RESTRICTED
DRAFT

Effective Engagement of the Private Sector in Stability Operations

A Final Report

NORA BENSAHEL, CHARLES NEMFAKOS,
BERNARD ROSTKER, KIMBERLY CURRY

DRR-4011-OSD

August 2006

Prepared for the Office of the Secretary of Defense

NOT CLEARED FOR OPEN PUBLICATION

This product is part of the RAND Corporation restricted draft series. Restricted drafts present preliminary RAND research findings. Restricted drafts have not been formally reviewed, edited, or cleared for public release. Views or conclusions expressed in the drafts are tentative. A draft should not be cited or quoted without permission of the author(s). RAND's publications do not necessarily reflect the opinions of its research clients and sponsors. **RAND®** is a registered trademark.

RAND NATIONAL DEFENSE RESEARCH INSTITUTE

Preface

On January 22, 2006, the Deputy Secretary of Defense tasked the Under Secretary of Defense (Acquisition, Technology and Logistics) [USD (AT&L)] supported by the Director for Administration and Management to "[d]esign a new institution to exploit effectively our "Fifth Force Provider," the private sector."[1] On March 27, RAND was contracted to make recommendations for the design and implementation of this new institution. This report documents our findings and recommendations.

This project was sponsored by USD (AT&L) and conducted within the International Security and Defense Policy Center of the RAND National Defense Research Institute, a federally funded research and development center sponsored by the Office of the Secretary of Defense, the Joint Staff, the Unified Combatant Commands, the Department of the Navy, the Marine Corps, the defense agencies, and the defense Intelligence Community.

For more information on RAND's International Security and Defense Policy Center, contact the Director, James Dobbins. He can be reached by e-mail at James_Dobbins@rand.org; by phone at 703-413-1100, extension 5134; or by mail at the RAND Corporation, 1200 South Hayes Street, Arlington, VA, 22202. More information about RAND is available at www.rand.org.

[1] The Deputy Secretary's memo is reproduced in full in Appendix A of this report.

Contents

Preface iii

Contents v

Summary vii

Acknowledgements xi

1. Introduction 1

2. The Requirements of Stability Operations 5
   - Defining Stability Operations 6
   - The Pillars of Post-Conflict Reconstruction 7
   - Prioritizing Tasks 9
   - The Private Sector in Stability Operations 13
   - The Private Sector Environment for Stability Operations 14

3. A Triad of Capabilities for the New Stability Operations Support Office 19
   - Capability One: People 19
   - Capability Two: Contracts 23
   - Capability Three: Funds 28

4. Organizational Location 31
   - Assessing Placement Options 33
   - Recommendations 35

4. Next Steps 37
   - The First Step: Announcing the Organization to the World 37
   - Setting Up the Organization 38
   - Future Work 38

5. Will a Stability Operations Support Office Make A Difference? 41

Appendix A: Deputy Secretary of Defense Tasking Memo 43

Appendix B: Essential Infrastructure Tasks in Stability Operations 45

References 55

Summary

During the past two years, the Department of Defense has undertaken a number of initiatives to improve its capabilities for stability operations. One initiative recommended by the Defense Science Board is creating a new institution that would more effectively involve the private sector in stability operations, replacing the ad hoc mechanisms that were created in Afghanistan and Iraq. The private sector has a very important role to play in stability operations, particularly in rebuilding water, power, and other elements of a country's essential infrastructure. Better utilizing the private sector's capability and expertise may therefore help achieve the objectives of the stability operation more quickly and more effectively. Our ability to utilize the private sector, however, must be based upon a clear understanding of the environment in which the private sector will have to operate during stability operations. There are three main aspects of the operating environment; risk, demand for consistency, and diversity. Success in dealing with each will determine the success in employing the private sector as a "fifth force" in stability operations.

In order to engage the private sector in the most effective and efficient way possible, this new Stability Operations Support Office will need to have the following three sets of capabilities.

- **Skilled people**. The office must be staffed with a standing cadre of trained personnel who understand contracting regulations and private sector capabilities. The office will need to be able to surge when a crisis develops, by adding contractors and perhaps drawing on a drilling multi-service reserve unit.

- **Contracts**. The office will need to understand the wide range of capabilities that private sector companies can provide, the risks and challenges that they face in stability operations, and most importantly, the various contract types that can be utilized and which ones are most appropriate in different circumstances.

- **Funds**. The timely provision of funds has been a major challenge in previous stability operations. The office will need to be capable of requesting and executing funds from the Department of Defense, other U.S. government agencies, foreign governments, and non-governmental

organizations. It will also need appropriate reporting mechanisms that facilitate audits and assessing overall program management.

The Stability Operations Support Office could be located in a number of different places within the Department of Defense. In order for the office to fully achieve its mission, however, its location should meet four specific criteria: (1) the office should become part of an existing organization, rather than a stand-alone organization; (2) the costs of the office should be minimized; (3) the parent organization should understand both stability operations and business processes; and (4) the location should minimize the risks associated with setting up the new office. The three general locations that meet these criteria are an operational command, a Defense agency, and a single Military Department. RAND developed a set of seven selection criteria against which the three alternative locations should be judged. Figure S.1 summarizes the selection criteria, as well as our assessments for each criterion.

	Operational Command	Defense Agency	Military Department
Skilled People			
Contracting Experience			
Financial System			
Mission Focus			
Global Presence			
Joint Operations			
Interagency Operations			

KEY: RED GREEN YELLOW

Figure S.1: Assessment of Placement Options

Our assessment suggests that a Defense agency would be the best location for the Stability Operations Support Office. It already possesses many of the capabilities identified in the selection criteria, and provides the fewest weaknesses across the entire list of criteria. Of the Defense agencies, the one that

has the most robust capability in the variety of business processes involved is the Defense Logistics Agency. Given its global operational presence, its acquisition of material and services from global suppliers, and its expanding role in support of a broad range of contingency scenarios, we recommend the Defense Logistics Agency as the home of the new office.

Three things would be immediately necessary to establish the new office: people, space, and interim support arrangements. The head of the new office will need to start reaching out to the organizations that the office will be working with and for during stability operations, including the combatant commands and other organizations in the acquisition and contracting community. Once the new office is on the road to getting established, it can start to develop the specific mechanisms and processes it will need to achieve its mission.

This assumes, of course, that the Department of Defense remains fully committed to the implementation of Directive 3000.05. The Stability Operations Support Office cannot achieve success on its own; it must be embedded in an environment where stability operations continue to be emphasized as an equal priority to combat operations, and where the combatant commands and the services increasingly plan, exercise, train, and equip for possible future stability operations. If this is not the case, and Directive 3000.05 becomes nothing more than a statement of policy without a true commitment of resources and capabilities, then even the best-designed office will not be able to succeed. There must also be a willingness to see the process of establishing the new office through what may well become a testy process both with some elements of Congress and at the Pentagon as the new office tries to carve out a place in the bureaucracy.

Acknowledgements

Many people graciously shared their time and expertise as we conducted the research for this project. Lieutenant Colonel Scott Neumann, from the Office of the Deputy Undersecretary of Defense for Industrial Policy, facilitated our research and participated in many of our meetings and discussions. Rear Admiral David Nash (Ret.) also deserves special mention, for offering us extremely valuable insights and suggestions based on his experience as the director of the Iraq Program Management Office.

We also benefited greatly from our conversations with those currently involved in stability operations in Iraq, including Major General Daniel Long, the Director of Projects and Contracting – Iraq, and his staff; Jim Crum at the Iraq Project and Contracting Office (PCO) and his staff; Joseph Benkert at the Defense Reconstruction Support Office (DRSO), and his staff; and the staff of the Special Inspector General for Iraq Reconstruction (SIGIR).

We are also grateful to Heidi Grant and her deputy, Colonel Alfred Viana, at CENTCOM; Lieutenant Colonel Kenneth Schladt at SOCOM; Dr. Jeb Nadaner, the Deputy Assistant Secretary of Defense for Stability Operations, and his staff; Sheryl McNair, Director for Operations (Acting), Office of the Under Secretary of Defense (Comptroller); and John Robusto, the Director of the Office of Technology and Intelligence at the Naval Air Systems Command.

From the private sector, we thank Donald Ervine, the CEO of VSE Corporation; Mike McCarley, the CEO of ICI, and his colleagues Mike Nordeen and James Wilson; Patricia Driscoll, CEO of Frontline Defense Systems; Sarah James, Executive Director of the Society of Logistics Engineers (SOLE); Robert Coutts, Executive Vice President of Lockheed Martin, and Patrick Dewar, his Vice President for Business Development; Admiral Joseph Lopez (Ret.), Information Manufacturing Corporation; and Rear Admiral David Keller (Ret.), at the Logistics Management Institute (LMI).

At RAND, Ambassador Jim Dobbins provided useful guidance and suggestions at every stage of this project. We also thank Nancy Rizor, Sarah Harting, and Elizabeth Whitaker for their administrative assistance.

1. Introduction

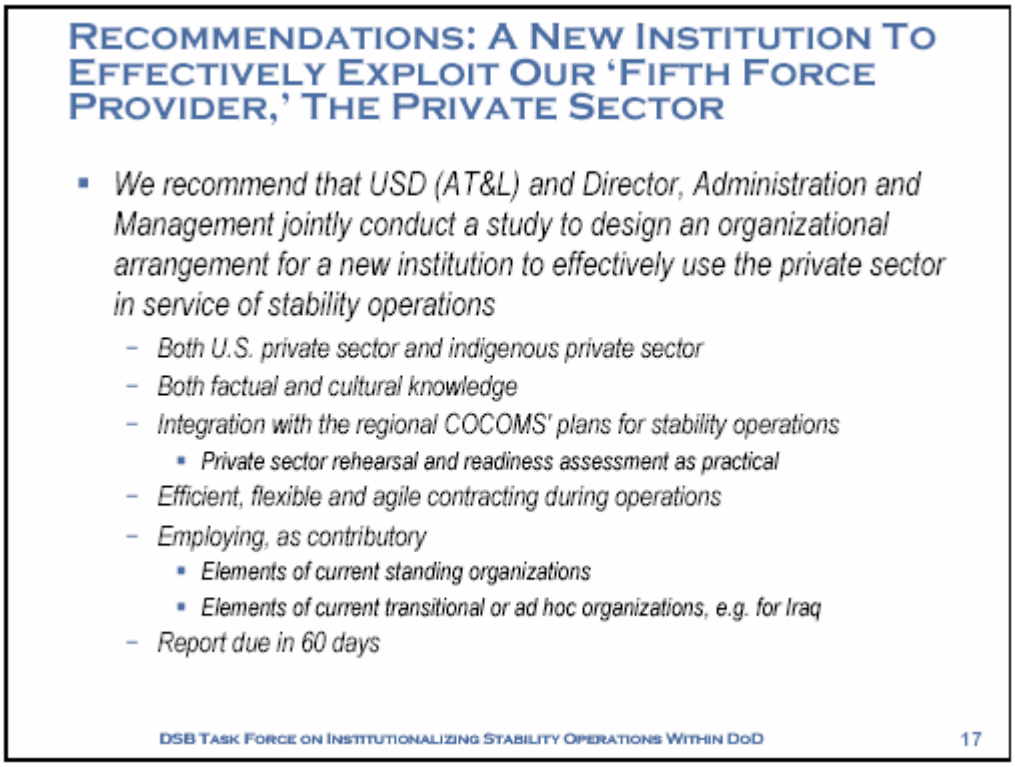
During the past two years, the Department of Defense has undertaken a number of initiatives to improve its capabilities for stability operations. During the summer of 2004, the Defense Science Board (DSB) conducted its study on *Transition to and from Hostilities*, and its December 2004 report made two sets of recommendations for enhancing U.S. effectiveness across the spectrum of activities from peacetime through stabilization and reconstruction.[2] The first set focused on improving management discipline throughout the U.S. government, by institutionalizing planning processes and developing contingency plans that include stability operations as well as major combat operations. The second set recommended developing specific capacities that the U.S. government lacked, including stabilization and reconstruction capacities; strategic communication; knowledge, understanding, and intelligence for the 21st century; and identification, location, and tracking for asymmetric warfare. The DSB report was widely briefed throughout the Department of Defense and other U.S. government agencies.

In August 2005, the Deputy Secretary of Defense asked the DSB to undertake a follow-up study to consider the institutional hurdles to effectively constitute and use the capabilities identified in the first report. In September 2005, the DSB issued *Institutionalizing Stability Operations Within DOD*.[3] It recommends several actions and structural improvements, including establishing an organization to effectively exploit the private sector. It refers to the private sector as the "fifth force provider," because it provides essential skills and services for stability operations that it thought were lacking within the Department of Defense. The report describes the largely ad hoc organizations that exist to incorporate the private sector into reconstruction and stability operations in Afghanistan and Iraq, and concludes that these ad hoc organizations should be replaced by a permanent organization and urged speed because of the pressing requirements of current operations. Figure 1.1 is the briefing slide from the DSB report on this point.

---

[2] Defense Science Board, *Transition to and from Hostilities*, December 2004, available at www.acq.osd.mil/dsb/reports/2004-12-DSB_SS_Report_Final.pdf.

[3] Report of the Defense Science Board Task Force on *Institutionalizing Stability Operations Within DOD*, September 2005, available at *www.acq.osd.mil/dsb/reports/2005-09-Stability_Final.pdf.*



Source: *Institutionalizing Stability Operations Within DOD*, p. 38.

Figure 1.1: DSB Recommendations on the Private Sector

In November 2005 DODD 3000.05 was issued committing the Department of Defense to undertake both combat and stability operations. On January 22, 2006, the Deputy Secretary of Defense also issued a memo following up on the recommendations contained in the September DSB report directing that several recommendations from the report be implemented. In particular, the Deputy Secretary directed the Undersecretary of Defense for Acquisition, Technology, and Logistics (USD[AT&L]), with assistance from the Director, Administration and Management, to "[d]esign a new institution to exploit effectively our 'Fifth Force Provider,' the private sector." The Deputy Secretary directed that the offices responsible for the recommendations submit their views within 14 days and provide implementation plans within 90 days. This memo is reproduced in Appendix A of this report.

USD(AT&L) subsequently contracted RAND to make recommendations for the design of an institution to effectively engage private sector resources for stability

operations, propose an organizational structure, recommend required policy changes and develop an implementation strategy. RAND fielded a team with extensive knowledge of stability operations and experience in the Pentagon establishing and running a variety of organizations. This report documents the findings of the research team.

Chapter Two examines the requirements of stability operations, and more specifically, identifies the tasks that the private sector might be best suited to take on. Chapter Three describes the three capabilities that the new Stability Operations Support Office must possess: skilled personnel, who are trained and exercised; appropriate contract mechanisms; and the financial resources needed to pay for the goods and services to be procured from the private sector. Chapter Four establishes criteria for evaluating where the new office should be located within the Department of Defense, and then assesses three different placement options. Chapter Five concludes by suggesting some next steps that will need to taken in order to establish the office, regardless of which placement option is chosen.

2. The Requirements of Stability Operations

The term *stability operations* is relatively new, but the operations it describes are not. Throughout our history, U.S. military forces have often undertaken missions that go beyond traditional combat operations and aim instead to establish security, ensure law and order, and provide humanitarian relief. These operations have become increasingly important since the end of the Cold War, and the military has struggled to come up with a term that adequately describes them. They have variously been described as Military Operations Other than War (MOOTW), Operations Other than War (OOTW), small wars, and low-intensity conflict. All of these terms, however, implicitly assume that these types of operations are of secondary importance – that the military's highest priority is large, high-intensity combat operations.

The September 11, 2001 terrorist attacks and their aftermath have challenged this assumption. Combat operations in both Afghanistan and Iraq proved much easier than expected, with the governing regimes in both countries collapsing in a matter of weeks. The aftermath, however, has proved far more challenging. Afghanistan continues to be plagued by attacks from Al Qaeda and Taliban remnants, while warlords govern most of the country outside of Kabul. The current challenges facing Iraq are even more daunting. Basic law and order does not exist in much of the country, while insurgent attacks, kidnappings, and sectarian violence continue to rise despite the continuing presence of 150,000 U.S. and coalition troops.

The experiences in Afghanistan and Iraq have prompted policymakers throughout the U.S. government to improve both the planning and execution of stability operations. The State Department has created the Office of the Coordinator for Reconstruction and Stabilization (S/CRS),[4] for example, and the President issued National Security Presidential Directive (NSPD) 44,[5] on the management of interagency efforts for reconstruction and stabilization. The Department of Defense has been one of the most proactive agencies on this issue

[4] Information about S/CRS is available at its website, http://www.state.gov/s/crs/.

[5] The text of NSPD-44 is available at http://www.fas.org/irp/offdocs/nspd/nspd-44.html.

within the government – perhaps because it has been the most directly involved in and affected by ongoing operations in Afghanistan and Iraq. In November 2005, the Deputy Secretary of Defense issued Directive 3000.05, which took the unprecedented step of declaring that stability operations are a "core U.S. military mission," that should "be given priority comparable to combat operations and be explicitly addressed and integrated across all DOD activities."[6] The full implications of embracing stability operations on the structure, training, and resources of the Department of Defense are not fully known or appreciated. This effort is designed to explore just one of a myriad of changes that will eventually be necessary.

The rest of this chapter examines the requirements of stability operations – the missions and tasks that need to be executed in order for such operations to be successful. This provides the background for our subsequent discussion of the role of the private sector.

Defining Stability Operations

Department of Defense Directive 3000.05 defines stability operations broadly: "Military and civilian activities conducted across the spectrum from peace to conflict to establish or maintain order in States and regions."[7] It goes on to state:

> Stability operations are conducted to help establish order that advances U.S. interests and values. The immediate goal often is to provide the local populace with security, restore essential services, and meet humanitarian needs. The long-term goal is to help develop indigenous capacity for securing essential services, a viable market economy, rule of law, democratic institutions, and a robust civil society.[8]

Specific tasks mentioned include rebuilding indigenous institutions, including security forces, correctional facilities, and judicial systems; reviving and rebuilding the private sector; and developing representative government institutions.[9]

---

[6] Department of Defense Directive 3000.05, *Military Support for Stability, Security, Transition, and Reconstruction (SSTR) Operations*, November 28, 2005, section 4.1, available at http://www.dtic.mil/whs/directives/corres/html/300005.htm.

[7] DOD Directive 3000.05, section 3.1.

[8] DOD Directive 3000.05, section 4.2.

[9] DOD Directive 3000.05, section 4.3.

The Directive explicitly states that stability operations are a core mission for the U.S. military, as noted above, and that it should receive equal priority to combat operations. It must be noted, however, that stability operations and combat operations cannot be neatly separated from each other. They are not distinct operational phases along a linear path, despite the fact that military planning has often conceptualized them this way.[10] Rather, stability operations cut across the peace-to-war-to-peace continuum. At one end of the continuum, they may involve providing aid in response to major natural disasters, or preventive efforts to stabilize weak governments. Further along the continuum, they may involve active counterinsurgency operations, training local security forces, and policing local populations to provide law and order as the operation moves towards the goal of peace. Moreover, stability operations will sometimes occur in one part of a country while combat operations continue in another, and can even occur simultaneously in the same place at the same time.[11]

The DOD Directive also states that while many stability operations may be best performed by civilians, either indigenous or foreign, U.S. military forces "shall be prepared to perform all tasks necessary to establish or maintain order when civilians cannot do so."[12] This language acknowledges the reality that military forces may be the only ones capable of executing such operations, particularly in situations where security has not yet been established. Having acknowledged the capabilities of military forces and the expanded role for DOD, the Directive also puts the Department of Defense, at least potentially, in "conflict" with the roles and missions of other U.S. government agencies. As it implements the provisions of Directive 3000.05, DOD must work closely with the State Department, the National Security Council staff, and other civilian agencies to ensure that their efforts complement each other rather than creating bureaucratic competition and animosity.

The Pillars of Post-Conflict Reconstruction

What tasks do stability operations require in order to be successful? In 2004, the Center for Strategic and International Studies and the Association of the United

---

[10] The plans for Operation Iraqi Freedom explicitly conceptualized post-conflict operations (Phase IV), which would be distinct from and explicitly follow major combat operations (Phase III). For more on this point, see Tommy Franks, *American Soldier*, New York: HarperCollins, 2004; and Michael R. Gordon and Bernard E. Trainor, *Cobra II*, New York: Pantheon Books, 2006.

[11] Afghanistan provides a notable example: humanitarian relief missions, including airdrops of humanitarian daily rations, occurred at the same time as combat operations continued throughout the country. See Olga Oliker et al., *Aid During Conflict*, Santa Monica, CA: RAND, MG-212-OSD, 2004.

[12] DOD Directive 3000.05, section 4.3.

States Army published a report called *Winning the Peace*, which identified four pillars of post-conflict reconstruction: security, governance and participation, social and economic well-being, and justice and reconciliation.[13] This framework represented the first effort to develop a comprehensive taxonomy of reconstruction tasks, and it was adopted by both practitioners and scholars as a useful way to categorize the many requirements of such operations.

Pillar One: Security

The security pillar starts with the provision of law and order in the immediate aftermath of conflict, to ensure personal safety and collective stability. Local police and military forces often disintegrate or demobilize during conflict, and those units that remain are usually too weak and discredited to provide this function. As a result, outside forces must be prepared to reestablish law and order as soon as the conflict ends. Providing law and order is inherently a civilian task, more appropriately conducted by civilian police rather than by military units. However, few countries or organizations possess internationally deployable civilian police forces, so military units are often required to take on this mission.

Providing law and order is the most critical task of any stability operation, because security is a necessary precondition for success. As the editor of *Winning the Peace* notes, "if security needs are not met, both the peace in a given country and the intervention intended to promote it are doomed to fail."[14] The reasons are straightforward: people will not engage in meaningful economic or political activity if their personal safety is threatened, and progress made in these areas can be quickly undone if law and order breaks down once again. Directive 3000.05 acknowledges this point by identifying security as one of the immediate goals of stability operations, while the other three pillars are identified as goals to be achieved over the longer term.

Pillar Two: Governance and Participation

The governance and participation pillar involves two separate but related sets of activities. Governance tasks involve building legitimate political institutions,

---

[13] Robert C. Orr, ed., *Winning the Peace: An American Strategy for Post-Conflict Reconstruction*, Washington, DC: Center for Strategic and International Studies, 2004.

[14] Robert C. Orr, "Constructing a Cohesive Strategic International Response," in *Winning the Peace*, p. 23. See also Seth Jones et al., *Establishing Law and Order After Conflict*, Santa Monica, CA: RAND, MG-374-RC, 2005.

which reach decisions through some sort of consultative and deliberative process. These institutions must also have the administrative capacity to implement their decisions and to provide public services. Participation tasks involve ensuring that citizens participate in the political process, not just by voting in elections but also by participating in broader policy debates through civic organizations and a free press.

Pillar Three: Social and Economic Well-Being

In the immediate aftermath of conflict, social and economic well-being includes ensuring that populations have food, water, medicine, and other necessities of life. It also involves the restoration of essential services such as electrical power and sewage treatment. Over time, this pillar involves a wide range of tasks that promote social and economic development throughout society. These may involve educational initiatives, jumpstarting trade, encouraging foreign investment, and improving health care systems.[15]

Pillar Four: Justice and Reconciliation

The justice and reconciliation pillar requires establishing an effective legal system that can both establish and enforce the rule of law throughout society. It includes effective law enforcement services under civilian control; an impartial and accountable judicial system; a fair constitution and body of law; procedures for monitoring and safeguarding human rights; and a humane corrections system. Perhaps most importantly, it requires establishing mechanisms for addressing past abuses and resolving grievances arising from conflict. These mechanisms can take a wide range of forms, since the issues and problems they must address will vary greatly across cases. Yet some form of reconciliation and restitution is essential for populations seeking to put the conflict behind them and to sustain peace.[16]

Prioritizing Tasks

In April 2005, the newly created State Department Office of the Coordinator for Reconstruction and Stabilization (S/CRS) issued a document entitled "Post-

---

[15] These specific recommendations and others are found in Johanna Mendelson Forman, "Restoring Hope: Enhancing Social and Economic Well-Being," in *Winning the Peace*, pp. 72-88.

[16] See Michèle Flournoy and Michael Pan, "Dealing With Demons: Enhancing Justice and Reconciliation," in *Winning the Peace*, pp. 89-102.

Conflict Reconstruction Essential Tasks."[17] This document marked the first U.S. government effort to comprehensively define these tasks, and it used the framework from *Winning the Peace* as the baseline for its interagency discussions. The State Department and other U.S. government agencies added depth and specific knowledge to this framework, from its practitioners' extensive experience conducting such operations. The matrix operationalizes the framework with five pillars instead of four – social and economic well-being were split into separate categories – and identifies primary tasks (as well as extensive sub-tasks) within each category. Table 2.1 summarizes the primary tasks identified in the matrix.

In addition to identifying the relevant tasks, the State Department document also divides stability operations into three temporal phases: initial response (short-term), transformation (mid-term), and fostering sustainability (long-term). The document thus produces a matrix, and the boxes are filled in with the appropriate activities for each phase.

[17] This document is available at http://www.state.gov/s/crs/rls/52959.htm.

Table 2.1: Summary of Essential Reconstruction and Stabilization Tasks

Pillar	Primary Tasks
Security	• Disposition of Armed and Other Security Forces, Intelligence Services and Belligerents • Territorial Security • Public Order and Safety • Protection of Indigenous Individuals, Infrastructure and Institutions • Protection of Reconstruction and Stabilization Personnel and Institutions • Security Coordination • Public Information and Communications
Governance and Participation	• National Constituting Processes • Transitional Governance • Executive Authority • Legislative Strengthening • Local Governance • Transparency and Anti-Corruption • Elections • Political Parties • Civil Society and Media • Public Information and Communications
Humanitarian Assistance and Social Well-Being	• Refugees and Internally Displaced Persons • Trafficking in Persons • Food Security • Shelter and Non-Food Relief • Humanitarian Demining • Public Health • Education • Social Protection • Assessment, Analysis, and Reporting • Public Information and Communications
Economic Stabilization and Infrastructure	• Employment Generation • Monetary Policy • Fiscal Policy and Governance • General Economic Policy • Financial Sector • Debt • Trade • Market Economy • Legal and Regulatory Reform • Agricultural Development • Social Safety Net • Transportation • Telecommunications • Energy • General Infrastructure • Public Information and Communications

Justice and Reconciliation	• Interim Criminal Justice System • Indigenous Police • Judicial Personnel and Infrastructure • Property • Legal System Reform • Human Rights • Corrections • War Crime Courts and Tribunals • Truth Commissions and Remembrance • Community Rebuilding

Source: United States Department of State.

How should these tasks be prioritized? The Essential Task matrix does not provide any guidance on this question beyond distinguishing among short-term, medium-term, and long-term tasks. Yet all of the tasks identified in Table 2.1 demand considerable investments of time, resources, and effort, and it may not be possible to address all of them simultaneously. Assuming that choices and tradeoffs must be made, how should priorities be set? What tasks make the most difference in the early stages of operations?

James Dobbins, a former U.S. diplomat with extensive experience in stability operations in Somalia, Haiti, Bosnia, Kosovo, and Afghanistan, suggests that when resources are finite, they should be allocated according to the following priority list.[18]

- *Security*. Security is a necessary precondition for success in stability operations, as noted above. Intervening forces must reestablish law and order as soon as they arrive in country, and continue maintaining it until local or civilian international forces are capable of taking over this crucial mission.

- *Humanitarian and relief efforts*. Stability requires that local populations have their basic needs fulfilled. This involves providing food and water; responding to famine, communicable disease outbreaks, and other acute health problems; and returning refugees to their homes.

- *Governance*. Local administrations need to be strengthened, and in some cases, reconstituted, with external assistance. This involves providing the money and advice necessary to provide basic public services.

[18] James Dobbins, "Preparing for Nation-Building," forthcoming in *Survival*, October 2006.

- *Economic stabilization*. This involves stabilizing the local currency, and providing a legal regulatory framework in which local and international trade and investment can resume.
- *Participation and democratization*. These tasks are more important for long-term development than short-term stability, and so rank below strengthening local administrative capacity and efficacy. They include building political parties, a free press, civil society, and a legal and constitutional framework for elections.
- *Infrastructure and development*. These tasks seem as though they should be a high priority during stability operations, but past experience shows that efforts at infrastructure improvement and generating large-scale employment rarely yield short-term benefits commensurate with their costs. Over the long term, infrastructure improvements can often be realized and funded through international institutions such as the World Bank, and job creation and growth is best promoted through the economic stabilization efforts described above.

The Private Sector in Stability Operations

In recent years, contractors have become increasingly involved of all aspects of warfare, across the entire conflict spectrum. They can now be found on the battlefield itself, conducting tasks that range from operating key weapons systems to providing private security.[19] Contractors have also become extensively involved in logistics. Programs such as the Army's Logistics Civilian Augmentation Program (LOGCAP) enable the military to use private sector logistics capacity in contingency operations, for example.[20] Some companies, such as Kellogg, Brown and Root (KBR), have built their business models around providing a wide range of support for military forces.

The private sector can make valuable contributions to all aspects of post-conflict reconstruction. However, a critical distinction must be made between tasks that are directly contracted to the private sector by the U.S. government, and tasks that companies choose to conduct through foreign direct investment. Initial responses in stability operations are absolutely vital, since as noted above, no progress can be made until security, humanitarian relief, and basic human

---

[19] See Deborah D. Avant, *The Market for Force*, Cambridge: Cambridge University Press, 2005.

[20] U.S. Army Materiel Command, *Logistics Civilian Augmentation Program (LOGCAP)*, AMC Pamphlet 700-30, August 2003, available at http://www.amc.army.mil/amc/ci/pubs/p700_30.pdf#search='LOGCAP'.

services can be restored. The U.S. government should actively engage the private sector in these tasks, and as discussed in Chapter 3, should create contract mechanisms ahead of time to ensure rapid responses.

By contrast, longer-term tasks – particularly those described as "fostering sustainability" in the Essential Task Matrix – should not be the direct responsibility of the United States wherever possible. U.S. government resources, which are inevitably limited, should be dedicated to immediate response tasks. Once the situation has been stabilized, organizations such as the World Bank can help fund infrastructure and development initiatives, and private companies will directly invest in emerging economies. The U.S. government should therefore prioritize contracts that promote immediate stabilization.

Many of the tasks included in the Essential Task Matrix require specialized knowledge and capabilities – such as rewriting grade-school curricula, promoting agricultural development, or establishing an interim criminal justice system. Some companies specialize in such specific tasks, and their expertise can prove very valuable.[21] Most companies, however, have little or no particular expertise in stability operations. Their most valuable contributions are likely to be in the area of infrastructure building – especially in restoring water, power, and other essential systems. In such areas, private sector expertise and capabilities may well dwarf those of the U.S. government, and should be leveraged appropriately. The matrix specifically marks tasks related to building infrastructure with an (I), and it may well be that these tasks are most suited to the broad involvement of the private sector. We have pulled these tasks out of the matrix, and reproduced them in Appendix B of this report. A full analysis of whether and how the private sector should become involved in those infrastructure tasks is beyond the scope of this report, however.

The Private Sector Environment for Stability Operations

During our interviews, primarily those with executives from the private sector, a clearer understanding emerged of the environment in which the private sector will have to operate during stability operations. There were three main aspects of

---

[21] In Iraq, for example, the U.S. Agency for International Development (USAID) contracted RTI International to provide a range of educational services and to conduct democratic governance projects throughout the country. Monte Reel, "N.C. Firm Selected To Set Iraq's Needs; Nonprofit to Foster Local Government," *Washington Post*, April 18, 2003. For more information on RTI International's activities in Iraq, see http://www.rti.org/page.cfm?objectid=91AD4ED9-F623-4C93-8CCF98BA9F7C82F5.

the operating environment: risk, demand for consistency, and diversity. Success in dealing with each of these aspects of the operating environment will determine the success in employing the private sector as a "fifth force" in stability operations. Of the three, managing risk appears to be the most challenging. However, dealing with institutional demands for consistency and understanding the implications of diverse cultural and legal norms also pose high hurdles for achieving success.

Risk

While the risk created by the security environment is generally understood and accepted as a problem to be dealt with, there are also three other forms of risk that were identified by our interviewees as management challenges that will have to be addressed. These are: (1) the risk felt by government professionals in doing the job that is before them; (2) the risk to the reputation of private sector providers as they execute contracts; and (3) the financial risks to companies that undertake stability operations taskings.

Personal Professional Risk

Government employees as they go about their day-to-day jobs are concerned that they do not make mistakes or unwittingly violate rules for which they would be held accountable. For example, the issue of risk is at the heart of the discussion of flexibilities in the DFAR and the possible need for a new set of regulations that could be applied during stability operations. The view is that dedicated sets of regulations would eliminate uncertainty. During our discussions at Special Inspector General for Iraq Reconstruction (SIGIR), Major General Daniel Long, the Director of Projects and Contracting, commented that it would be helpful to have mechanisms to enhance awareness of what was possible to override the inherent conservatism in "good people not wanting to make mistakes." It was later suggested that rules changes need to be put in place to sharply reduce the risk burden placed on contracting officers. These officials clearly felt their careers to be at risk under current rules. This concern is not felt by just contracting officials, although that was an area of primary emphasis in our interviews. Our private sector interviewees observed similar unwillingness to accept risk by finance officials. Managing this type of risk becomes critical to being agile and responsive in satisfying the need to engage the private sector.

Risk to Company Reputation

What was most striking in our interviews with Robert Coutts, of Lockheed Martin, and Admiral (Ret) Joseph Lopez, formerly of KBR, was their view of

what was most important to a large multi-national that would be engaged in stability operations. In both cases they said that their respective companies would try to be responsive because their support of the Defense client was an important element of their corporate ethos. Both also emphasized that, in their view, a high risk of damage to the corporation's and executive's reputations as a result of participation in stability operations would act as a major inhibitor in their willingness to engage. This risk would be different than that of government personnel executing their responsibilities. In this case it would entail the articulation of expectations and the engagement of the political process, so that corporate engagement and goals would be understood and accepted.

Financial Risk

Both our private sector executives as well as the executives from SOLE who were interviewed addressed risk/reward in financial terms. Don Ervine, the CEO of VSE Corporation, made the point that DoD practices had made the competitive environment relatively narrow and that the range of companies able to respond had gotten much smaller in the last 15-20 years. Both he and Patricia Driscoll emphasized the point that there needed to be some recognition of the financial risks to smaller company providers in the structuring of contracts. This need for agility in recognizing the burdens faced by mid- and small-cap companies represents a policy challenge for the new office in determining how broadly based the private sector participation should be. An important aspect of proactively dealing with the financial risks faced by providers is the other side of that proposition – dealing with the risk of non-performance by private sector providers because of financial burdens.

Demand for Consistency

In our interview process with current and former government officials, with private sector executives and with SOLE (with its broad range of industry partners), the need for consistency in responding to issues that have been encountered in stability operations from Europe to the Middle East, Asia to Africa, has been a central theme. Two recent examples of this drive for consistency are first, the enactment of Section 814 of the FY2006 Defense Authorization Act. This section provides for the review and reporting to Congress of the acquisition process by the Defense Acquisition University. Secondly, in the testimony earlier this summer during the confirmation hearings of the nominee for the Office of Federal Procurement Policy, an indication of a desire to uniformly restrict company profitability was made clear.

Diversity

Finally, it was clear from our interviews that operating in an environment that contained diverse cultural and legal norms will be a challenge. In our discussion with Anthony Trovato and Sarah James of SOLE, we were given an appreciation of how significant a problem this can be through their discussion of business culture issues and the differences as a result of the varying ages of the Greek participants in security, communication, infrastructure and services provision before and during the Athens Olympics of 2004. Patricia Driscoll described her challenges in dealing with cultural differences in providing support in Iraq and Afghanistan. Finally, the mistakes made in using Sunni Muslim providers/workers in Shiite areas and vice-versa is a further example of the management burden of dealing with diverse cultures, particularly when we desire to employ their private sector in supporting stability operations.

Now that we have described the requirements of stability operations – the demand, in other words – and the concerns that the private sector has for doing business in the world of stability operations, we turn our attention to the question of how the private sector can supply the needed management, manpower, resources, equipment, and technology to make meaningful contributions to future stability operations.

3. A Triad of Capabilities for the New Stability Operations Support Office

In order to engage the private sector into stability operations in the most effective and efficient manner possible, and to avoid the halting start that characterized the early months in Afghanistan and Iraq, the new Stability Operations Support Office must have three capabilities that the experience of the past decade tells us are absolutely necessary. The triad of capabilities includes (1) skilled personnel who are trained and exercised, (2) appropriate contracts and rules for the engagement of the private sector, and (3) financial resources to pay for capital goods, material and services that will be procured from the private sector. The following sections describe each of these three capabilities in detail. However, only when all three are in place will the new office be able to accomplish its mission. Like a three-legged stool, only when all three legs are firmly planted on the ground will the stool stand straight and be able to bear the desired weight. Likewise, only when the new office has all three capabilities in place will it be able to accomplish its mission.

We should note that the capabilities that this office needs to develop in the areas of people, rules, and resources would complement the capabilities of existing organizations, and were confirmed in the many interviews carried out as part of this study.

Capability One: People

One of the striking and common refrains that we heard in our interviews was the inadequacy of the numbers and skills of the people engaged in contracting with the private sector for some good or service required for stability operations. The debilitating effect of frequent turnover of people, both in theater and at higher echelons, impeded necessary progress. Skilled people are particularly important in the early stages of stability operations, since they are often lacking in indigenous governance structures. The experiences in Afghanistan and Iraq demonstrated the difficulties in identifying and deploying skilled people for stability operations. For example, the Special Inspector General for Iraq Reconstruction (SIGIR) identified several problems with human capital management, including:

- No existing contingency organization
- No regulatory template to effect surge
- Mission flux and interagency culture conflicts
- Difficulty in skill alignment
- Need for a standing reconstruction "reserve corps"
- Inconsistent deployment cycles and incentives
- Lack of interagency support
- The effect of unsynchronized deployment on continuity[22]

In order to prevent such problems from recurring in the future, the Stability Operations Support Office will need (1) an existing/standing cadre of people to support policy and management activities; (2) the ability to expand the cadre with contractor personnel as the demand changes; and (3) a drilling military reserve unit.

Existing/Standing Cadre

The Stability Operations Support Office must be able to handle multiple tasks at the same time, and surge as appropriate to deal with unanticipated crises. It must be able to effectively support ongoing stability operations, such as the ones currently underway in the Balkans and Afghanistan, while simultaneously remaining ready to respond to unanticipated requirements. Such requirements may span the range from the intensive operations that are currently underway in Iraq to humanitarian relief efforts in the aftermath of major natural disasters (such as the tsunami of December 26, 2004). Accordingly, our interviews covered the different approaches that might be needed given a broad range of possible scenarios.

While the U.S. and the rest of the world will turn to the task of providing help as best they can, being able to quickly, systematically and effectively harness the capabilities of the private sector requires a cadre of trained and knowledgeable personnel available to both quickly deploy as an initial team into the affected area as well as provide the necessary, continuing management support at the headquarters level. Contractors might form some part of the cadre.

---

[22] Special Inspector General for Iraq Reconstruction, *Iraq Reconstruction: Lessons in Human Capital Management*, January 2006.

Contractor Service Support

When the office needs to surge, contractors should provide a source of additional trained and available personnel. Contractors can provide office administrative support and data collection and analysis. Assessing contractor performance (according to metrics specified in the contracts) can also be assigned to service support providers with the requisite skills. These out-sourced support elements would be competitively selected before the fact and would not perform "governmental" functions as defined in OMB circular A-76.

Drilling Military Reserve Unit

Based on the needs identified in our interviews a drilling multi-service reserve unit might also be useful to provide additional trained and experienced personnel who could be mobilized and deployed when the need develops and with little notice. Such a reserve unit would be a particularly useful mechanism for addressing episodic demands to engage the private sector in stability operations, and would also serve as a platform that could provide training opportunities for Active Component personnel who might have to serve forward in a contingency operation. As government personnel, they can perform "governmental" functions as defined in OMB circular A-76.

What training should such a reserve unit conduct in order to prepare contracting personnel for contingency operations? Staff members of the Project and Contracting Office (PCO) for Iraq provided a number of suggestions during our interviews, which are summarized in Figure 3.1. These recommendations are not intended to be all-inclusive, but instead focus on the tasks that a military unit would be best suited for. Such a unit might not only be able to provide experts to deal with the contracting issues, but also help deploying units deal with fiscal control and management issues as it moves forward into a theater of operation.

- Coordinating life support contracts theater-wide to support movement/RSOI of troops
- Centralized purchasing of goods and services (BPAs/IDIQs)
- Managing forward Ordering Officer (FOO)/Project Ordering Officer (POD) networks
- Awarding/administering theater logistics contracts (theater com., too)
- Synchronizing acquisitions to achieve strategic effects. E.g.,
  - Directing service and supply contracts to local vendors to improve local economic and employment conditions
  - Directing acquisitions to achieve "hearts and minds" objectives (e.g., CERP). "Left seat/right seating" local nationals to build procurement capabilities in host governments
  - Integrating US acquisition services with coalition partner capabilities
  - Designing and building a national procurement system
- Synchronizing acquisition activities with other government (e.g., USAID) and non-government organizations (NGOs) for "hearts and minds' efforts
- Things that contracting folks get involved in that aren't really contracting:
  - Arming contractors
  - Tracking the number of contractors in theater
  - Anti-human trafficking activities
  - Logistics planning (theater to FOB level)
  - Program management/program integration
  - "Extra-contractual" remedies (Big Sticks) to persuade contractors to behave themselves

Figure 3.1: Suggested Training for a Drilling Reserve Unit

When fully engaged the personnel from the three sources, the cadre, contactors and reservists, must be adequately resourced. The total number of people that the new office will need and the mix of people to be supplied by each of the three sources will have to be determined after all evaluation of the mission statement that is approved for the office, but it would seem that several hundred people might be involved in all three elements in this leg of the "triad" as a standing organization.

Capability Two: Contracts

Contracting is the second leg of the triad of capabilities. The rules, regulations and explanatory notes for how the federal government generally, and the DOD in particular, engages the private sector through contracts is covered in the hundreds of pages of the Federal Acquisition Regulation (FAR), the Defense Supplement to that Regulation (DFAR), and their subordinate supplement documents. Many of the people we interviewed suggested that the existing regulations could provide all the flexibility that is needed even by the most demanding contingency, if you only knew where to look, and that no new regulations or authorities were needed. The trick is to know *where to look*. To facilitate this, the Army Contracting Agency is drafting a "Guide for OCONUS Contingency Contracting" to serve as a set of "practices" encompassing the procedures and regulations for executing contingency contracts overseas.[23]

Some people we interviewed, by contrast, did believe that new regulations would be needed. Often these were people who were not fully familiar with the FAR and the potential application of the existing rules. Since not everyone in the future who works on private sector contracts for stability operations will always be skilled and knowledgeable about the FAR, providing some simplified set of rules might be very useful. For example, one senior officer we interviewed

---

[23] These "practices" are intended to cover the full scope of activities for a given operation and a range of length of tasks, based on authorities in the FAR, Defense FAR Supplement (DFARS), and Army FAR Supplement (AFARS), which allow for flexibility for expediting contracting actions in a contingency environment. For example, these authorities allow for the use of oral solicitations and the waiving of bid guarantees in some circumstances when conducting contingency contracting.

The Guide also covers: Congressional Notification Procedures that govern awards using appropriated funds; rules that protect competition, their enforcement and exceptions, including necessary approval authorities. Contracting Officer requirements to follow the ethics regulations are outlined as well as the appointment of Contracting Officer Representatives (CORs) to assist the contracting officer, and Field Ordering Officers (FOOs) appointed by the chief of the contracting office to assist with acquisition.

Special requirements to be taken into account when conducting contingency contracting including: impacts of international agreements such as Status of Forces Agreements and efforts to ensure contractor safety so that services can be completed; policies regarding contractors operating in a contingency as outlined in DFARS Procedures, Guidance, and Instruction (PGI) 225; functions which are inherently governmental and that a contractor may not perform, generally, actions that would jeopardize a contractor's noncombatant status.

Simplified acquisition procedures that cover most contingency requirements as well as practices for purchases over the simplified acquisition threshold. Determination of the type of contract, including: Time and Materials Contracts, Indefinite Delivery Contracts , Cost-Reimbursement Contracts, Fixed-Price Contracts, Undefinitized Contract Actions and blanket Purchase Agreements.

Responsibility for monitoring contractor performance and reporting contractor compliance or non-compliance, including regulations regarding changes or modifications to contracts and Contracting Officer termination of contracts for completed and accepted contracts guidance on closing out contracts.

commented that it would be helpful to have mechanisms that would override the inherent conservatism of "good people not wanting to make mistakes."

During our interviews we were told of on-going discussions with the congressional oversight Committees regarding the need for a statutorily-enabled contract regulation, possibly similar to Section 817 of the FY2006 Defense Authorization Act dealing with the establishment of a "contracting corps."

We also note the evolving role that Congressional oversight will play in setting the terms of private sector involvement in stability operations. Section 814 of the FY 2006 Defense Authorization Act gives the Defense Acquisition University the responsibility to review the acquisition process of any Defense component or element, and to make recommendations to the Department of Defense and then to the Congressional Oversight Committees for reform.

Providers and the Capabilities

The private sector is not a single entity. It includes many different types of firms; some large, some small; some that produce goods, and some that produce services; some that already work oversees, and some that usually do not work overseas; some that are familiar with government contracting regulations, and others that are not. The Stability Operations Support Office must understand the wide range of actors within the private sector and the varied incentives that would motivate them to support stability operations. Probably the most important distinction pointed out during our interviews was between companies that normally engage in activities supporting stability operations as a line-of-business and those that do not, but have capabilities that are needed for specific circumstances.[24]

The new office will need to understand the defense industry as a whole, the relevant non-defense industry providers, and ways to utilize non-US companies (including indigenous to the area of interest). The office would have to both engage these various companies directly, but also to act as a central clearing house, to match capabilities with needs under a wide variety of scenarios.

Risk Management

Companies that contract with the government often incur risk. Specific risks will vary across companies and situations, but they generally involve hiring

[24] Interview with Robert Coutts, Executive Vice President of Lockheed Martin, May 24, 2006.

additional staff, subcontracting to second and third tier providers, and withstanding sometimes lengthy delays in government payments. In support of stability operations a number of new risks arise, for example, the risk of dealing in a foreign country; the risk of having staff physically threatened; and so on. Some amount of risk is an inherent part of doing business, to be sure, but the Stability Operations Support Office will have to recognize the most important risk factors that potential contractors face and find appropriate ways to mitigate them.

Company executives often consider a wide range of factors when determining whether the risks of a particular contract outweigh the benefits. The Chief Executive Officer of a small defense contracting company shared the criteria that his company uses to determine whether to bid for a contract, which are reproduced in Figure 3.2. Small companies often incur greater risks than larger ones, because their resources and operating margins do not provide as much of a safety net. Increasing profit margins might be one way to mitigate this particular risk. The CEO of another small defense contractor noted, "if the government wants small companies to be part of the solution, the government needs to recognize that we need margins large enough to make the risk-taking attractive."[25] Large companies, by contrast, may worry less about such financial risks and be more concerned with risks to their corporate image, such as allegations that they have overcharged the government or received contracts through personal connections.

[25] Interview with Patricia Driscoll, CEO of Frontline Defense Systems, May 9, 2006.

- **Experience.** How much experience do we have with this Agency? Do we enjoy our dealings with the Agency? Were bills paid on time? Are there differences in philosophy between the Agency and us?
- **Reputation.** What is the reputation of the Agency? Will it see the project through? Do the funds available to the Agency and the reputation of the Agency indicate they will use the contract as proposed?
- **Personnel.** How many people do we need to handle the project? Can we price our people right for the project? Is the right Program Manager available to handle this project; one the Agency will like?
- **Context.** Is the proposal schedule unrealistic? Are there regional or location type factors involved? If so, are we at a disadvantage?
- **Competition.** Who is the competition? What is our frank estimation of competition's ability? Are we ahead or behind the competition? If the competition is likely to win, we are entitled to only 1 or 2 points here.
- **Technical.** What skills are required to complete the job successfully? Is the competitor more or less qualified than our firm? Are we stretching credibility here?
- **RFP Criteria.** Has the competition ever won this contract before, or other contracts from this Agency? Are the criteria loaded in someone else's favor?
- **Contract provisions.** What type of contract is offered? Are there any dangerous or peculiar circumstances that may hinder our performance as the job is stated (multiple awards; bidding each task order; etc.)?
- **Profit.** What margin of profit is involved? Does the contract offer enough profit and incentive to commit a lot of personnel to this job for the years involved? What is likelihood that the project will not be funded, or may be canceled?
- **Impact.** Will this contract add to our overall reputation? Are there environmental, political, or other connotations to this project that could give u some adverse publicity? Is it worth the risk of the reputation factors?

Figure 3.2: Sample Risk Considerations

Any office that hopes to be able to meaningfully engage any private sector company must formulate and then be able to execute contractual processes that take these factors into consideration. It must also build trust with its private sector partners over time, since mutual trust helps sustain effective cooperation in stressful operating environments.

Contract Types

Finally, this new office would need to have in place a broad array of contract types. We discuss below three general types that should be applicable for stability operations.

Indefinite Quantity and/or Duration

Indefinite quantity/duration contracts with a minimal floor of funding could be an effective mechanism to allow the private sector to prepare for many stability operations tasks before a specific contingency emerged, particularly for those that require rapid responses. These types of contracts have been used for a long time, and were used extensively during the Vietnam conflict, for example. They are useful when the government is not able to define what it wants ahead of time but wants to have a mechanism to enable timely performance. The government can specify the general nature of the tasks that will be needed, can establish various aspects of cost elements, and can stipulate a total value. These contracts can be either competitive or sole source, and by pre-qualifying contractors, can shorten administrative lead-time between announcing the contract and selecting a vendor. These types of contracts can be aligned by region, by type of capability needed, and can be awarded to multiple providers to ensure timely support. They can also be used to pre-qualify second and third-tier providers under the management of larger "sector" integrators.

Specific Project or Deliverable

When the government can specify what it wants and when delivery is to take place, competitive (or sole source under given circumstances) contracts can be awarded. These types of contracts seem most applicable to large construction or material support contracts for stability operations, since their requirements tend to be fairly predictable. Depending on the nature of the item being contracted for, they may take longer to enter into, but involve the least risk to both the government and to the private sector provider.

Special Authorities

Special Authorities are statutory provisions that support specific policy goals, such as increasing contract opportunities for depressed labor pools or for traditionally disadvantaged populations. In some cases, they enable contracts to be awarded without competition. Some types of special authorities may be useful to the Stability Operations Support Office. Examples of such special authorities might include waivers to the Leahy Amendment, for example, or the creation of authorities along the lines of the National Defense Sealift Fund, intended in part to stabilize US shipbuilding. Such authorities could then be used, for example, to deal with both the acquisition and redeployment of spare satellite assets in space as well as acquiring access to spare material stocks for the erection of land towers, to respond to a critical demand for improved communications grids. Another example could be the authority to stabilize the

availability of certain underutilized capacities, for example, personnel and material in the US railroad sector, to help rebuild transportation infrastructures during stability operations.

Capability Three: Funds

Money is a vital resource in stability operations. Yet all of the people we interviewed – whether they had conducted stability operations in the field or tried to oversee the funds from Washington – identified the availability of funds as a major and continuing problem. Some even characterized it as an embarrassment. The problems were not just limited to the question of how much money was available and for what purpose it was to be put, but involved issues of how funds were allocated to specific projects after the funds were appropriated. Part of the problem, as described to us, was that funds came from various sources, both by appropriation and by agency. In Iraq, for example, the Office of Management and Budget (OMB) has played a coordinating role, but the very act of this coordination created delays in resource application. The resource management issue will become further complicated when funds from sources outside of US federal origin are used in stability operations.

Clarity about the availability and oversight of funds is critical for ensuring private sector participation in a timely and efficient manner. All of the private sector representatives we spoke with identified the knowledge that "the customer has the money in hand to pay for the desired work" as a key factor in their ability to and willingness to marshal the resources to do the job. They were generally unwilling to expose themselves financially if funds were not available. Small companies particularly emphasized that they need to be sure that funds are available, since they cannot perform large tasks without incurring the effort and cost of expanding their in-house capabilities.

In the area of funding, the Stability Operations Support Office must be able to (1) deal with the budget formulation, presentation and execution of funds appropriated to the Department of Defense, (2) formulate requests for and manage the execution of funds from other sources, and (3) provide the appropriate reporting to the sources of any funds, both for purposes of executive management and for purposes of audit.

Funds Appropriated to the DOD

U.S. Government processes for dealing with the various appropriation sources and the use of revolving funds to finance activity are complex. Every agency of

government, at all levels of government from the departmental headquarters in Washington to the local bases, have professional comptrollers trained and skilled in managing the financial accounts of the government. Aside from the provisions in Appropriations Acts that place specific limits on specific funds, the Department of Defense Financial Management Regulation (FMR) provides extensive authorities, both general and specific, that govern how funds may be used.[26] While OMB and the Office of the Undersecretary of Defense (Comptroller) are the offices that form the backbone of financial management decision-making, any office charged with enlisting the services of the private sector to support stability operations must have a competent understanding of the rules, how to apply them, and how to resolve issues in a timely manner. Our discussions with both U.S. government and private sector officials included numerous examples where problems relating to how funds may be spent led to both embarrassment and costly delays. Such missteps would certainly have serious implications if, instead of involving a U.S. company, it involved a foreign indigenous company or one that employed foreign workers at a critical point during stability operations.

Funds from Other Sources

Depending on the specific details of some future stability operations, the new office might be asked to manage contracts with funds from a non-DOD source,

---

[26] For our purposes, the closest analog in the financial directives to stability operations as we are using it in this paper is "contingency operations." The DOD Financial Management Regulation (FMR) deals with Contingency Operations in Volume 12, Chapter 23, and distributes responsibilities among various offices within DOD.

The term "contingency operations" used in the chapter is more inclusive than the Title X definition, and peacetime civil emergency operations are excluded from the FMR definition as they are covered under the Military Support to Civil Authorities (MSCA) directive. DOD Components do not budget for contingency operations, and "must accomplish directed contingency operations using funds available to the cognizant command or unit, independent of the receipt of specific funds for the operation."

Various offices are outlined in the chapter in terms of their responsibilities regarding contingency operations, including the Undersecretary of Defense for Policy (USD(P)); the Undersecretary of Defense (Comptroller) (USD(C)); Undersecretary of Defense for Personnel and Readiness (USD(P&R)); CJCS; the Director of the Defense Finance and Accounting Service (DFAS); the heads of the DOD Components; the Director of the Defense Security Cooperation Agency (DSCA); the Military Advisor to the US Mission to the UN; and the Deputy Chief of Staff for Personnel of the Army. The FMR outlines processes for estimating costs, requesting funding, seeking reimbursement for certain activities, and billing the UN when applicable.

such as other U.S. government agencies, other governments, and NGOs. [27] These funds could be transferred to the DOD, they could be a reimbursement for DOD procurement activity, or the new office might directly cite a funding code from another government agency. Whatever the case, the office would be responsible for ensuring that both DOD rules and the rules of the source organization are respected.

Specifically, the 2006 Quadrennial Defense Review highlights the intent of the Department of Defense to (1) expand the president's authority to task and resource; (2) broaden reimbursement authority for coalition support forces; and (3) expand logistics support for partner nations. While previous efforts to expand these authorities have not been successful,[28] any new effort will require the new office to work with the OUSD (Comptroller) to ensure the FMR fully reflects any Congressional intent. Even if Congress does not enact the authorities described above, the office will have to develop processes that will support the Secretary of Defense's needs for flexible and agile response.

Reporting

Reporting involves a range of activities, including creating metrics to assess outcomes, accumulating data for future budget development, and providing a sound basis for audit review. For example, during the operation in Iraq, the Project Management Office (PMO) reported daily on the amount of money that had been spent – which provides no information on what those expenditures had accomplished. Meanwhile the demand for accountability for resources increases with every new funding source. DOD IG, SIGIR, GAO and even non-US Government audit oversight bodies will have standards and demands that will have to be met.[29]

The new office will have to understand the information needs of the major actors in management, budget and audit, and develop processes that satisfy those needs at some reasonable level. The office must also be able to capture, display and explain the costs incurred during any stability operation as well the ongoing costs of running the office.

---

[27] Conversations with the staff of DRSO highlighted the additional effort resulting from their receiving UN funds for the first time in addition to DOD appropriations.

[28] See, for example, legislation introduced by Senator John Warner in the 108th Congress, but not enacted, entitled "Defense Transformation for the 21st Century Act of 2003."

[29] The ongoing investigations into U.S. government expenditures in the aftermath of Hurricane Katrina highlight the need for accountability through transparent reporting.

4. Organizational Location

The new Stability Operations Support Office could be located in a number of different places within the Department of Defense. However, careful attention must be given to this decision, because its placement will directly affect its ability to achieve its mission. Based on our research, we have identified four design criteria that we believe all candidate locations should meet. The new office should:

1. The office should not be a new, stand-alone organization. It should be part of an existing organization that has flag/general officer leadership and a line responsibility that can provide easy access to an otherwise available workforce knowledgeable in contracting with broad ranges of the private sector and dealing with complex fiscal situations. The head of the new office should directly report to the head of its parent organization.

2. The cost of the office's operations should be minimized. In some cases, this could involve drawing personnel from other parts of the parent organization.

3. To facilitate timely responses, the parent organization should understand both stability operations and business processes.

4. Whatever location is selected, it should be one that minimizes both the risk associated with setting up the new office, and the risks associated with effectively and efficiently achieving its mission.

We also identified three general locations that meet these four design criteria for the location of the Stability Operations Support Office. Without being too specific at this point the Stability Support Office might become part of:

1. *An operational command*. This includes several unified commands, such as CENTCOM (which focuses on a single region), SOCOM (which focuses on global operations), and JFCOM (which focuses on coordination and experimentation). All have a military command structure and a common set of functional support capabilities.

2. *A Defense agency*. Various defense agencies have been formed over the years to conduct business or other operation that are not tied to any

single Military Department. Defense agencies that are candidates for hosting this new office should have a strong business foundation.

3. *A Military Department*. The Army, the Navy, and the Air Force all have capabilities that would allow them to act as an Executive Agent in housing the new office. The DSB raised such an option in its deliberations prior to the issuance of DOD 3000.05. To a certain degree the Department of the Army has performed in a manner similar to an Executive Agent as the Iraq reconstruction effort has unfolded.

We developed a set of evaluation criteria based on our understanding of the intent of DODD 3000.05 and our discussions with U.S. government and private sector officials.[30] The criteria are:

1. A ready access and source for knowledgeable and *skilled people*, so as to ensure the office can be appropriately manned over time.

2. *Contracting experience* worldwide and some knowledge of vendor performance in various parts of the world.

3. A *financial system* backbone that is robust enough to allow great flexibility in the acceptance and use of various funds from a broad range of sources.

4. *Mission focus* on supporting stability operations, possibly in multiple locations simultaneously.

5. A *global presence* that would enable worldwide operations.

6. An ability to perform in *joint operations*. For our purposes and given the possible nature of stability operations, this joint capability is not only across the DOD but also envisions allies, coalition partners, NGOs, and others.

7. The ability to perform in *interagency operations*, including the Department of State, the Agency for International Development, and others across the federal government.

---

[30] The approach used in applying the criteria is similar to the methodology used to determine "Military Value" in the base closure process, although our application of the criteria is more subjective. See Department of Defense Base Realignment and Closure Report, May 2005, available at http://www.dod.mil/brac/pdf/Vol_I_Part_1_DOD_BRAC.pdf.

Assessing Placement Options

We assessed each of the three alternative sites using to the seven selection criteria on a three point scale using a stop light chart where green indicates that the site meets the selection criteria very well; yellow indicates that the site has some problems meeting the criteria; and red indicates that the site meets the criteria poorly. Our results are depicted in Figure 4.1, and the explanation of our assessments is described below.

	Operational Command	Defense Agency	Military Department
Skilled People			
Contracting Experience			
Financial System			
Mission Focus			
Global Presence			
Joint Operations			
Interagency Operations			

KEY: RED GREEN YELLOW

Figure 4.1: Assessment of Placement Options

Option 1: An Operational Command

The operational command option was dominated by red cells because none of the operational commands we considered as possible homes for the new office had ready access to people skilled in contracting. They lack broad experience with contracting operations and with the vendor base, both domestically and overseas. While personnel could be assigned to these types of commands initially, replenishment cadres would have to come from elsewhere, and the effort involved in training these replacements would hamper the efficiency and effectiveness of the operation. The financial systems and processes of

operational commands focus on pay, travel and operational expenses. They possess neither the system backbone nor the financial staff to support the complex fiscal requirements of stability operations. While these commands could reach out for expertise and/or support in this area as well as in contracting, such efforts would limit the flexibility, agility and timeliness of the office.

Operational commands do not have a strong mission focus on stability operations. They do have some capabilities in these areas because of their military nature, but they have traditionally focuses primarily on combat operations (and many continue to do so, despite the language contained in DODD 3000.05). Similarly, operational commands do span the globe, but no single command provides global presence. Joint Forces Command comes the closest, since it does plan and provide forces for global operations, but it does not have the global presence and international infrastructure needed to support this office.

Operational commands possess extensive experience in joint and coalition operations. While the specific services and coalition partners may vary extensively across contingencies, operational commands understand how to conduct such operations and exercise them frequently. However, operational commands do not possess any significant interagency capabilities at the present time. The establishment of Joint Interagency Coordination Groups (JIACGs) and Task Forces (JIATFs) have been a small step in this direction, but their effectiveness has been sharply curtailed by numerous implementation problems.

Option 2: A Defense Agency

Green was the color that dominated the defense agency option. Defense Agencies possess a broad range of missions and characteristics, depending on their charter. Our analysis focused on defense agencies whose charter requires heavy involvement in business and contracting processes, such as the Defense Logistics Agency (DLA) or the Defense Information Systems Agency (DISA). This business orientation provides the cadres of skilled people, the experience with contracts, and the robust financial processes needed to support the new office. On the dimension of mission focus, the defense agencies are similar to the operational commands. They are, after all, in the "support" business, and have the capacity to provide the goods and services needed in stability operations, but no single defense agency has stability operations as a primary mission.

Defense Agencies have a global presence in the fullest sense. DLA, for example, operates a global supply network to provide logistic support to forces, as well as

operating sites around the world. It uses both U.S. and non-U.S. material and service providers as well as in-house capabilities. Just as Operational Commands have a demonstrated capability for joint operations, the Defense agencies that support their operational needs have developed and demonstrated effectiveness in supporting joint operations. Defense agencies do have some interagency capabilities and experience; DLA, for example, provides support for the Federal Emergency Management Agency (FEMA) during domestic relief operations. This interagency capability remains somewhat limited, but it is still more advanced that the interagency capabilities of the operational commands or Military Departments.

Option 3: The Military Departments

The three Military Departments – the Army, the Navy, and the Air Force – have robust abilities in the areas of people, contracting, and finance. However, they do not have as robust a contracting ability and focus for contracting in the overseas environment as defense agencies do. Further, their primary focus will rightly remain on their Title X responsibilities, which means that a general support agency like the Stability Operations Support Office, will always be seen as secondary to the Departments' primary mission.

The Military Departments do not have a strong mission focus on stability operations, despite Directive 3000.05, and the many demands of training and equipping their forces means that stability operations would have to compete with many other critical issues for the attention of the Department leadership. The Military Departments have global presence capabilities, the Navy in Singapore as an example, but they do lack a true operational support presence around the world. By their nature and their responsibilities, the Military Departments have not developed as robust a capability in joint operations as have the operational commands and the defense agencies. Finally, the Military Departments lack any interagency capabilities and experience, because their Title X responsibilities require little or no interaction with other U.S. government agencies.

Recommendations

Our assessment, as reflected in Figure 4.1, indicates that a defense agency would be the best location for the Stability Operations Support Office. It already possesses many of the capabilities identified in the selection criteria, and provides the fewest weaknesses across the entire list of criteria.

When viewed from two key perspectives, minimizing implementation risk and minimizing the cost of continuing operations, we believe that the Defense Agency option best fits the need. That determination mirrors recent DOD decisions to consolidate common, support processes in the appropriate Defense Agencies to both enhance management focus as well as achieve economies of scale. These Defense–wide decisions have been made even though it has represented a visible shift in the allocation of responsibilities of the Department.

Of the Defense Agencies, the one that has the most robust capability in the variety of the business processes involved is the Defense Logistics Agency. Given the Defense Logistics Agency's global operational presence, its acquisition of material and services from global suppliers and its expanding role in support of a broad range of contingency scenarios, we recommend the Defense Logistics Agency as the home of the new office.

4. Next Steps

In the previous chapters, we sketched a vision of a new office designed to facilitate the involvement of the private sector in future stability operations. We discussed the triad of capabilities that the new office must have in order to effectively carry out its mission. We then suggested a number of factors that need to be considered when deciding where to place the new organization in the bureaucratic structure of the Pentagon. Our specific recommendation was that the new organization would be most likely to succeed if it were able to draw on the capabilities of the Defense Logistics Agency. Now assuming that a decision has been made to establish the new office, we suggest the steps that should be taken to move the process along. While we did make a specific recommendation that the new office become part of the Defense Logistics Agency, these next steps are generic and independent of that recommendation.

The First Step: Announcing the Organization to the World

The first step towards implementation of the new office is to announce the decision to stand up a new office and where the new office will be located to the defense community. The Deputy Secretary of Defense should sign a memorandum addressed to the Under Secretaries of Defense, the Secretaries of the Military Departments, the Directors of the Defense Agencies, and the Chairman of the Joint Staff that includes:

- a statement of responsibility
- a statement of authority
- a mission statement
- an announcement about the location
- an announcement of the person who will be responsible for setting it up

In a second memorandum addressed to the Comptroller, the Deputy Secretary should direct that resources (dollars and manpower slots) be made available and an FYDP line established for the new organization. The Comptroller should issue a Program Budget Decision and funds and resources should be transferred to the parent organization.

The head of the new organization should promulgate a mission statement based on the memorandum signed by the Deputy Secretary establishing the new office, as well as prepare a strategic command type briefing that can be used as an overview presentation. Finally, he should prepare for the Deputy Secretary's signature an information memorandum to the Secretaries of the other cabinet departments announcing the new organization, sharing its mission statement, and asking for their support and a point of contact (POC).

Setting Up the Organization

Three things are immediately necessary to establish the office: people, space, and interim support arrangements. The initial allotment of people can be detailed from an existing organization. This initial core staff can work with Washington Headquarters Services to get the needed office space, preferably temporary space until the full needs of the office are known. Additional administrative support can be provided by the parent organization or can be contracted for as a package from a private company.

As soon as the office is established, it should start assuming responsibilities for ongoing operations. It should not simply wait to get involved in future contingencies; it will be able to make major contributions to operations already underway in Afghanistan and Iraq, for example, and should become increasingly involved in them as their capacity grows. The head of the new organization will need to reach out to the organizations that they will be working with and for during such stability operations. The head should visit the COCOMs to solicit inputs as to their needs, the Defense Acquisition University to solicit its views on the structure for the contracting operation and to other organizations in the acquisition and contracting community. Having the strategic command type briefing as an overview presentation will facilitate this dialogue.

Future Work

Once the new office is on the road to getting established, it can start to develop specific products that will make it truly a unique organization. For example, it can start to focus on specific contracting forms and financial mechanisms that will improve responsiveness and flexibility by which the DOD can mobilize the private sector in support of stability operations. It can start to tailor its approaches to hiring and compensation using the full flexibilities of the new

National Defense Personnel System. It can start to work its way into joint exercises to test its approach to mobilizing the private sector.

5. Will a Stability Operations Support Office Make A Difference?

The Defense Science Board recommendation for a new institution to effectively engage the private sector in stability operations grew out of frustrations with the way that contracting processes worked in Iraq, and a desire to improve capabilities in this important area for future operations. Now that we have examined the requirements of such an organization, identified the capabilities it needs, and developed criteria to determine its organizational placement, we conclude by asking two critical questions. If a Stability Operations Support Office had existed in 2002, consistent with the design recommendations included in the previous chapter, would it have made a difference in Iraq? And if such an office existed today, would it be able to achieve its mission?

The answer to the first question is relatively straightforward: if this office had existed in 2002, the process of engaging the private sector in Iraq would certainly have been different. The mechanisms that were established by the Coalition Provisional Authority for contracting, and indeed for most of the reconstruction effort, were developed on an ad hoc basis without any strategic plan. Many of the problems identified by the Special Inspector General for Iraq Reconstruction resulted from this initial problem, even though CPA did try to try to rationalize its ad hoc procedures into a more systematic program management effort over time. If a Stability Operations Support Office had existed in 2002, it would have been able to provide the CPA with effectively trained people who understood the relevant contracting procedures and regulations; preexisting contract mechanisms with companies that were willing to work in dangerous conditions; and the understanding of ways to assure the availability of funds necessary to start reconstruction activities even while waiting several months for a Congressional appropriation. Contracting and program management efforts would have been more effective as a result, and public perceptions about transparency and accountability would likely have been more positive as well.[31]

---

[31] It is important to note, however, that the *outcome* of the Iraqi invasion would not have been appreciably different had this office existed. The dynamics that led to the emergence of the insurgency – and in particular, the mistakes that were made during the prewar planning process – would not have been appreciably different. See Nora Bensahel, "Mission Not Accomplished: What Went Wrong With Iraqi Reconstruction," *Journal of Strategic Studies*, Volume 29 Number 3, June 2006, pp. 453-473.

The second question is more difficult to answer. Whether a Stability Operations Support Office would be able to function effectively during a future stability operation would depend, in large part, on how robust our design for the new office turned out to be. Clearly, our work has been heavily influenced by the current stability operations in Iraq. To the extent that our design reflects the most generalizable lessons from Iraq, the office should help in any future situation. If the new operation is very different from Iraq and if we focused too closely on the current situation, the new office may be less than hoped. Ideally, as the new office is stood up and people are trained and exercised, the training scenarios will be broad in scope and reflect the diverse environments the new office could be called to support. We would expect that the capabilities of the office would increase over time.

This assumes, of course, that the Department of Defense remains fully committed to the implementation of Directive 3000.05. The Stability Operations Support Office cannot achieve success on its own; it must be embedded in an environment where stability operations continue to be emphasized as an equal priority to combat operations, and where the combatant commands and the services increasingly plan, exercise, train, and equip for possible future stability operations. If this is not the case, and Directive 3000.05 becomes nothing more than a statement of policy without a true commitment of resources and capabilities, then even the best-designed office will not be able to succeed. There must also be a willingness to see the process of establishing the new office through what may well become a testy process both with some elements of Congress and at the Pentagon as the new office tries to carve out a place in the bureaucracy.

Appendix A: Deputy Secretary of Defense Tasking Memo

DEPUTY SECRETARY OF DEFENSE
1010 DEFENSE PENTAGON
WASHINGTON, DC 20301-1010

JAN 22 2006

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
COMMANDERS OF THE COMBATANT COMMANDS
ASSISTANT SECRETARIES OF DEFENSE
DIRECTOR, ADMINISTRATION AND MANAGEMENT

SUBJECT: DSB Report: Institutionalizing Stability Operations Within DoD

On November 28, I signed DoD Directive 3000.05, "Military Support for Stability, Security, Transition, and Reconstruction (SSTR) Operations." Now that we have established this new baseline for SSTR, it is time to move on to the next phase of institutionalizing stability operations within DoD.

At my request, Craig Fields led a Defense Science Board study team last summer to examine organizational changes needed for DoD to manage the implementation of DoD policies for stability operations and improve the Department's ability to conduct and support stability operations. Craig's report (attached) makes a number of recommendations for specific measures that were not detailed in the Directive, and I request that you implement them as indicated below.

- **Stability Operations Advocates**. Establish high-level and properly resourced advocates for stability operations both within OSD and on the Joint Staff. Lead: USD(P) and CJCS, respectively.
- **Readiness Measurement and Exercises**. Develop Mission Essential Tasks (METs) associated with stability operations. Establish readiness assessments in both the extant joint readiness measurement system and the emerging capabilities-based Department of Defense Readiness Reporting System (DRRS). Develop criteria for realistic exercises to assess stability operations capabilities. Lead: CJCS with assistance from USD(P&R) and the Commanders of the Combatant Commands as appropriate
- **Management of Private Sector Assets**. Design a new institution to exploit effectively our "Fifth Force Provider," the private sector. Lead: USD(AT&L) with assistance from Director, Administration and Management.
- **Strategic Communications**. Prepare and implement strategic communications within base plans including indigenous populations (see 2005 Contingency Planning Guidance). In the interest of time, ASD(PA) and Commander, USSOCOM should each prepare separate proposed plans.

OSD 24474-05

- **Civil Affairs Accession**. Redesign the process for the accession of Reservists for civil affairs for the Army and Marine Corps. Leads: Secretary of the Army and Secretary of the Navy, respectively, and in coordination with the USD(P&R).

I would like your views within 14 days and implementation plans (including schedule, metrics, and resources) for these recommendations within 90 days. Coordinate your responses with the USD(P) and CJCS, who will jointly facilitate their presentation and further discussion.

Gordon England
1-22-06

Attachment:
As stated

Appendix B: Essential Infrastructure Tasks in Stability Operations

Category	Task	Initial Response	Transformation	Fostering Sustainability
Security	Disarmament			Secure, store, and dispose of weapons
	Demobilization	Establish demobilization camps		Decommission camps
	Border and Boundary Control	Establish border security, including customs regimes to prevent arms smuggling, interdict contraband (i.e., drugs and natural resources), prevent trafficking of persons, regulate immigration and emigration, and establish control over major points of operations		
	Freedom of Movement	Dismantle roadblocks and establish checkpoints		
	Protection of Private Institutions and Key Leaders	Protect and secure places of religious worship and cultural sites Protect private property and factories		
	Protection of Critical Facilities	Protect and secure critical infrastructure, natural resources, civil registries, property ownership documents Secure records, storage, equipment and funds related to criminal justice and security institutions		
	Protection of Military Facilities	Identify, secure and protect stockpiles of conventional, nuclear, biological, radiological and chemical materials Secure military depots, equipment, ammunition dumps and means of communication		
	Protection of Public Institutions	Protect and secure strategically important institutions (e.g., government buildings, museums, religious sites, courthouses, communications, etc.)		
	Protection of Official Civilian Stabilization and Reconstruction Personnel and Facilities	Protect government-sponsored civilian stabilization and reconstruction personnel		

Category	Task	Initial Response	Transformation	Fostering Sustainability
Governance and Participation	International Transitional Administration	Deliver administrative support systems		
	Executive Resources and Facilities	Establish basic facilities to enable National Transitional Infrastructure Administration to function	Improve physical infrastructure of executive branch (i.e., buildings, libraries, information systems, and office equipment)	Establish line-items in budget to sustain physical infrastructure of executive branch
	Legislative Resources and Facilities		Improve physical infrastructure (i.e., buildings, libraries, information systems, office equipment)	Maintain physical infrastructure and information systems
	Local Governance Mandate	Restore essential local public services		
	Local Services, Resources, and Facilities	Identify, rehabilitate, secure, and maintain basic facilities to enable delivery of essential local services	Do strategic planning and develop capital improvement budgets for local infrastructure Seek consensus on local role in national level infrastructure planning that affects localities	
	Elections Planning and Execution			Provide logistical support for elections (ballot boxes, voting stations, etc.) if required

Category	Task	Initial Response	Transformation	Fostering Sustainability
Humanitarian Assistance and Social Well-Being	Prevention of Population Displacements	Assess the adequacy of local physical transport, distribution and storage facilities Maintain freedom of movement and ensure borders are open to potential refugees	Continue to ensure reliable and adequate supply of assistance to population centers; maintain essential services (water, health, education)	
	Refugee Assistance	Assess the adequacy of local physical transport, distribution and storage facilities Provide humanitarian assistance including emergency food, water, sanitation, shelter, and medicine. Pay special attention to the needs of vulnerable groups, including women, children and the elderly Where no other options exist, establish camps that recognize physical, economic, social, and security considerations	Support construction of longer-term housing if appropriate	
	Internally Displaced Persons (IDPs) Assistance	Establish IDP camps if necessary and provide basic humanitarian assistance	Ensure access to basic services, including education and health care	
	Emergency Food Relief	Assess the adequacy of local physical transport, distribution and storage facilities Supply adequate storage facilities to prevent food contamination		

Category	Task	Initial Response	Transformation	Fostering Sustainability
Humanitarian Assistance and Social Well-Being	Food Market Response	Assess weather conditions, transportation networks, and storage facilities	Establish transportation and distribution networks	
	Non-Food Relief Distribution	Secure emergency non-food distribution channels Supply adequate storage facilities		
	Shelter Construction	Provide emergency shelter for immediate needs Develop housing development strategy to address refugees/IDPs as well as reintegration of ex-combatants Link Cash-for-Work activities to jump-start affected economies	Repair existing housing stock Establish standards for housing construction and development using Sphere Project guidelines as appropriate Clear devastated housing and assess damage Provide transitional shelter that links relief and development concerns	Construct affordable housing
	Potable Water Management	Ensure proper quantity of drinking water	Evaluate water sources to meet needs and protect against contamination Construct water treatment and distribution facilities	Build indigenous capacity to deliver clean drinking water, sanitation and manage wastewater
	Sanitation and Waste Water Management	Ensure proper sanitization, purification and distribution of drinking water Provide interim sanitation, wastewater and waste disposal services	Support indigenous waste and wastewater management capacity Develop geographic plan of action for waste and wastewater management Construct wastewater collection and treatment facilities	Expand regular waste management activities to rural areas

Category	Task	Initial Response	Transformation	Fostering Sustainability
Humanitarian Assistance and Social Well-Being	Medical Capacity	Stockpile and distribute emergency medical supplies and drugs Set up or re-open accessible clinics to deal with emergency health problems (e.g., disease, infection, wounds)	Ensure sufficient stockpile of medical equipment, supplies and drugs	
	Local Health	Evaluate need for new clinics Repair and rebuild clinics	Open clinics	Maintain and enlarge new or restored clinics
	Hospital Facilities	Evaluate need for new hospitals Repair and rebuild hospitals	Open hospitals	Expands hospitals to provide specialized care for greater numbers Maintain and enlarge new or restored hospitals
	Environmental Health	Identify most dangerous public health hazards and isolate from public when possible Safeguard/eliminate most dangerous health hazards		
	Education – Human Resources	Reopen schools as quickly as possible		
	Education – Schools	Evaluate need for new schools Build and repair schools		Maintain and enlarge new or restored schools
	Education – Universities	Evaluate need for new universities Build and repair universities		Maintain and enlarge new or restores universities

Category	Task	Initial Response	Transformation	Fostering Sustainability
Economic Stabilization and Infrastructure	Public Works Jobs	Design initiatives to provide immediate employment, soliciting projects ideas from local communities Create opportunities for young males, including food for work	Implement public works projects	Rationalize public works projects with long-term development program
	Treasury Operations		Improve training and IT for financial reporting and management of expenditure and revenue	
	Public Sector Investment	Prioritize public investment needs	Invest in critical projects neglected by the private sector (i.e., large-scale investment in education, health care, electricity, mining, oil, and public transportation)	Consider private-public investment partnerships
	Customs Reform and Enforcement			Build an integrated, nationwide customs administration capable of minimizing corruption, protecting the rights of importers and foreign exporters, collecting the expected revenue from lower – but consistently applied – customs duties, and encouraging (through greater efficiency) the routing of trade through legal rather than illicit channels
	General Economic Policy – Strategy/Assessment	Identify priority sectors for reconstruction and rehabilitation, focusing on the most urgent requirements		
	General Economic Policy – Public Sector Institutions	Identify operational capacity, including physical infrastructure and security		

Category	Task	Initial Response	Transformation	Fostering Sustainability
Economic Stabilization and Infrastructure	Banking Operations	Evaluate condition of banks and determine medium-term strategy for operations		
	Private Sector Development	Assess the depth of the private sector, including the weakness of the goods and service sector and its distribution channels Identify obstacles to private sector development (i.e., barriers to entry, high import taxes, import restrictions, lack of business credit, lack of power, telecommunications or transport, non-repatriation of profits)		
	Natural Resources and Environment	Assess and secure access to valuable natural resources Conduct natural environmental survey	Conduct geological survey Promote development of natural resources to attract potential investors	Promote integrated watershed management
	Public Utilities and Resources Regulation	Assess policy, governance and regulatory framework to rebuild utilities, power, mining, and other key infrastructure and facilities		
	Agricultural Land and Livestock	Secure existing post-harvest storage facilities to prevent spoilage and looting of harvested crops	Identify degraded areas Develop programs to address degradation through reforestation (example: reforestation/economic development through provision of income generating activities in Afghanistan)	Improve design and maintenance of rural farm-to-market roads Establish and implement protocols for rural road construction near rivers Establish simple methods for rural road improvement and maintenance by communities and municipalities

Category	Task	Initial Response	Transformation	Fostering Sustainability
Economic Stabilization and Infrastructure	Agricultural Inputs	Rebuild small scale irrigation systems and use technologies for collecting rainwater Identify critical points if emergency watershed protection is needed Determine agricultural needs within a watershed Determine if land is a flood risk	Improve irrigation engineering Provide income generating activities to rebuild watersheds and irrigation systems Promote bioengineering, such as the use of natural materials for stream bank stabilization Protect water sources through tree planting, fencing, and community agreement on restriction of activities near water sources of managed grazing on common land pastures	Improve drainage during road construction to reduce excessive runoff
	Agricultural Policy and Financing	Rehabilitate physical structures		
	Agricultural Distribution		Establish transportation and distribution networks, including farm-to-market roads	

Category	Task	Initial Response	Transformation	Fostering Sustainability
Justice and Reconciliation	Indigenous Police Personnel		Establish police academies	
	Essential Police Facilities	Inventory police stations, police mobility capabilities, police communications systems, data management systems and police headquarters	Rehabilitate or construct necessary facilities	
	Judicial Support Facilities	Inventory courts, law schools, legal libraries, and bar associations	Rehabilitate or construct necessary facilities	
	Corrections Facilities	Refurbish prison facilities at key sites Provide emergency lock-up facilities Coordinate jurisdiction and handover	Rebuild correctional institutions, including administrative and rehabilitative capacities	
	Establishment of War Crime Courts and Tribunals	Acquire secure facilities		

References

Avant, Deborah D., *The Market for Force*, Cambridge: Cambridge University Press, 2005.

Bensahel, Nora, "Mission Not Accomplished: What Went Wrong With Iraqi Reconstruction," *Journal of Strategic Studies*, Volume 29 Number 3, June 2006, pp. 453-473.

Defense Science Board, *Institutionalizing Stability Operations Within DOD*, September 2005.

Defense Science Board, *Transition to and from Hostilities*, December 2004.

Dobbins, James, et al., *America's Role in Nation-Building: From Germany to Iraq*, Santa Monica, CA: RAND, MR-1753-RC, 2003.

Franks, Tommy, *American Soldier*, New York: HarperCollins, 2004.

Fukuyama, Francis, ed., *Nation-Building: Beyond Afghanistan and Iraq*, Baltimore, MD: The Johns Hopkins University Press, 2006.

Gordon, Michael R. and Bernard E. Trainor, *Cobra II*, New York: Pantheon Books, 2006.

Jones, Seth, et al., *Establishing Law and Order After Conflict*, Santa Monica, CA: RAND, MG-374-RC, 2005.

Marten, Kimberly Zisk, *Enforcing the Peace: Learning from the Imperial Past*, New York: Columbia University Press, 2004.

Oliker, Olga, et al., *Aid During Conflict*, Santa Monica, CA: RAND, MG-212-OSD, 2004

Orr, Robert C., ed., *Winning the Peace: An American Strategy for Post-Conflict Reconstruction*, Washington, DC: Center for Strategic and International Studies, 2004.

Perito, Robert M., *Where is the Lone Ranger When We Need Him? America's Search for a Postconflict Stability Force*, Washington, DC: United States Institute of Peace Press, 2004.

Play to Win: The Final Report of the Bi-Partisan Commission on Post-Conflict Reconstruction, Washington, DC: Center for Strategic and International Studies, January 2003.

Rathmell, Andrew, "Planning Post-Conflict Reconstruction in Iraq: What Can We Learn?" *International Affairs*, Volume 81 Number 5, 2005.

Rathmell, Andrew et al., *Developing Iraq's Security Sector: The Coalition Provisional Authority's Experience*, Santa Monica, CA: RAND, MG-365-OSD, 2005.

Reel, Monte, "N.C. Firm Selected To Set Iraq's Needs; Nonprofit to Foster Local Government," *Washington Post*, April 18, 2003.

Special Inspector General for Iraq Reconstruction, *Iraq Reconstruction: Lessons in Human Capital Management*, Report No. 1, February 2006.

U.S. Army Materiel Command, *Logistics Civilian Augmentation Program (LOGCAP)*, AMC Pamphlet 700-30, August 2003.