

RECORD VERSION

**STATEMENT BY
MS. TINA BALLARD
DEPUTY ASSISTANT SECRETARY OF THE ARMY
(POLICY AND PROCUREMENT)**

BEFORE THE

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ON CONTRACTING IN IRAQ

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INTRODUCTION

Mr. Chairman and distinguished members of the Committee, thank you for this opportunity to report to you on the United States Army's role in Contracting in Iraq. It is my privilege to represent the Army leadership and the military and civilian members of the Army's contracting workforce who are at the forefront in the reconstruction and restoration of Iraq's infrastructure. We are very proud of these dedicated men and women because of their extraordinary efforts to help create a stable and successful Iraq, especially in light of the dangers they face every day.

This is a time of tremendous change, and we are most grateful for the Committee's wisdom, guidance, and strong support. Over the last year, our Army has met the demands of the Global War on Terrorism, with more than 330,000 troops deployed around the world in more than 120 countries. They are doing what our country needs them to do in Bosnia and Kosovo, in the Sinai, in Korea, in Afghanistan, and in Iraq. The United States Army – well-trained, well-led, and well-equipped – is an important part of our globally engaged Joint force. Our Army was instrumental in the defeat of Saddam Hussein and the subsequent liberation of more than 46 million people from oppression and despair. Our Army remains a central and critical participant in Operation Iraqi Freedom.

THE ARMY AS EXECUTIVE AGENT

On May 21, 2003, the Deputy Secretary of Defense designated the Secretary of the Army as the Executive Agent for the Office of Reconstruction and Humanitarian Assistance, later to become the Coalition Provisional Authority

(CPA) in Iraq. On January 14, 2004, the Deputy Secretary of Defense further assigned responsibility for Acquisition and Program Management Support for CPA to the Secretary of the Army. The Army is the lead Service, helping the Iraqi people build a stable and democratic country.

Our job is enormous, but we continue to make progress in an extremely difficult situation. I would like to reiterate the widespread neglect of basic services that Deputy Secretary of Defense Paul Wolfowitz reported to the Senate Foreign Relations Committee on May 22, 2003. He said, “Before the war:

- Large numbers of Iraq’s children under five years old suffered from malnutrition;
- Only 60% of the Iraqi people had access to safe drinking water;
- 10 of Basrah’s 21 potable water treatment facilities were not functional;
- 70% of Iraq’s sewage treatment plants needed repair. According to UNICEF reports, some 500,000 metric tons of raw or partially treated sewage was dumped into the Tigris or Euphrates rivers, which are Iraq’s main source of water;
- 80% of Iraq’s 25,000 schools were in poor condition; in some cases as many as 180 students occupied one classroom – with an average of one book per six students – while at the same time every one of the first 100 or so schools we inspected in Southern Iraq had been used as military command posts and arms storage sites;
- Iraq’s electrical power system operated at half its capacity;
- Iraq’s agriculture production had dropped significantly;
- Iraq’s oil infrastructure was neglected.”

It will take time to reverse these desperate conditions, but we are making steady progress.

The Army, as Executive Agent, is providing contracting and program management support both in Iraq and in the United States. We are charged with procuring all non-construction items and services to meet the humanitarian needs – the basic needs – of the Iraqi people as well as the economic reconstruction and repair of Iraq’s infrastructure. To date in total, more than 1,500 contracts valued at more than \$9.7 billion have been awarded. Of that total, more than 1,300 contracts totaling \$1.3 billion have been awarded by our contracting office in Iraq. These contracts were awarded for the repair and renovation of schools, banks, railway stations, clinics, mosques, a human rights building, a teacher training institute, a woman’s rights building, and water treatment plants. These contracts were awarded to provide police and fire fighters with uniforms and equipment; hospitals with badly needed supplies; electrical power system equipment; rescue equipment, and buses. In addition, our contract awards are helping to build playgrounds, youth centers, emergency housing, and roads, sewer and irrigation systems.

Again, of the overall total of more than \$9.7 billion, contracts awarded within the United States total \$2.5 billion for more than 200 contractors that are restoring Iraqi Oil, shutting down and repairing oil wells, fire fighting, explosive ordnance demolition; restoring Iraqi electricity; radio installation throughout Iraq; laptops; and emergency medical personnel in each of Iraq’s 18 governorates.

PROGRAM MANAGEMENT OFFICE

Led by Admiral (Retired) David Nash, the Program Management Office (PMO) for rebuilding Iraq is located in Baghdad with a support office located in the Pentagon. As the requirement focal point for all Iraqi reconstruction contracting, the PMO is responsible for oversight and implementation of the \$18.4 billion appropriated by the U.S. Congress to support the reconstruction of Iraq’s infrastructure. The construction sectors are oil, electricity, public works and water, security and justice, transportation and communications, buildings, education and health.

Overall, \$12.6 billion will be spent towards actual construction over the next few years, and \$5.8 billion will be spent on non-construction [some of the funds will go towards democracy, etc., which is not covered by supplies, etc. reference in your description.]. Computers are needed to monitor and control electrical and water systems; vehicles are needed to transport materials or to support system maintenance; uniforms and supplies are needed to support the police and civil defense corps; and supplies are needed to support schools.

On January 6, 2004, the Army released seven design/build construction solicitations. Proposals were received in February and are under evaluation for projected awards in March 2004. These seven solicitations will result in 10 contracts in support of electrical, public works and water, water resources, transportation, communications, security projects, and buildings. Contracts will be awarded using best value evaluation methodology based on technical, management, past performance, and cost factors.

A TOUGH JOB UNDER VERY DANGEROUS CONDITIONS

Our contracting personnel on the ground in Iraq are courageous, dedicated volunteers. Since June 2003, when our first person arrived, we have been operating in Iraq. We now have a total of 28 individuals. They are multi-Service and civilian: three Army; four Navy; one Marine; 11 Air Force; and nine civilians working in small, jam-packed work spaces.

They are doing a phenomenal job under very tough, dangerous conditions. Let me illustrate my point. Army Colonel Elias George Nimmer, a Medical Service Corps Officer and a member of the acquisition workforce assigned to the Office of the Assistant Secretary of the Army (Acquisition, Logistics and Technology) (OASA(ALT)) was deployed in late June 2003 as part of a team supporting CPA's work with Iraq's Ministry of Health. In the early morning of October 26, 2003, a barrage of rockets hit the al-Rashid Hotel where he was staying and a rocket impacted directly inside his room. Colonel Nimmer was hit with shrapnel in the spine and unable to move. Following three

surgeries, he is doing remarkably well and recently returned to duty within OASA(ALT).

PROPER PROCEDURES

Currently, the General Accounting Office (GAO), in response to a request from Congress, is reviewing Iraq essential services contracts to confirm that the Army has followed proper procedures. We are working closely with GAO auditors to ensure that they have all the information necessary to complete their work.

CONCLUSION

I have a deep and growing appreciation for the courage, competence, dedication, and efforts of our contracting personnel. Thanks to their hard work and extreme dedication, the United States Army leads the way in providing contracting support to CPA and the people of Iraq. The work has been – and will continue to be – performed in accordance with proper procedures, by military and civilian volunteers who are concerned and committed to accomplishing their work under the toughest, most austere conditions. We are proud of our role in helping to create and rebuild a stable and successful Iraq. Our accomplishments are helping the citizens of Iraq move toward governing themselves and sustaining, operating, and maintaining their own infrastructure which, in turn, will help our Soldiers, Sailors, Airmen and Marines to return home sooner.