

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

**Provincial Reconstruction Teams (PRTs) and Provincial Reconstruction
Development Committee (PRDC) Projects**

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 support for the bid preparation and award of projects identified by Provincial Reconstruction Development Committees (PRDCs) in coordination with the Provincial Council, Provincial Reconstruction Teams (PRTs), and approved by the Iraq Reconstruction Management Office (IRMO) National Embassy Team (NET) and a memorandum signed by the Director of 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 mission of the PRTs is to assist Iraq's provincial governments with developing a transparent and sustained capability to govern, promoting increased security and rule of law, promoting political and economic development and providing provincial administration necessary to meet the basic needs of the population as well as support the Embassy's mission of building the capacity of local government to deliver essential services to their citizens.

B. The PRDC funding for projects in all provinces is critical to increasing economic development at the provincial and local levels, and strengthening the ability of all provincial governments to deliver essential services to their communities. While secondarily supporting reconstruction efforts, these small-scale projects are primarily implemented to support the mission of improved provincial governance. Direct, firm fixed contracts will be used to support these initiatives to assist in the support of economic governance, to the greatest extent possible. The National Coordination Team (NCT), within IRMO, will coordinate the allocation of this funding and will link it with the PRTs.

C. The program supports flexible funding for small, immediate-impact essential services projects, and other projects targeted at PRDC initiative-based development efforts. Priority will be given projects that can be completed in a short timeframe, providing quick and visible impact. However, PRDCs may fund more extensive projects, depending on their priorities and subject to the resources available. The PRT will serve as the coordinating body for this funding, assisting the PRDC with identifying, prioritizing and developing project request packages. This funding is not intended principally as a reconstruction effort, but as a means to stimulate engagement and capacity building at the provincial government level. With the assistance of the PRTs and these funds, the provincial governments and leaders' capability of identifying, planning, prioritizing and managing development efforts will enhance the quality of life for their constituencies.

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 assist in the implementation of the PRT/PRDC-recommended and NET-approved projects by providing program and project oversight to include, but not be limited to, awarding contracts, Quality Assurance/Quality Control and project milestones.
2. The Servicing Agency, along with the Gulf Region North, Central and South engineers on the PRTs, will assist the PRT/PRDCs in the provinces by teaching, mentoring, training, guiding and supporting the PRDCs in their preparation of all project scopes of work, bills of quantities, estimates and PRDC project nomination forms to be submitted to IRMO in order to aid in the capacity development of the PRDCs.
3. The PRT will assist the PRDCs with the development of a list of recommended (both construction and non-construction) projects in accordance with the policies and procedures provided by the NCT and IRMO. These specific projects and activities will be approved by IRMO Director for Operations in accordance with procedures set out in the Embassy of the United States of America approved Action Memorandum dated August 16, 2006, Subject: Guidelines for FY 2006 Supplemental Economic Support Funds (ESF) for Provincial Reconstruction Development Committee's (PRDCs).
4. Once approval is obtained, the Servicing Agency will be responsible for developing, soliciting, contracting, implementing, overseeing and delivering projects and technical assistance on behalf and in support of the PRDCs, in coordination with the IRMO National Coordination Team Director of Field Operations. These responsibilities include the final preparations of project development to include but not be limited to, scopes of work, bills of quantities, independent government estimates, bid solicitation, contract award, project oversight and all other aspects of implementation and delivery. Within each PRT, coordination will also be provided by the Provincial Program Manager (PPM) and other IRMO staff members as necessary to complete the project. IRMO is the requirement organization.
5. In carrying out the scope of work set forth in paragraphs 1 through 4, the Servicing Agency will ensure that it has the necessary program and project management expertise.
6. This program will consist of \$315 million for PRDC projects, to be implemented in accordance with the following budget estimate.

Table A: PRDC funding allocation breakdown

Number	Province	ESF Amount	Essential Services Strategic Cities
1	Ninewa	\$8,930,000.00	
2	Erbil, Sulaymaniyah, Dahuk	\$8,930,000.00	
3	Kirkuk	\$8,930,000.00	
4	Salah ad Din	\$8,930,000.00	
5	Diyala	\$8,930,000.00	
6	Baghdad	\$50,000,000.00	\$50,000,000.00
7	Anbar	\$8,930,000.00	
8	Babil	\$8,930,000.00	
9	Maysan	\$8,930,000.00	
10	Muthana	\$8,930,000.00	
11	Najaf	\$8,930,000.00	
12	Karbala	\$8,930,000.00	
13	Wassit	\$8,930,000.00	
14	Diwaniyah	\$8,930,000.00	
15	Basrah	\$40,000,000.00	
16	Dhi Qar	\$8,930,000.00	
	Reserve Funds	\$50,000,000.00	
Total		\$265,000,000.00	\$50,000,000.00

7. 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 6 of this Section.

8. 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 \$19.5 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.

9. 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.

10. 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.

11. 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 modifications, cancellations 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 \$315,000,000 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, \$158,000,000 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 (\$315,000,000) 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 the agreement: \$158,000,000

Two months after date of signature: \$79,000,000

The remainder of funds (\$78,000,000) will be obligated consistent with the program management plan.

These funds will be provided 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: 4490725102

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 inform the Department of State of any contract or other claim filed in connection with any activity funded by this IAA 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 National Coordination Team and IRMO Chief Financial Officer with the following reports:

- 1) **Weekly Project-Level Meeting:** Servicing Agency representatives overseeing PRDC projects in each province shall meet on a weekly basis with the Provincial Reconstruction Team's Provincial Program Manager to provide a status report on all projects in progress.
- 2) **Monthly Report:** The Servicing Agency shall provide a monthly report, by the 10th of each month, to State/IRMO on progress toward achieving program objectives and implementing approved work plans. In particular, this monthly report shall provide information on the 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 fees for pre-award and post-award activities, and any other Servicing Agency 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 provide Servicing Agency with a template for monthly reports including cost-to-complete reports as well as project summary forms and project scope change forms used to obtain authorization for project expenditures or modifications. The servicing agency may use project reporting and management systems as 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 National Coordination Team, 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.

Eric T. Olson

IRMO Director of National Coordination Team

Douglas A Pitkin

IRMO Chief Financial Officer

US Embassy

Baghdad, Iraq

Terry F. Bautista

Director of Business Management

USACE, Gulf Region Division

Baghdad, Iraq

U.S. ARMY CORPS OF ENGINEERS

DEPARTMENT OF STATE


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


Victor Hurtado November 3, 2006
Deputy Assistant Secretary (Acting)
Bureau of Near Eastern Affairs

XIII. ATTACHMENTS

- A. Action Memo dated August 16, 2006 Subject: Guidelines for FY 2006 Supplemental Economic Support Funds (ESF) for Provincial Reconstruction Development Committee's (PRDC's)
- B. Reporting and Financial Policy and Procedures (DRAFT)