workforce planning, recruitment, and continuity of staff are discussed in SIGIR's first lessons learned report, *Iraq Reconstruction: Lessons in Human Capital Management*. SIGIR's second lessons learned report, *Iraq Reconstruction: Lessons in Contracting and Procurement*, explains the development of contracting plans and the solicitation of contract awards. *Iraq Reconstruction: Lessons in Program and Project Management* captures the evolution of the key agencies tasked to oversee the effort and describes the management and execution of these funding streams: Iraq Relief and Reconstruction Fund, seized, vested, and Development Fund for Iraq.

To obtain a copy of the full report, including the expanded Lessons Learned and Recommendations, VISIT THE SIGIR WEBSITE WWW.SIGIR.MIL EMAIL PUBLICAFFAIRS@SIGIR.MIL • CALL (703) 428-1100

HUMAN CAPITAL REPORT

1

RECOMMENDATION 1:

Congress should fund, expand, and empower the Office of the Coordinator for Reconstruction and Stabilization (S/CRS), pursuant to NSPD-44. This organization should serve as the primary point of authority within the U.S. government for planning and programming for future relief and reconstruction efforts. In coordination with other agencies, S/CRS should develop standardized HR practices.

RECOMMENDATION 2:

The Department of Defense should develop complementary plans and programs, pursuant to Department of Defense Directive (DODD) 3000.05 that coordinate military responses with S/CRS and that integrate S/CRS personnel and initiatives into exercises.

RECOMMENDATION 3:

The Administration and Congress should develop a "civilian reserve corps" that would serve as reconstruction and stabilization first responders and would include a quick-reaction human resources team that pre-identifies human resources requirements for potential relief and reconstruction contingency operations.

RECOMMENDATION 4:

The U.S. Office of Personnel Management (OPM) should manage the development and implementation of a uniform set of human resources rules that would apply to all federal personnel deployed for contingency operations. OPM should coordinate these new human resources rules with the new DoD National Security Personnel System and other new federal personnel systems to ensure that hiring flexibilities and benefits will not be adversely affected. These rules should provide guidance that addresses the tour length and personnel turnover problems that have burdened Iraq reconstruction.

CONTRACTING AND PROCUREMENT REPORT

2

RECOMMENDATION 1:

Explore the creation of an enhanced Contingency FAR (CFAR). 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. The 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, achieved great success. Given the positive performance of CERP 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 contracts during the start-up phase of a post-conflict reconstruction event.

PROGRAM AND PROJECT MANAGEMENT REPORT

3

RECOMMENDATION 1:

The Congress should consider a "Goldwater Nichols"-like reform measure to promote better integration among DoD, USAID, and DoS, particularly with respect to post-conflict contingency operations. In 1986, the Goldwater-Nichols Act initiated a fundamental reorganization of the Department of Defense. As a result of this Act, U.S. forces increased cooperation and integration. It was not an easy process, but over the past twenty years the United States has benefited greatly from the improved coordination among the military services.

The Iraq experience illustrates the need to expand cooperation and integration across U.S. agencies, but most especially among DoD, DoS, and USAID. Unlike other agencies, these three have missions that require them to operate primarily outside the United States and engage constantly with other governments and international entities.

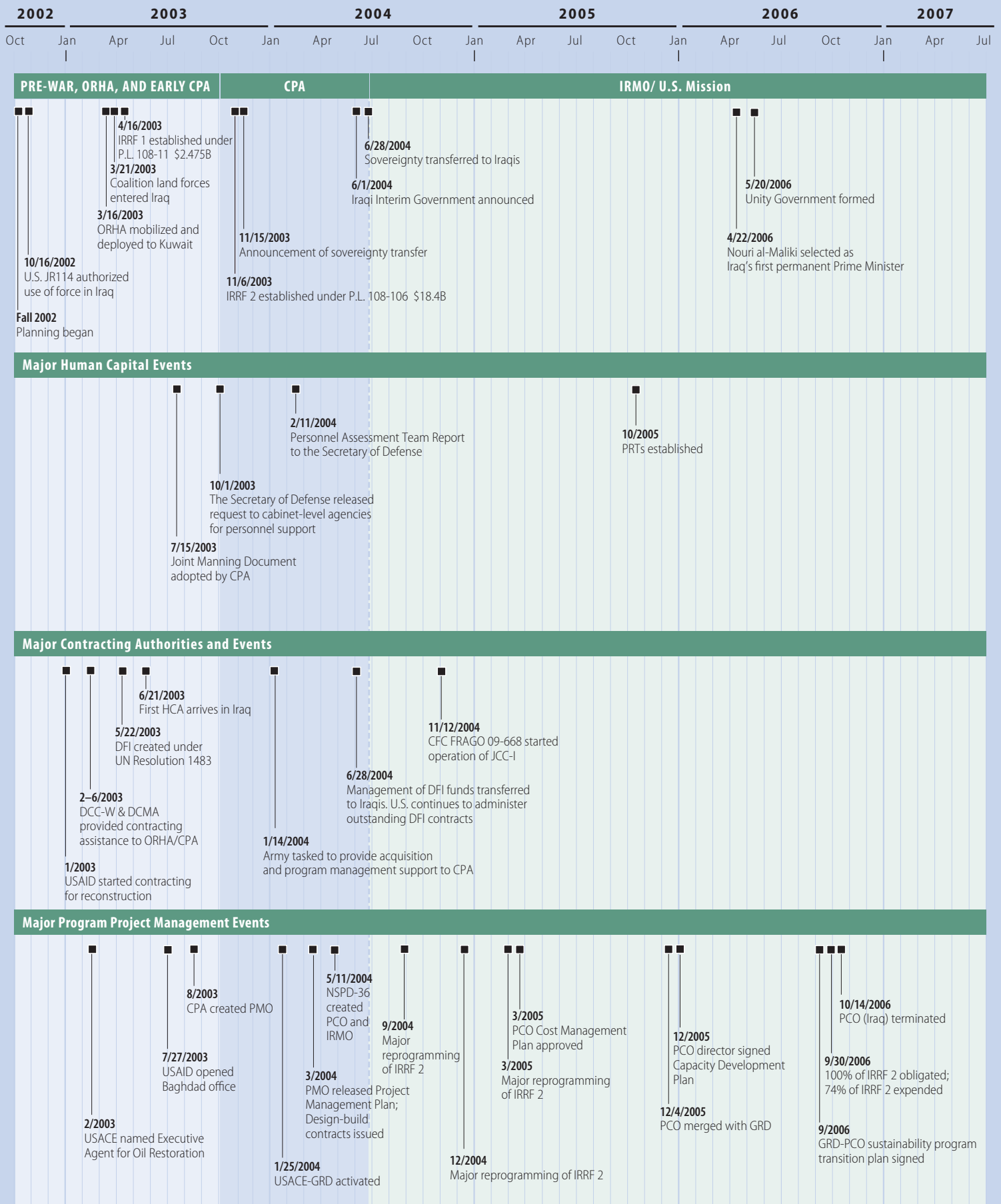
RECOMMENDATION 2:

The Congress should adequately fund the Department of State's Office of the Coordinator for Reconstruction and Stabilization. The Office of the Coordinator for Reconstruction and Stabilization (S/CRS) completed a post-conflict implementation plan in October 2006. This plan identifies short-, medium-, and long-term tasks that the U.S. government should execute to improve planning, preparation, and execution of post-conflict contingency operations. The plan commendably seeks to address many of the lessons learned from Iraq that SIGIR and others have identified. The Congress should provide S/CRS with the funding and authority to fulfill its mission.

RECOMMENDATION 3:

The U.S. government should clarify the authorities of the multiple agencies involved in post-conflict operations to avoid ambiguity over who is in charge. Although no single U.S. agency demonstrated the capacity, developing *ad hoc* organizations in theater, such as the PMO and IRMO, consumed significant U.S. resources and time. Moreover, these

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new offices did not have the appropriate staff, procedures, systems, or institutional strength to direct effectively the complex, interagency rebuilding effort.

S/CRS should be fully empowered to take up its presidentially mandated responsibility for coordinating the planning for future contingency relief and reconstruction operations. Additionally, S/CRS should be provided legal authority, working within the interagency structure and guidelines, to decide who should be in charge of what in any post-conflict reconstruction operation.

RECOMMENDATION 4:

Existing agencies should institutionalize the most effective project management systems, procedures, policies, and initiatives developed during the Iraq reconstruction effort.

Because U.S. government agencies did not have appropriate systems in place to properly manage a program of the magnitude and complexity of the IRRE, they often created new systems and procedures. Over time, many of these procedures became effective in practice. USAID, DoS, and DoD should identify and institutionally incorporate the best practices from the Iraq experience.

RECOMMENDATION 5:

Program managers should integrate local populations and practices at every level of the planning and execution process. In planning for future contingency operations, the U.S. government should involve, from the outset, a broad spectrum of individuals with familiarity about the affected nation (from policy makers to contractors to international experts). In Iraq, successful reconstruction managers took the time to understand local customs and practices.

Project design and execution should incorporate local contractors and vendors. Also, planning for projects should consider local and regional quality standards, rather than trying to impose U.S. standards, which too often caused increased cost and delayed execution in Iraq.

RECOMMENDATION 6:

Funding designated for post-conflict contingency programs should support flexible programs and projects that yield both short- and long-term benefits. Consideration should be given to developing multi-year programs with properly-sequenced reconstruction projects. Both short- and long-term relief and

reconstruction programs can be better planned and implemented through a multi-year financing strategy rather than through unscheduled supplemental appropriations. Contingency funding should also be made available for essential but unforeseen programs and projects.

RECOMMENDATION 7:

Develop policies and procedures to manage non-U.S. appropriated funds. The United States deployed to Iraq without standardized policies and procedures to manage non-U.S. appropriated funds (e.g., the Development Fund for Iraq). Policies and systems were thus developed reactively and not implemented consistently. As a result, there were questions about the accountability of non-U.S. funds. As oversight entities pursue allegations of waste, fraud, and abuse, jurisdictional questions continue to surface. Before contingency operations begin, planners should develop clear policies regarding the management of non-U.S. funds.

RECOMMENDATION 8:

Develop comprehensive planning for capacity development. Before approving reconstruction funds, the Congress should require agencies to present a capacity-development strategy that will enable the effective transfer of operational responsibility for reconstruction projects to the host country.

RECOMMENDATION 9:

Future post-conflict contingency planning should provide for well-resourced and uninterrupted oversight of relief and reconstruction programs to ensure effective monitoring from the outset and permit real-time adjustments. An effective monitoring and oversight plan needs to be in place within each agency from the outset of contingency operations. This will allow for early and direct feedback to program managers, who can implement course corrections in operating practices and policies. Early and effective oversight will also deter fraud, waste, and abuse. For construction projects, there should be consistent oversight, including appropriate quality assurance and quality control programs. Operations that involve multiple agencies, funding streams, and management systems require that the Congress take steps to standardize oversight and provide clear guidance on any reporting requirements involving multiple agencies.

Capping Report: The Story of Iraq Reconstruction

In keeping with SIGIR's mandate from the Congress—to provide recommendations that promote economy, efficiency, and effectiveness in the administration of the reconstruction program in Iraq—SIGIR is producing a cumulative account of these efforts, *The Story of Iraq Reconstruction*. This capping report will provide a narrative history, drawing together SIGIR's Quarterly Reports to Congress, audits, inspections, investigations, interviews with key decision-makers, and SIGIR's three reports on the lessons learned from the U.S. reconstruction effort in Iraq. SIGIR will publish *The Story of Iraq Reconstruction* at the end of 2007.