

Lessons For Contingency Contracting . . .

HUMANITARIAN ORGANIZATIONS IN UZBEKISTAN

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One of 25 pallets of medical supplies donated by Heart to Heart International being offloaded at the Tashkent International Airport on Dec. 15, 2001.

Introduction

Our world has changed, and stability operations are being used more frequently and in an ever-increasing number of places. The success of these operations, however, is critically dependent on contingency contracting officers (CCOs). These individuals are usually the first ones to deploy to countries in crises, often in austere conditions.

Unfortunately, CCOs usually deploy on stability operations with little or no experience in dealing with the myriad of contracting considerations unique to the local environment. Private Volunteer Organizations (PVOs), in contrast to most CCOs, have often worked in the region for long periods. PVOs are nonprofit humanitarian assistance organizations involved in development and relief activities. Unlike other nongovernmental organizations (NGOs), PVOs have not applied for nor received consultative status with the U.N. Economic and Social Council. More than 26,000 NGOs and PVOs spend between \$9 and \$10 billion annually assisting 250 million people.

PVOs contract, perform market research, and coordinate with other regional and in-country participants. PVOs understand the socioeconomic and market forces affecting contracting and provide a useful model for contingency contracting. PVO methods of training, empowerment, and networking, if applied to contingency contracting, can improve performance, conserve funds, and mitigate risk.

One of the authors of this article, John L. Coombs, interviewed CCOs deployed to Uzbekistan (located in Central Asia) and members of several PVOs. The purpose was to analyze Heart to Heart International and Samaritan's Purse. Coombs accompanied Heart to Heart International on an airlift of \$2.3 million in medical supplies to Uzbekistan in December

2001. Heart to Heart International is a Kansas-based humanitarian organization that focuses on medical aid to developing nations, regions in crisis, or areas that have experienced natural disasters. Samaritan's Purse is a major relief organization that provides a wide range of humanitarian aid worldwide including disaster response and refugee assistance. The author observed Heart to Heart International's negotiations with the Department of State, Uzbek officials, businesses, and other PVOs.

PVOs appoint project managers who control all aspects of the humanitarian operation, including procurement, and can improve the responsiveness of contingency contracting because of the following:

- Project managers are grown; they have hands-on, forward-deployed training.
- Project managers are financially empowered; they have full control of the purse.
- Project managers network; they cultivate contacts with numerous PVOs.

PVO Project Manager Development and Training. PVOs "grow" their project managers, carefully preparing them to assume full control of an operation. Project managers begin as team members, then become assistants, and prove themselves during several humanitarian missions before assuming control. This preparation provides the project manager with a thorough understanding of the environment's capacities, capabilities, and business customs essential for success. Guidelines for conducting operations are loosely written, intentionally deferring authority and discretion to the project manager, allowing for maximum flexibility and responsiveness. When minutes count, hours are not squandered seeking approval from an office 12 time zones away.

In contrast, CCOs receive one 2-week course on contingency contracting—CON 234. They may know the procurement process, but if this is

their first deployment, they probably have little experience with foreign cultures and immature contracting environments. Contingency contracting training can be improved through three methods:

- Send select CCOs on temporary duty (TDY) (to a contingency operation area) for 2-6 weeks after completing CON 234;
- Send select CCOs to internships with PVOs operating in areas where the officer is likely to deploy; and
- Develop training simulations and scenarios for inclusion in CON 234.

Personnel and funding shortfalls are barriers to implementing internships or TDYs. Therefore, additional training should be limited to a select few CCOs to maximize returns. A specific qualification code can be assigned to officers completing the training. This qualification can be used to determine the best CCO to deploy.

Financial Empowerment. The project manager of a PVO has full control of funding and the authority to negotiate and quickly commit resources without requesting approval from higher authority. Extensive training and past experiences provide the project manager with the skill and judgment to successfully carry out these responsibilities.

This same delegation and control over funding, if granted to CCOs, will provide the flexibility to better support the task force during the initial, chaotic days of a deployment.

Executive Order (EO) 10789 gives the agency secretary the ability to delegate authority for purchases under \$50,000 to whomever necessary in the interest of national defense, greatly enhancing financial and contractual empowerment of the CCO. (EO 10789 authorizes agencies of the government to exercise certain contracting authority in connection with national Defense functions and prescribes regulations governing the exercise of such authority.) This additional

authority should be temporary—only until the operation stabilizes—and does not relieve the CCO of requirements to properly account for funds.

Despite the obvious benefits, the full power of EO 10789 is rarely applied. Leaders must shift from risk avoidance to risk management and mitigation. The benefits of empowerment outweigh the limited risk of granting CCOs control of purchases under \$50,000. Careful selection of CCOs demonstrating financial accountability, reliability, sound judgment, and thorough training will mitigate the risks of financial empowerment.

Networking. Before PVO personnel depart the United States, they network with other organizations, contacting PVOs already operating in the region and U.S. government agencies like the United States Agency for International Development and the U.S. Embassy.

Deploying CCOs should contact PVOs prior to deployment, collecting market information to incorporate into procurement planning and coordinating operations where warranted. CCOs can locate NGOs and PVOs operating in an area via ReliefWeb (<http://www.reliefweb.int/w/rwb.nsf>) or InterAction (<http://www.interaction.org>). Proper coordination and cooperation can assist the CCO in providing cost-effective and efficient support to forward contingency operations.

Similarities

Although military forces and PVOs may seem different at first glance, they do have similarities. Members of both groups value service, dedication, and self-sacrifice. Often they have the same objectives; the route to those objectives may differ, but the destination is the same.

PVOs and military forces also have funding similarities. The measure of fiscal success for PVOs, like the military, is to expend funds efficiently, effectively, and responsibly to accomplish the mission. Effective stewardship of funds is essential for

continued contributions and/or funding.

The environment for both groups is also typically austere, and goods and services are scarce. The security threat may be high. Essential tasks are similar for military forces and PVOs. Both organizations use available personnel, equipment, and supplies to accomplish tasks rather than produce products, and both are assigned to remote locations with minimal logistical support and rapidly stage to conduct operations.

Procurement under these conditions presents similar challenges for both PVOs and military forces. Because of these similarities, humanitarian organizations have developed procurement methods that the military can successfully incorporate. They are outlined below and contrast with CCOs.

Policy And Doctrine

Presidential Decision Directive (PDD) 56 directs government agencies to better coordinate the U.S. response to foreign crises. PDD 56 requires the military to work with civilian agencies and international organizations. Joint Publication 3-08, *Interagency Coordination During Joint Operations*, Volume 1, encourages cooperation with PVOs, noting they have information “essential to the success of the military operation,” including the needs of the population, culture and practices, historical perspective, local politics, security threat, and capabilities of the government.

The Joint Warfighting Center’s *Joint Task Force Commander’s Handbook for Peace Operations* also encourages coordination with PVOs. The handbook adds that PVOs are aware of railheads, storage facilities, and freight-handling firms that could prove invaluable to logistics planners.

The Army Federal Acquisition Regulation Supplement Manual Two, *Contingency Contracting*, notes that local culture and business practices have a considerable impact on contracting. It lists PVOs as organizations

that CCOs “may require interaction with,” but it does not elaborate on the nature or purpose of PVO interaction. It appears that although policy and joint doctrine have recognized that PVOs can provide valuable information, this concept has not been effectively incorporated into contracting guidelines.

A Need For Cooperation

CCOs arrive in immature contracting environments with minimal market information. PVOs can provide CCOs essential market data, including but not limited to wages paid for translation services, prices for consumable supplies and construction materials, availability of contractors, warehousing and transportation sources, contractor past performance, local business and banking locations, cultural norms, and influential government officials.

A 1996 study by the Center for Naval Analyses—titled *Logistics and Engineering Requirements for Humanitarian Operations*—found that contingency contracting procedures often lead to artificially inflated prices when the military and PVOs bid against each other. This prices PVOs out of the market, increases the cost of U.S. deployments, and inhibits relief efforts. According to the study, price inflation remains after the military leaves and continues to hinder NGO/PVO procurements. If CCOs had a means of interacting with PVOs prior to negotiating procurements, artificial price inflation could be reduced. Suppliers that encourage bidding wars could be identified and avoided.

Joint Doctrine

Joint Publication 3-57, *Joint Doctrine for Civil-Military Operations*, explains that civil-military operations “establish and maintain positive relations” between U.S. forces, multinational forces, the host government, PVOs, and influential civilian businesses.

The primary means to interact with PVOs during stability operations

is via a civil-military coordination cell. At the task force level, this is the Civil-Military Operations Center (CMOC). The CMOC is the conduit for coordination between the military force, the United Nations, the host nation government, and PVOs. The CMOC is located within the secure perimeter of the task force, away from sensitive areas, and close to an entry/exit point to easily admit visitors. The contracting cell should be located adjacent to the CMOC, giving CCOs ready access to PVOs. In addition to exchanging information with PVOs, CCOs could capitalize on their proximity to civil affairs officers—perhaps the only other segment of the military continually interacting with the local populace—to exchange information gathered on local businesses, the local culture, and socioeconomic conditions.

Conclusion

The world is ever changing. The CCO must be successful to ensure the needs of the operational commanders are met. Training similar to what PVOs receive, financial and decision-making empowerment, and capitalizing on the PVO’s experience base will dramatically improve the efficiency and effectiveness of the contingency contracting officer.

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