

# Iraq Reconstruction Relief Fund (IRRF) Non Construction Update



Dave Nash

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## For discussion today....

- A brief history and the truth
- Our goals
- The Model
- Program Status
- Non construction progress
- The Future



# The Reconstruction Question:

## Question:

***How much will it cost to improve Iraq's infrastructure after 30 years of neglect, war, and sabotage in order to meet international standards?***



# Cost of Repairing Iraq Infrastructure

Answer:

**\$56.1 billion\***

*other estimates have exceeded \$80 billion*

**\*The United Nations and World Bank estimated in 2003 that the cost to repair the infrastructure of Iraq after 30 years of neglect under Saddam, sanctions since 1991, and looting during the war, would be **\$56.1 billion**.**

**Source: United Nations/World Bank Joint Iraq Needs Assessment, Oct 03**



US: \$18.44 out of the \$56.1 billion

The United States is contributing \$18.44 billion to this effort – the country's largest donation ever to a reconstruction effort

The remaining gap in funding required will come from donor nations and revenue generated by Iraq.



# Supplemental History

- July 03 - Capital Investment must come from outside Iraq
- Nov 03 – Supplemental passed
- Jan – Some initial money received and SEC/ELEC construction starts and n/c buy process begins with requirements identification
- Feb 03 – First major funds arrive
- April 03- PMO Const contracts awarded
- May/June 03 – Major construction contractors mobilize



## Progress - October 9, 2003

- \$1.2 billion construction complete
- 83,000 Iraqis at work every day
- 373 construction sites in Iraq
- 2300 construction projects tasked
- \$10.65 billion committed
- \$7.7 billion obligated

**A lot of activity in eight months for a program that is “slow in starting”.**



# IRRF Basics

- The IRRF was approved for 10 specific categories or sectors, which were further divided into sub-sectors
- Specific projects within a sub-sector can be changed -- the change is to be provided in a required quarterly report to Congress known as the 2207 Report
- Reprogramming across the 10 sectors requires a 15-day congressional notification and is subject to limitations
- October, 2004: State Department has submitted request to Congress to move \$3.8 billion from electricity and water to security and democracy building





# The Model - Leverage

- Private Sector – Owner's cadre
- World class Program Management
- Cost / Design- Build contracts
  - Fast track
- Web based management
- Transparency
- Full and open competition



# Unique Challenges

- Single IT management system
- Integrated security
- Logistics management countrywide
- Communications inside and out of Iraq



# Three Goals

## 1) **To improve the infrastructure in Iraq**

Over 1,000 construction site starts by the January elections

## 2) **To boost Iraqi employment**

85,000 Iraqis working on our projects today; double by elections

## 3) **To build capacity**

Construction industry, engineering, and training so that we may maintain the new and renovated infrastructure and so that we may be self-sustaining



## In your own words...

From the TACOM Website...

*“We ensure that the best products and services reach our soldiers when they need it, while ensuring fair opportunity for industry, and obtaining the best value for our Army”*



# PCO Absolutes

- Full and open competition
- Transparent transactions at every level
- Full accountability and reporting
- Four separate auditing agencies involved to assure compliance with the law



# Fund-ology

Authorization:	<i>Congress' "Mother may I"</i>
Appropriation:	<i>Funds from Congress</i>
Allocation:	<i>Funds to Army, State, etc</i>
Apportionment:	<i>Funds from OMB for specific purpose</i>
Commitment:	<i>A legal reservation of funds/a promise to pay someone</i>
Obligation:	<i>We've signed the contract</i>
Expense:	<i>We've signed the check</i>
Disbursement:	<i>The check is out the door</i>



# The Approach

- Private sector model
- FAR Rules
- Non construction done with efficient procurement approach
- Construction
  - Cost plus award fee contracts for Design/build for construction
  - Definitization is difficult, but must be done
  - Goal is convert to fixed price at 30% point
  - Award fee structure multi-faceted
- Constant and multiple oversight



# The Other Players

- Iraqi ministries and Director's General
- Iraqi Reconstruction Management Office (IRMO)
- US Army COE
- US Agency for International Development (USAID)
- MSC's organic engineer capability
  - DFID and other bilateral development agencies
- Non-governmental agencies (NGOs)





# Projects by Sector

Sector	Sub Themes
Electricity	The Engine That Drives The Economy
Public Works and Water	Suffering From Decades Of Neglect
Security and Justice	Stop The Insurgents
Oil	The Source Of Revenue
Buildings, Health and Education	-Health: Reduce Infant And Child Mortality -Education: Upgrade 1200 Schools
Transportation / Communications	-Facilitate Flow Of Commerce -Unleash The Power Of Information



## It's not all construction

- 1/3 for goods, services and capacity building
  - \$1.8 billion for capacity building
  - \$4 billion for goods, training and services
- 2/3 for construction in several sectors



# IRRF Non-Construction Team Mission

- Serve as sector project managers in support of Iraq reconstruction
- **Determine and define requirements and designs**
- Plan and manage sector funding plans
- Manage all requirements through the contracting process
- **Support logistical efforts with PCO Logistics**
- Coordinate field operations (independent, coalition, joint) with:
  - Ministries
  - Other Iraqi governmental organizations
  - MNFI/MNCI units (by operating as a mobile combat multiplier)
  - US government and coalition groups



# Equipment Contracts

## Awarded

- Health \$102M
- Water \$ 37M
- Trans \$609M
- Comm \$ 4M
- Justice \$109M
- Electric \$ 20M
- Oil \$119M
- Ed \$ 3M
- Security \$633M
  
- Total \$1,636M

## Pending

- Health \$ 79M
- Water \$ 71M
- Trans \$214M
- Comm \$ 37M
- Justice \$109M
- Electric \$ 28M
- Oil \$206M
- Ed \$ 4M
- Security \$ 43M
  
- Total \$791M



# Service Contracts

## Awarded

- Health N/A
- Water \$ 39M
- Trans \$ .15M
- Comm \$ .76M
- Justice \$ 11M
- Electric \$ 42M
- Oil \$ .45M
- Ed N/A
- Security \$292M
  
- Total \$385M

## Pending

- Health \$ 19M
- Water \$ .75M
- Trans \$ 3.3M
- Comm \$ 2.5M
- Justice \$ 4.5M
- Electric N/A
- Oil \$ 23M
- Ed N/A
- Security N/A
  
- Total \$53M



# Spend Plans

## By Sector



# Security and Law Enforcement

- 3RD QTR Remaining Funds: \$164M
- 4TH QTR Apportionment: \$146M
- FY04 Spending Plan:
  - \$94M Iraqi Armed Forces Operations
  - \$52M Iraqi National Guard Operations (ICDC)



# Security and Justice Deliverables

## ***BORDER ENFORCEMENT***



## ***POLICE & FIRE STATIONS***



## ***POLICE ACADEMIES***



## ***FIRE ACADEMIES***





# Justice, Public Safety Infrastructure

- 3RD QTR Remaining Funds: \$0.5M
- 4TH QTR Apportionment: \$6.03M
- FY04 Spending Plan:
  - \$4.5M: FPS Training Academy
  - \$1.53: Other Investigative Techniques



# Electricity

- 3RD QTR Remaining Funds: \$9.0M
- 4TH QTR Apportionment: NA
- FY04 Spending Plan:
  - \$2.8M: Generation: Generation plant spare / repair parts
  - \$5.2M: Transmission: Operations / Logistics software; Spare/ repair parts
  - \$1M: Security: EPSS Equipment



# Oil

- 3RD QTR Remaining Funds: \$11.6M
- 4TH QTR Apportionment: NA
- FY04 Spending Plan:
  - 11.5M: Oil Security Force Equipment



# Water Resources & Sanitation

- 3RD QTR Remaining Funds: \$3.5M
- 4TH QTR Apportionment: \$49.3M
- FY04 Spending Plan:
  - \$4.M: MMPW 6 Month Chemical Supply for Water Treatment Plants
  - \$35.8M: Phase II of Network Rehabilitation and Capacity Development at 14 Governorates
  - \$2M: Basra Lift Station Establishment
  - \$1M: Continue Emergency Water Repair Program
  - \$1.5M: Continue Emergency Sewer Repair Program
  - \$4M: Baghdad Solid Waste Transfer Station Development Program
  - \$4.5M: MMPW Capacity Development Training



## Health Care

- 3RD QTR Remaining Funds: \$ 0.6M
- 4TH QTR Apportionment: \$46.8M
- FY04 Spending Plan:
  - \$2.6M: Purchase Remainder of Mobile Blood Program Vehicles (8 Total)
  - \$35M: Support Hospital Refurbishment Equipment Purchases
  - \$5M: Nurse Competency Assessment and Training Program Component of Iraq Healthcare Training Program
  - \$4.8M: Primary Healthcare Centers Initial Furniture Issue



# Transportation & Telecommunications

- 3RD QTR Remaining Funds: \$18.8M
- 4TH QTR Apportionment: \$39.8M
- FY04 Spending Plan:
  - \$12M: Airport Security & Support Equipment
  - \$2M: Additional Port Dredging
  - \$4M: Procure additional RR Passenger Coaches on IDIQ contract
  - \$500K Postal Equipment on IDIQ Contract
  - \$26M: Telecommunications Transport Backbone
  - \$3M: ITPC Training Strategy
  - \$4K: Accounting Software for ITPC
  - \$9.8M: Data Network and Admin/Regulatory Support System for NCMC



# Private Sector Development

3RD QTR Remaining Funds: 0

- 4<sup>th</sup> QTR Apportionment: \$15.4
- Capacity Plan:
  - \$7.0M for grants to Iraqi private sector banks for small business loans (\$25,000-\$500,000).
  - \$5.5M to develop and operate Iraqi Business Centers
  - \$1M to purchase computer hardware for the Iraqi Stock Exchange depository.
  - \$.775M continuation of economic data gathering contract
  - \$.525M feasibility study to establish secure trade zones where manufacturing and distribution companies can locate to take advantage of security, proximity to transportation, and modern infrastructure
  - \$.5M to train Iraqi Stock Exchange staff in compliance, surveillance, inspection and enforcement skill and techniques



## Education

- 3RD QTR Remaining Funds: \$3.6M
- 4TH QTR Apportionment: \$ 0
- FY04 Spending Plan:
  - \$3.6M: Computer laboratories for Iraqi universities





# The Future of IRRF

	<u>Pre</u>	<u>Post</u>
Constr.	\$12.3 billion (67%)	\$10.7 billion (58%)
Non Const.	\$ 6.1 billion (33%)	\$ 7.7 billion (42%)
Total	\$18.4 billion	\$18.4 billion



# Participation

- Websites
  - PCO ([www.rebuilding-iraq.net](http://www.rebuilding-iraq.net))
  - FEDBIZOPS
- Full and open competition
- Full transparency



# Iraq – Opportunity or Morass

- Abundant Resources
- Highly educated population
- Growing economy
- Democracy
- Business friendly
- Historic challenges
- Geographic advantage

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- Bottom line – A bright future



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# Questions ?



# 2004 TACOM APBI



**Government and Industry Unite  
to Support Our Forces**