

Testimony before the
House Government Reform Committee
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Introduction

Thank you and good afternoon, Mr. Chairman and members of the committee. I appreciate this opportunity to offer a field perspective on the reconstruction of Iraq based on my 8 months of experience in Iraq. It is an honor to appear before you and members of the committee today. The Program Management Office is a living example of how the total can be greater than the sum of its parts. I am proud to represent this team of dedicated professionals here today.

Background

Speaking in the broadest of terms, the Program Management Office is responsible for managing and executing the U.S.-funded reconstruction of Iraq's infrastructure and essential services.

As the Office's Director, I report to Coalition Provision Authority Administrator, L. Paul Bremer III. I also report to the Acting Secretary of the Army for acquisition and program management support.

Our goals are to:

- Properly execute the supplemental work
- Build the capacity for Iraq to do large program management for their own future

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- Build the capacity of Iraqi construction and construction support industry; and,
- Win the peace in Iraq

Most of you have seen the statistics about the electricity, water, telephone and other infrastructure elements in Iraq. Having lived in Iraq for 8 months, I can attest to the severity of the challenges.

As you know Saddam Hussein's government paid little or no attention to maintaining the country's infrastructure. Before the war, the electrical grid left more than one-third of Iraq's citizenry without power. Forty percent of the citizens lacked access to safe reliable water supplies - with only 6% of the population linked to a sewage treatment system. And telephones were limited to only a handful of homes.

In summary, facilities and services across the country ran until they were broke and then left in place to decay and scar the landscape and countryside.

Making all of this work - rebuilding the Iraqi infrastructure – is a key part to the overall strategy to assist Iraq in becoming a free, democratic country.

How are we going to do it?

Our Approach: Improved Security Through Infrastructure

Congress did its part by providing \$18.4 billion to help rebuild Iraq - \$12.6 billion will be focused on construction and \$5.8 billion for non-construction. We are contributing to the restoration of a secure and sovereign Iraq through our Reconstruction efforts. Our emphasis is on creating security through stability that will ultimately accelerate the pace at which Iraqi sovereignty will lead to all of our troops returning home permanently. Lieutenant General Sanchez and I

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agree wholeheartedly on this principle and we are committed to working together. Moreover we are firmly committed to the concept that time is of the essence and that we must begin working as fast as possible to rebuild Iraq's infrastructure.

To ensure accountability for the funds allocated under the FY04 Supplemental Appropriations Bill for the reconstruction of Iraq a coordinating body was necessary. The Coalition Provisional Authority and Ambassador Bremer created the Program Management Office - designed to direct, coordinate and oversee the contracting organizations for this endeavor. These US government organizations and agencies, such as USAID and the Army Corps of Engineers, serve as "executive agents" contracting on our behalf.

We established an approach to the reconstruction efforts that follows four basic tenets:

- First, financial and contract authority will follow a clear chain of responsibility;
- Second, program management will follow an innovative and highly leveraged approach that relies heavily on private sector participation;
- Third, contracting the work will follow a strategy of full and open competition and comply with the Federal Acquisition Regulations and the Supplemental Bill; and,
- Finally, we will have maximum transparency in everything we do.

We will use a multi-layered concept of operations that has been successfully implemented with large-scale construction efforts in the United States. The approach leverages the private sector for construction and program management support, while maintaining a small layer of government oversight protecting the American taxpayer. This concept of operations is inherently agile and allows us to evaluate and adjust at each stage based on performance. The result is the greatest value at the least cost.

The assistance you have provided in response to the President's emergency supplemental request is vast and speaks well for the generosity of the American people, it will lay a solid foundation for the future.

While not a directly assigned responsibility, we obviously must also coordinate our efforts with the international donor community and the Government of Iraq -- not only the current government, which functions under the sovereignty exercised by CPA, but the sovereign government which will take office on June 30. I mention the international donor community because they are an important part of this transition to sovereignty. As an example, The Madrid Donors Conference in October 2003 resulted at least \$13 billion in pledges from other countries and international financial institutions to assist in the reconstruction effort. And recently we participated at the Abu Dhabi conference on international donor coordination to identify projects that can be accomplished by other donor nations.

Protecting Taxpayer Funds Through Transparency

As we move forward, we are organized for success and have the people, technology and processes to do the job. We are at work today on the following:

- The supplemental funds for reconstruction are being committed in accordance with the 5 January 2207 report to Congress.
- Each contract contains explicit incentives for hiring Iraqi citizens. The provision for hiring Iraqi citizens accomplishes two important objectives:

- (1) First, to generate employment, which helps the economy and has its own stabilizing effect; and
- (2) Second, to train the workforce so that we leave behind more than just \$18.4 billion in bricks and mortar – we leave behind the human capital necessary for sustaining a modern society.

These are important outcomes that contribute to our goals for the Iraqi people to continue to build their future. Right now 4,000 Iraqis are at work on our construction projects. In addition, thousands more will be created as the reconstruction continues; and,

- Emphasizing transparency of operations by using off-the-shelf management information systems for real-time reporting visible on the Program Management Office web site – www.rebuilding-iraq.net.

I said earlier that our actions were open, competitive and transparent. To assure that they remain so, the following auditors, including others, will oversee and review our work.

- The Defense Contracting Audit Agency;
- The Coalition Provisional Authority Inspector General; and,
- The General Accounting Office.

These continuing audits are a normal part of the acquisition cycle and not only serve the classic functions of preventing waste, fraud and abuse, but will also serve as a running tutorial for Iraqi government and business on the programmatic and economic benefits of competitive procurement.

The Path Forward: Measuring Success

I am confident that we have made a solid start to the tasks ahead and that we have clear and understandable procedures in place. Nevertheless we realize that we will have to make adjustments and improvements. No effort of this size and scope has ever been flawless. We will work hard to continually evaluate ourselves and ask the auditors to help us do so. Auditors and inspectors are a normal component of the acquisition cycle. They are a necessary element in helping us measure success and identify a lessons learned program - we

welcome this involvement. It is essential to maintaining a fair and open contracting process.

We are also creating a new regulatory environment. As an integral part of our efforts, we have worked with two Iraqi ministries to create national construction and environmental standards that will create design and construction procedures, consistency of practices, and ensure quality requirements for the building and construction sectors.

Additionally, we have procured a national site license for construction management software. That software becomes part of the economic infrastructure we will leave behind. The construction management software and the experience Iraqis will gain from working on the construction projects will allow Iraq to develop the inherent capacity to manage large programs in the future. Long after we leave, the Iraqi government will have an embedded capacity to oversee and operate large construction as well as inventory projects and contractor performance.

As essential services become increasingly available, the Iraqi economy will generate jobs unrelated to construction. Increased employment, in turn, lessens public dissatisfaction and contributes to security and political progress.

Mr. Chairman, on June 30 a sovereign Iraqi government assumes power. However, the mission to rebuild the infrastructure of Iraq will continue. Rebuilding power plants, water treatment facilities, telecommunications facilities, schools, security facilities, and public buildings will take time. I am confident Iraq's new government will be a proactive and productive partner. In my eight months in Iraq I have met with hundreds of Iraqis ranging from government and religious leaders to the average citizen. Their message has been consistent. They want nothing more than we enjoy here: reliable

electricity, clean water, functioning sewage systems, educational infrastructure and better health care as soon as possible.

Beyond that, they expect that the United States will make good on its promises. And we shall.

Thank you, Mr. Chairman.