

**INTER AGENCY AGREEMENT**

Between the

**UNITED STATES DEPARTMENT OF STATE**  
(Bureau of Near Eastern Affairs, Office of Iraq Assistance)

and the

**UNITED STATES ARMY**  
**Corps of Engineers**

for

**INFRASTRUCTURE SECURITY PROTECTION FOR OIL, WATER, AND  
ELECTRICITY**

## **I. PURPOSE**

This Interagency Acquisition Agreement (IAA) provides Fiscal Year 2006 Supplemental Economic Support Fund (ESF) funding from the Department of State (DOS), Bureau of Near East Affairs, Office of Iraq Assistance (NEA/I/ ASSIST) to the United States Army Corps of Engineers (USACE), hereafter called the "Servicing Agency". The purpose is to acquire the services of the Servicing Agency to provide technical support for the award of projects identified by the Iraq Reconstruction Management Office (IRMO). The funds obligated by means of this agreement shall be used to reimburse the Servicing Agency for costs incurred in carrying out the Statement of Work described in Section III.

## **II. BACKGROUND**

A. The insurgents are attacking Iraq's infrastructure as an integral part of their strategy. It is absolutely critical to reduce the number of successful interdictions of Iraq's oil, electricity and water infrastructure. The Iraq Reconstruction Management Office (IRMO) and Multi-National Forces-Iraq (MNF-I) have identified urgent needs to harden key infrastructure elements and improve security. These projects will require a range of goods and services from both international and local providers. Vendor-direct, firm-fixed contracts will be used for implementation of these initiatives to the greatest extent possible.

B. The Oil Sector program consists of approximately 26 projects that increase oil infrastructure security by constructing security barriers, observation facilities, maintaining standoff distances and exclusion zones, constructing redundant and /or improved valve installations, adding redundancy and resiliency by construction additional storage capacity, hardening selected structures, and implementing controlled access to critical facilities. Completion of these projects will lower the vulnerability of critical oil infrastructure; reduce damage to oil infrastructure by insurgents, increase electrical generation from gas-fueled plants, and increase international crude oil sales revenue.

C. The Water Sector program consists of approximately six projects that increase water infrastructure security by constructing security barriers, observation facilities, maintaining standoff distances and exclusion zones, hardening selected structures, and implementing controlled access to critical facilities. Completion of these projects will lower the vulnerability of critical water infrastructure; reduce damage to water infrastructure by insurgents, and enhance public perception of the Government of Iraq (GOI).

D. The Electric Sector program consists of approximately 35 projects that increase electricity infrastructure security by constructing security barriers, observation facilities, maintaining standoff distances and exclusion zones, increasing resiliency by purchasing select items of heavy equipment, hardening selected structures, training guards, and implementing controlled access to critical facilities. Completion of these projects will lower the vulnerability of critical electricity infrastructure; reduce damage to

electricity infrastructure by insurgents, increase electrical generation from gas-fueled plants, and enhance public perception of the GOI.

### **III. STATEMENT OF WORK**

The Servicing Agency shall provide the personnel and services to accomplish the activities outlined in this IAA. In particular, these activities shall include:

1. The Servicing Agency will implement and deliver Infrastructure Security improvements in support of Iraq's essential service sectors including electricity, water and oil. The program budget consists of \$277 million for Iraq's electricity, oil and water sectors.
2. The Servicing Agency will be responsible for all aspects of developing, awarding, managing, implementing, overseeing and delivering projects and technical training in coordination with the IRMO Senior Consultants for this Infrastructure Security program. IRMO is the requirement organization and will set program priorities, and approve all projects and activities.
3. IRMO Senior Consultants have worked with respective Iraqi ministries to develop a prioritized list of projects and training activities, which have been approved by the IRMO Director for Operations. Preliminary lists of these projects and training activities are attached. These specific projects and activities may be modified, changed or added to by the IRMO Director of Operations, to be provided to the Servicing Agency through the appropriate Senior Consultant. The Servicing Agency may begin with the development of project and training scopes of work and all other aspects of implementation and delivery using these lists and in consultation and coordination with the appropriate IRMO Senior Consultant. Final scopes of work must be approved by the appropriate IRMO Senior Consultant prior to award of any contracts by the Servicing Agency. IRMO retains the right to change, cancel, add or modify projects based on evolving security requirements or essential service needs.
4. The intent of this project implementation structure is to provide flexibility for project development, allow IRMO to respond to immediate and changing needs of the Iraqi Essential Service Ministries, and allow the Servicing Agency to effectively meet mission requirements.
5. Projects to be undertaken will include but not be limited to the following: security barrier construction, hardening of infrastructure sites, implementing controlled access to facilities, biometric vetting controls, observation facilities, and security guard training.
6. In carrying out the scope of work set forth in this section III, the Servicing Agency will ensure that it has the necessary program and project management expertise.

7. Where non-construction projects have been approved by IRMO, Joint Contracting Command Iraq (JCC-I) will be used as the contracting agency.
8. This program will consist of \$277,000,000 to be implemented in accordance with the following budget estimate.

Electricity Sector \$135,000,000  
Oil Sector \$135,000,000  
Water Sector \$7,000,000

9. The DOS shall pay all costs and fees associated with the Servicing Agency's provision of goods and services, as defined under this IAA. Subject to the terms and conditions below, the Servicing Agency agrees to make its best effort to perform the work within the amount in paragraph 8 of this Section.
10. The Servicing Agency reasonably estimates, at the time of signature of this IAA, that the cost of its overall actual fees for its activities related to furnishing these goods and services under this IAA will be \$27.3 million. These fees are estimated to cover pre-award and post-award activities as provided in ER 415-1-16, titled Construction Fiscal Management. In addition, with respect to such fees for service, parts or equipment (non-construction) contracts, IRMO and the Servicing Agency will address the costs for these fees in a budgeting estimate to be included in a Project Management Plan (PMP) to be negotiated by and agreed upon by both parties, as provided by ER 5-1-11 titled Management – U.S. Army Corps of Engineers Business Process, based upon the expectations and requirements of such contracts at the time of signature of the PMP, and to be further developed and clarified based on continued communication between the parties regarding the execution of the PMP. In case of conflict between the terms of the PMP and the terms of this IAA, the terms of this IAA shall control.
11. The overall fees of the Servicing Agency in furnishing these goods and services does not include life support and security costs for the Servicing Agency, which are paid for out of separate Department of Defense Operation and Maintenance appropriations.
12. If at any time USACE has reason to believe that the costs that will accrue in performing this IAA in the next succeeding 30 days, if added to all other payments and costs previously accrued, will exceed 75 percent of the amount obligated in section V in this IAA, USACE shall notify the DOS giving a revised estimate of the total price for performing the IAA with supporting reasons and documentation. Upon receipt of such notification and estimate, the DOS shall either provide the additional funds to the Servicing Agency, require that the scope of work be limited to that which can be paid for by the then-available funds, or direct termination of the work.

13. In the event that actual costs incurred by the Servicing Agency under this IAA exceed the amount obligated in section V, the Department of State agrees to pay such costs from legally and programmatically available funds. If the Department of State has no legally and programmatically available funds to pay such costs, the Department of State will use reasonable efforts to request from the relevant appropriations committees in Congress additional appropriations to pay for any such unpaid costs.

#### **IV. SPECIAL STATUTORY AUTHORITIES AND RESTRICTIONS**

##### **A. Authorities**

This IAA is undertaken pursuant to the authority and funding as provided in Title I, Chapter 3 of the Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Hurricane Recovery, 2006 (P.L. 109-234) (Supplemental), which provides funding to carry out the purposes of the Foreign Assistance Act of 1961, as amended (FAA), Section 632(b) of the FAA, 22 U.S.C. 2392, and 10 U.S.C. 3036(d)(2).

##### **B. Restrictions and Responsibilities**

The Servicing Agency shall control and administer the activities financed under the program in compliance with the following restrictions:

1. Restrictions in both the applicable Appropriations Act, including the Supplemental, and in the Foreign Assistance Act of 1961, as amended, are applicable to the funds provided under this IAA.
2. The Servicing Agency agrees to carry out its responsibilities in accordance with applicable U.S. laws and regulations, and U.S. foreign policy directives.
3. The Servicing Agency shall use the funds made available by this IAA for no purpose other than to carry out the Agreement under the terms and conditions herein. Funds will be used only for specific projects and purposes delineated in the agreement or as agreed by IRMO. No funds provided under this agreement will be used for activities that would normally be performed in the absence of this agreement.
4. Approval must be obtained from IRMO prior to any project award, modification, cancellation, or descoping of said projects. IRMO shall approve, modify, or deny the Servicing Agency's requests in a timely manner.
5. The Servicing Agency shall maintain accountability and controls in accordance with its agency rules and regulations, and shall be accountable to the Department of State for all funds made available to it in this Agreement. Funds shall not be expended on activities, services or materials that cannot be justified in terms of their contributions to meeting program objectives.

## **V. OBLIGATION OF FUNDS AND REIMBURSEMENT PROCEDURES**

Funding in the amount of \$277,000,000 is available for the purpose of carrying out the Statement of Work described in Section III above and in accordance with the budget agreed to by both parties and presented in Attachment A. Of this amount, \$222 million is herein obligated by this IAA for the initial phase of this program with the remaining amounts to be obligated as set forth below. The Servicing Agency will draw down these amounts via quarterly billings to the Department of State. This amount (\$277,000,000) is intended to cover all costs incurred by the Servicing Agency in discharging its obligations under the present agreement. These funds will be provided to the Servicing Agency in accordance with the following schedule:

Date of signature of agreement: \$222,000,000

Two months after date of signature: \$28,000,000

The remainder of funds (\$27,000,000) will be obligated consistent with a program management plan.

Payment of the quarterly bills shall be made by the Department of State to the Servicing Agency via an IPAC payment to the Servicing Agency's ALC number account cited below.

NEA fiscal data is:

Fund: 10371F  
 Allotment: 4490  
 Obligation: 4490725103  
 Organization Code: 141800  
 Function Code: 6130  
 Object Class: 2589

The Servicing Agency's funding and account information is outlined below:

ALC: 00008735  
 DOC Account: 21 7 2020  
 BPN Number: DODW915WE

## **VI. EFFECTIVE DATE AND TERM OF THE AGREEMENT**

A. This agreement becomes effective upon the date of signature of both Parties. This agreement permits expenditures of funds through contracts, sub-contracts, cost-reimbursable and cooperative agreements for purposes set forth in Section III (Statement of Work). This agreement will remain in effect until September 30, 2010 unless

previously terminated pursuant to Section VII. Subject to the availability of funds, this IAA may be extended at the discretion of both Parties.

B. The funds that are obligated upon the signing of this agreement remain obligated and may be expended until the specified performance (or stated period of performance) is completed (or terminated). If, however, these funds are not fully expended by June 30, 2010, they shall be returned to the Department of State.

## **VII. TERMINATION**

Either party may terminate this IAA before completion of the project by providing 30 days written notice to the other party. Upon termination or expiration of this IAA, any funds not expended or sub-obligated for allowable expenses shall be refunded to the Department of State. Such unexpended funds shall be returned to the Department of State within 30 days of receipt of the Final Financial Report by the Department of State. In the event of termination, the Department of State shall continue to be responsible for all costs incurred by the Servicing Agency in accordance with this IAA prior to the effective date of termination, and for the costs of closing out or transferring any on-going implementing agreements.

## **VIII. LIABILITY**

- A. If liability of any kind is imposed on the United States in connection with the Servicing Agency's provision of goods and services under this IAA, the Servicing Agency will accept accountability for its actions, but the Department of State will remain responsible for providing such funds as are necessary to discharge this liability, and all related costs. This obligation relates to all funds legally and programmatically available to discharge this liability. Should the Department of State have insufficient funds legally and programmatically available to discharge this liability, it remains responsible for seeking additional funds from Congress for such purpose, although nothing in this IAA shall be construed to imply that Congress will appropriate funds sufficient to meet the liability.
- B. The Servicing Agency will immediately inform the Department of State in writing of any contract or other claim filed in connection with any activity funded by this IAA and by including this information in the next monthly report provided for in section IX (A)(2) of this IAA. The Department of State will be offered the opportunity to review and comment on litigations proceedings, including settlement negotiations, for claims that arise out any activity funded by this IAA.

## **IX. REPORTING REQUIREMENTS**

A. The Servicing Agency shall provide IRMO Director of Operations, IRMO Senior Consultant for Infrastructure Security, IRMO Chief Financial Officer (CFO), and IRMO Budget with the following reports:

- 1) **Weekly Project-Level Meeting:** Servicing Agency representatives overseeing infrastructure security projects in each province shall meet on a weekly basis with the Senior Consultant for infrastructure security to provide a status report on all projects in progress.
- 2) **Monthly Report:** The Servicing Agency shall provide a monthly report to IRMO no later than the 10<sup>th</sup> of each month on progress toward achieving program objectives and implementing approved work plans. In particular, this monthly report shall provide information on the commitments, obligations, cancellations, expenditures and disbursement of funds through contracts, sub-contracts, cost-reimbursable and cooperative agreement for purposes set forth in Section III (Statement of Work). This monthly report shall also provide an ongoing assessment of the Servicing Agency's estimated compared to actual fees for pre-award and post-award activities, and any other Servicing Agency fee that will accrue to the Department of State as a result of this IAA. The Servicing Agency will adhere to the reporting and financial policy and procedures similar to those established under IRRF. State/IRMO will develop with the Servicing Agency a template for monthly reports including cost-to-complete reports as well as forms similar to a project summary form and project scope change form used to obtain IRMO authorization for project and activity approvals, expenditures, modifications and cancellations. The servicing agency may use such project reporting and management systems as are necessary and appropriate.
- 3) **Quarterly Report:** The Servicing Agency shall provide an additional quarterly report to State/IRMO no later than 20 days prior to the end of each quarter. This report shall include a programmatic update with information on the status of achieving goals, objectives and benchmarks specific in the work plan, identification of significant problems or delays related to the achievement of objectives or activities, a brief summary of any corrective actions, and major activities planned for the next reporting period. The quarterly report shall report on all expenditures and disbursement of funds through contracts, sub-contracts, cost-reimbursable and cooperative agreement for purposes set forth in Section III (Statement of Work). The Servicing Agency will adhere to the reporting and financial policy and procedures similar to those established under IRRF. State/IRMO will provide the Servicing Agency with a template for quarterly reports.
- 4) **Final Report:** The Servicing Agency shall provide a final report to State/IRMO no later than 90 days after completion (or, as applicable, termination) of the project. This report shall include a chronological summary of the information required for the monthly and quarterly reports described in this section from the beginning of this program to its completion and the assessment by the Servicing Agency of the impact of the program.

- 5) Two hard copies of all reports shall be provided to the IRMO Director Operations, the IRMO Director of Budget and the IRMO CFO.
- 6) One copy of all reports shall be emailed to the IRMO Director of Operations, the IRMO Director of Budget, the IRMO CFO, and the Director, NEA/I/Assist.

## **X. MODIFICATIONS**

This IAA may be modified by written agreement of both Parties and signed by the responsible officials listed in section XII.A below or by an authorized designee, except for modifications of Attachments A and B listed in section XIII below. The principal points of contact listed in section XII.B below shall be the officials responsible for agreeing on all needed modifications of the Attachments.

## **XI. RESOLVING DISAGREEMENTS**

Any disagreements concerning this IAA that cannot be resolved between the designated points of contact shall be referred for discussion and resolution to the IRMO Director and the Commanding Officer for USACE Gulf Region Division.

## **XII. RESPONSIBLE OFFICIALS**

A. The Deputy Assistant Secretary, Bureau of Near Eastern Affairs, United States Department of State, and the Commander, Gulf Region Division USACE shall be the officials responsible for signing this Agreement and exercising any termination clauses.

B. The following officials are the principal points of contact between the parties in the performance of this Agreement.

**MG Steven Abt**  
IRMO Director of Operations  
**Douglas A Pitkin**  
IRMO Chief Financial Officer  
US Embassy  
Baghdad, Iraq

**Lee F. Dixon**  
Director of Programs  
**Terry F. Bautista**  
Director of Business Management  
USACE, Gulf Region District  
Baghdad, Iraq

**U.S. ARMY CORPS OF ENGINEERS**

**DEPARTMENT OF STATE**

*M. W. B. Temple 21 Nov 06*

Merdith W.B. Temple                      Date  
Brigadier General, USA  
Director of Military Programs

*[Signature] 11/20/06*

Victor Hurtado                                      Date  
Deputy Assistant Secretary (Acting)  
Bureau of Near Eastern Affairs

**XIII. ATTACHMENTS**

- A. Project lists by sector
- B. Reporting, Financial and Activity Approval Policy and Procedures (DRAFT)