

The Reconstruction of Iraq

Creating Contracting and Business Opportunities for Coalition Countries

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The presence of coalition country personnel will eventually transform Iraq into political and economic stability. The United States, along with approximately 30 participating coalition partners, will play the key role to improve quality of life in the country. There has been no significant investment in capital infrastructure in Iraq for more than 30 years. Consequently, a massive effort to construct bridges, roads, hospitals, and other facilities is in process and will continue. There is also a major need for economic and sociological support mechanisms in the areas of investment and banking, and for health and nutrition information and education. To stabilize Iraq, Congress and President Bush initially appropriated \$18.4 billion for the reconstruction effort; additional funding of approximately \$80 billion has been proposed.

The early economic reconstruction effort involved American and British firms primarily. In the late spring of 2004, the Bush administration was approached by leaders of Eastern European coalition countries wanting to participate in the contracting and business opportunities to rebuild Iraq. The administration was also planning to terminate the Coalition Provisional Authority (CPA) and transform internal operations of the country to responsible Iraqi leaders.

Part of the conversion involved the creation of a set of contracting principles and regulations by which the Iraqi ministries could award and administer contracts and grants. On August 19, 2003, while the CPA was in existence, Memorandum #4, "Contract and Grants Procedures Applicable to Vested and Seized Iraqi Property and the Development Fund for Iraq," was implemented. The memorandum provided a structure for Iraq to use funds generated from sales of petroleum energy products to solicit, award, and administer contracts and grants. The Development Fund for Iraq would be an additional source of funds for contracts and grants.

On May 14, 2004, CPA Order #87, "Public Contracts," was issued. This order consisted of 14 sections: principles; office of public contracts policy; contracting authority; full and open competition; negotiated contracts; standard provisions; statements of work/specifications and contract types; integrity and conflicts of interest; exclusion from participation; financial requirements; termination; disputes and protests; effect on Iraqi law; and implementation.

The CPA order and Memorandum #4 are very brief compared to the Federal Acquisition Regulation (FAR), and both documents are straightforward and written in easily understood language. When the CPA was to convert to the Iraqi-controlled operation of the country, Regulation 12 was issued (June 12, 2004) leaving in full effect the Order #87 and Memorandum #4.

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Administration Orders Training for Eastern European Partners

The transition from CPA to self-sovereignty dovetailed with the desire of the international coalition to participate in the reconstruction of Iraq. The European, Asian, and Oceanic countries wanted the opportunity to compete for contracts and grants using Department of Defense and National Development Funds for Iraq. The administration asked the Department of State, the Department of Commerce, and the DoD to provide structured training to Eastern European coalition partners. The Army (the lead agency in the contracting operations in Iraq) partnered with the Defense Acquisition University to conduct a series of road shows to educate industry in foreign countries on how the FAR process works. The first training was held in September 2004 in Warsaw, Poland; sessions followed in Prague, Czech Republic; Bucharest, Romania; Kiev, Ukraine; and Budapest, Hungary.

Acquisition Training Goals

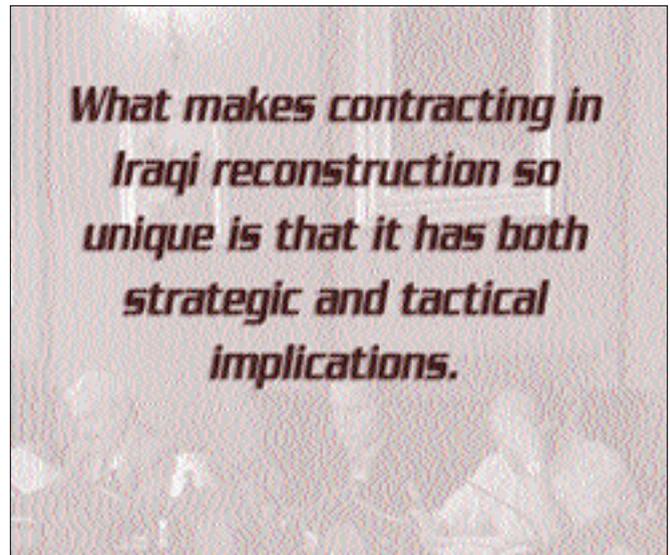
Until Iraq can functionally manage its contracting process, the FAR process will be used to award contracts. In designing the training, the Army/DAU team developed 10 learning outcomes for trainees:

- Appreciate the U.S. government system for regulations and principles of contracts
- Recognize that the contract process is mechanical, ethical, very competitive, and non-political
- Follow the contract process from planning to solicitation, evaluation, and award
- Determine what is included in evaluation factors for award on a solicitation
- Conclude that an unsuccessful offeror will be debriefed on reasons for non-award
- Navigate the Internet to locate FedBizOps, the project contract office home page, and other important links
- Locate an electronic solicitation and decide to submit or not to submit a tender
- Follow a solicitation demonstration and be able to complete the required information
- Conclude that a company can participate as a prime contractor, partner, or sub-contractor
- Locate additional business opportunities with other U.S. agencies and Iraqi ministries.

Training Schedule

The team determined that a two-day session would be appropriate for the training and drew up a schedule that paralleled the sequence of events for contract actions.

The first day of training began with an introduction highlighting the types of anticipated supply, service, and construction requirements; the amounts awarded for the contracts; the contracting process; the role of laws and regulation; acquisition planning; and the structure and construction of a solicitation. The afternoon of the first day included an in-depth review



of the source selection (with examples) and evaluation process.

The second day's training began with the process of award determination, to include responsibility and past performance, and the debriefing process for unsuccessful offerors. The bid protest procedure was also discussed. During the afternoon, a contracting official from the Army Tank-Automotive Armaments Command, Warren, Mich., did a complete walk-through of a sample solicitation and instructed trainees how to participate in central contractor registration, obtain a commercial and government entity code, and properly respond to a solicitation. The importance of the evaluation factors to award the contract was stressed during the instruction.

The majority of the tenders or solicitations are issued and responded to electronically. Trainers demonstrated Internet sources of information on solicitations, and attendees surfed the Web for on-the-street solicitations on the centrally managed site FedBizOpps at <www.eps.gov/> and explored other Web sites that advertise requirements: the Project Contract Office in Iraq, Army Corps of Engineers, Department of Commerce, the Small Business Administration SUB-Net, and the Agency for International Development. Solicitations were downloaded and reviewed based on participant interest. The example solicitations included routine commercial items like office furniture, security materials, barriers, lights, pharmaceuticals, employee badges, street resurfacing, and fire-fighting boats. The service requirements included dietary and prenatal care programs and English language instruction. Many construction requirements were complex multi-million dollar projects.

Time was set aside each day for participants' questions and the training team's answers (with assistance from the translators). At the end of the two-day training, attendees were provided with a CD-ROM containing a list

STARTING THE CONVERSATION

Why do we act like Truth is limited to numbers and charts, percentages and dollar signs? A technology readiness level of 5, and an ISO 9000 certification, and an ECP, TRR, QPR, BEA, SOW (pick one)? And what were we talking about again?

The terrible Truth is this:
Program management is not about programs.
Or management.
It's about people—Mike the new engineer,
and Deb the experienced logistician,
and Sgt. Stephenson in Afghanistan—again.

And people are poetic deep down.
We abide in metaphor.
And people are poets deep down.
We breathe in verse.
And people are poems deep down.
We dwell in symbol.

So ... program managers need poetry.
Doggerel or haiku,
a stanza or a sonnet,
only poetry can convey the stuff that really matters,
the creamy goodness of life
and the work's startling reality.

And that's the point, after all.
And that's the truth, you see.
And that's the challenge, I think.
To seek and find and embrace
your own gut wrenching and glorious
programmatically poetry.

Ward holds degrees in electrical engineering and engineering management. He is Level III certified in SPRDE, Level I in PM, T&E, and IT. He has authored or co-authored 18 articles for Defense AT&L (including those on pages 47 and 92 of this issue), but this is his first poem.

presentation would need a more in-depth introduction and more formal presentation of the desired learning outcomes. For the next session in Prague and the subsequent presentations, we refined the introductory portion of the materials using the analogy of building a house. First, plans and drawings are necessary, correlating with the need for acquisition regulations and laws. Next, the materials and construction are needed, paralleling the solicitation, evaluation, and award phase. The second and following training sessions also included opening remarks by the American Ambassador and key host-nation leaders. These dignitaries reinforced the spirit of cooperation among the coalition partners, and their support reflected the United States' commitment to include coalition partners in the reconstruction of Iraq.

We used lecture as the primary method of instruction, with handouts and direct link to the Internet. The most significant challenge was working with simultaneous translators. The team quickly learned to speak slowly, with frequent pauses, and to use terms appropriate to the local language. For example, "tender" proved a better term than "solicitation" because "tender" is the common term of art in Europe. And in a source selection slide, the term "notional" caused some confusion with the Romanian audience, even though all attendees spoke English. An official from the U.S. Embassy suggested using instead the word "example," which is a cognate of the Romanian *exemplu*.

In addition to the language challenge, it wasn't easy to convey the concept of capitalism and its business practices. All the initial training locations were former Warsaw Pact satellites of the former Soviet Union, and many of the host-nation official and industry representatives had not made the transformation from a Socialist mindset. In one country, the audience seemed to have a profound sense of entitlement to receive contracts simply because their government had provided humanitarian and military assistance in Iraq. This audience also felt that the playing field was not level and their companies, especially small businesses, were at a disadvantage beside American firms. The other countries, however, recognized that global competition is a fact of life. The industry representatives understood that participation in the process could be as a prime contractor, partner, or sub contractor. The team frequently emphasized that the FAR contract process is mechanical, fair, very competitive, and non-political. With every training session, the team emphasized that the officials evaluating proposals and making contract awards were career civil service and active-duty personnel with no investments, corporate ties, or personal agendas.

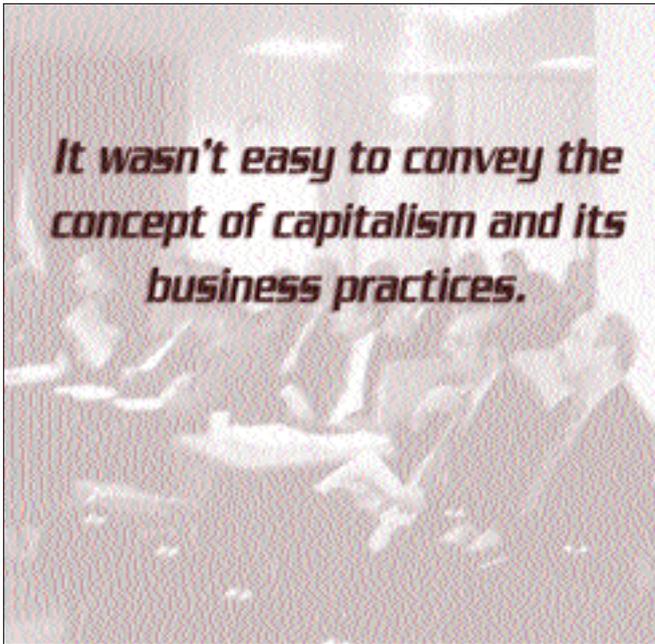
Regulatory and Pricing Requirements

Yet another challenge was participants' lack of reference to an American statutory and regulatory process. Most of

of government acronyms, sample solicitations, the PowerPoint® training presentation, source selection guides, Iraq contracting regulations, hotlink connections for additional information on solicitations and regulations, a list of all fiscal year 2004 contractors, and a guide for doing business in Iraq.

Training Challenges: Expectations, Language, and Culture

In the first training session in Warsaw, attendees had anticipated that we would hand out solicitations and make awards on the spot, so the team quickly realized that the



the countries in which we conducted training do not have a formalized process specified in a federal regulation. In some countries, the process and operations of public contracts are based on patronage or political decision. In addition, in most of the countries, there are institutional barriers and significant bureaucracy involved in obtaining export licenses. This issue was a major concern to industry representatives in four countries who were interested in producing supplies.

The team reviewed with attendees a sample firm fixed-price solicitation for fork lift trucks and service manuals. The technical and pricing submissions were discussed in great detail. The most daunting part of the solicitation was the completion of the certifications and representations section. The team illustrated how to fill in such areas as Taxpayer Identification Number (TIN), Data Universal Numbering System (DUNS), Commercial and Government Entity (CAGE) code and other key parts of the solicitation.

The European attendees fully understood that timeliness was critical in responding to a tender and that failure to submit in a timely manner would likely disqualify a firm from consideration for award.

Pricing was a major concern in meeting the solicitation requirements. Contracting in Iraq is a dangerous undertaking. As of the writing of this article, nearly 800 contractor personnel have died. The U.S. military forces are not structured or staffed to protect contractors, especially foreign companies. The cost of a private security force to protect employees and property must be factored in the contracts, which are often firm fixed-price. Additionally, service contracts must include Defense Base Act coverage for death, injury, or disability of all contractor em-

ployees. The team went to great lengths to describe the security and compensation requirements. A substantial amount of time was invested in illustrating the technical and price evaluation process. The integration of the statutory and regulatory process, coupled with a hands-on exercise, would permit the attendees to better understand how to respond properly to a tender and increase their potential to be in line for a future contract award.

Building the New Iraq

Not all the attendees were interested in being prime contractors. Some companies preferred to partner with a larger or smaller company or assume the role of a subcontractor or supplier. The team discovered that many foreign contractors had been in Iraq for 40 or more years and were anxious to return. Some of the specialties represented were oil refining equipment, pipelines, medical supplies, management services, and import-export expertise. Since many large American construction firms wish to work with foreign contractors, the attendees were provided with a list of the companies and points of contact to pursue partnering or subcontracting opportunities.

American and foreign companies have excellent opportunities to act as prime contractor, subcontractors, or suppliers in multinational efforts. As stability and internal security improve and the reconstruction effort proceeds, Iraq will become economically self-sufficient. The future will include additional networking possibilities for globalization and improved international cooperation. What makes contracting in Iraqi reconstruction so unique is that it has both strategic and tactical implications—strategic in the sense that our allies want contracts to offset the costs of sending troops into Iraq as part of the coalition; and tactical in the sense that getting the contracts out results in the hiring of Iraqis, giving them work and making them less likely to pick up weapons and attack us and our coalition partners.

At the end of the training, the attendees completed a survey designed to elicit feedback on the content, helpfulness, quality, and format of the training, and the participants' satisfaction level. On a scale of 4 as the top rating, the surveys averaged 3.81. Considering the volume of material, the language and cultural differences, and the varied interests of the attendees, the training clearly achieved its objectives. "I knew nothing about contracting," noted one attendee. "This gives me a good start." Another participant wrote, "I would hope one day we Hungarians will be this well-organized and efficient."

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