

RECORD VERSION

STATEMENT BY

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BEFORE THE

**COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS
UNITED STATES SENATE**

ON THE RECONSTRUCTION EFFORTS IN IRAQ

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Mr. Chairman and distinguished members of the Committee. It is my privilege to represent the U.S. Army Corps of Engineers (USACE) leadership and the military and civilian members of the USACE reconstruction team. Thank you for this opportunity to report to you on the Corps of Engineers' role in the reconstruction of Iraq. It is an honor to address you today.

Support to this country's Global War on Terror continues to be the United States Army Corps of Engineers' number one priority. The \$18 billion Iraq reconstruction mission has been one of the most extensive and challenging construction programs of our time. To date, the Corps of Engineers has had approximately 4,000 personnel deployments in support of the Global War on Terror with many people volunteering for more than one deployment. These deployments range from 120 days to a year or more. Consisting of both military personnel and civilian volunteers, these men and women work in Iraq, Afghanistan and Kuwait in support of the reconstruction effort.

When the USACE Gulf Region Division (GRD) stood up in January 2004, GRD teamed with the Program Management Office (PMO), which later became the Project and Contracting Office (PCO). The USACE Gulf Region Division initially served as the construction manager for the reconstruction program. In August 2005 GRD and PCO began to merge their organizations and responsibilities in Iraq into one Department of Defense based organization responsible for delivering program, project, and construction management support for Iraq

reconstruction as well as U.S. military construction. On October 1st 2006, GRD formally assumed PCO responsibilities.

In November 2003 Congress passed legislation that created the Iraq Relief and Reconstruction Fund (IRRF). Since that time, PCO and GRD have managed approximately \$13.5 billion of the \$18.4 billion appropriated for the reconstruction of Iraq. Of the \$13.5 billion, approximately \$9.1 billion has been allocated to construction projects and \$4.4 billion for non-construction materials, services, and equipment in support of the reconstruction mission. GRD's largest sector of reconstruction is electricity where we are delivering some \$3.4 billion in generation, transmission, and distribution projects. In the water sector, we are managing the construction of \$1.7 billion of projects, including water treatment plants, sewage treatment, and irrigation. In the oil sector, we are managing a \$1.7 billion program, which addresses needs ranging from the oil field to the export terminal. The remaining \$6.7 billion has been allocated to a wide range of construction and non-construction projects in education, health care, transportation, security, and justice.

Together over the past three years PCO and GRD have completed over 2,880 IRRF funded reconstruction projects out of a total planned program of over 3,450 projects. The remaining IRRF funded projects are currently under construction.

To date, completed projects include thirteen refurbished hospitals that can serve over 5,500 patients a day, new and restored water treatment facilities benefiting 2.3 million Iraqis, over 250 border forts helping to secure more than 2,000 miles of Iraq's borders, and over 800 new or renovated schools serving 325,000 students. In addition, the reconstruction program has increased electric power generation benefiting 1.3 million homes and increased crude oil production capacity by 300,000 barrels per day over pre-war levels.

Since their inception, GRD and PCO have adapted to an ever changing and challenging reconstruction environment. At the beginning of the program, most of the work was being managed through large design-build and cost plus contracts. This strategy was appropriate initially since it was not possible to competitively advertise for local contractors or otherwise contract with Iraqi design and construction firms. As the reconstruction mission progressed, PCO and GRD were able to contract more and more of the reconstruction work to Iraqi firms. Currently over 75 percent of the Corps of Engineers' contracts are awarded to Iraqi contractors who not only employ thousands of Iraqis but also gain the expertise, capability, and experience needed to continue the reconstruction of Iraqi infrastructure once the IRRF program is complete.

While there has been a lot of attention for a few projects experiencing problems, it is important to understand that these projects are not indicative of the more than 10,500 reconstruction projects (includes State, DOD, and USAID)

successfully completed in Iraq. In fact, the Special Inspector General for Iraq Reconstruction (SIGIR) has noted that around 80 percent of all the projects assessed by his staff have met contract specifications. Since the SIGIR audited projects that appeared to be having problems, it is conservative to say that over 80 percent of the Iraq reconstruction projects are successful. For the minority of projects that are not successful, deficiencies are identified and corrective actions are taken to insure that ultimately a quality project is delivered.

The Department of Defense has obligated virtually all of the IRRF funds appropriated by the Congress as of 30 September 2006. The construction of these projects is underway and will continue into 2008. GRD is also executing reconstruction projects provided for in the FY06 Emergency Supplemental Appropriations. These projects focus on the protection of critical infrastructure, capacity development, and support the Baghdad Security Plan and Provincial Reconstruction Teams.

Capacity Development has always been a high priority for the Corps of Engineers, but becomes even more critical as the completion of the major reconstruction program draws down. The Corps of Engineers has initiated a number of major programs to train Iraqis and enable them to effectively manage, operate, and maintain completed facilities, systems, and equipment on a long-term basis. More than 150,000 Iraqi government employees working at the

national, regional, and local levels have received training to support the sustainable operations of their infrastructure.

PCO and the Corps of Engineers work hard to integrate the local Iraqi workforce into the reconstruction effort. Over 1,000 Iraqis are directly employed by GRD and its contractors. These Iraqis receive both classroom and on-the-job training in areas such as project and construction management, administration and business systems, procurement and contracting, and information technology. Our Iraqi employees are able to work extensively in the field, reducing costs and our security footprint while providing acceptable construction results. These efforts allow us to impart our skills and knowledge to local Iraqis so that they can assume more responsibility in these reconstruction projects.

The Iraqi women's program has also been an integral part of the reconstruction effort since September 2004. Through this program, specialized training in the areas of leadership, management, and strategic planning has been provided to over 1,700 Iraqi women. Additionally, over 200 Iraqi women-owned businesses were provided training on the U.S. bidding process, leading to the award of more than 100 contracts to Iraqi women-owned businesses.

The Iraq Reconstruction program is yielding positive, tangible results every day and has significantly improved the lives of the Iraqi people. Certainly, the work in Iraq is challenging and difficult, but reconstruction efforts are a vital component to

Iraq's progress toward stability and peace. With your continued support I am confident we will succeed.