

PCO Iraq Reconstruction Update

December 15, 2004

Charles Hess
Director

The mission of the Project and Contracting Office (PCO) is to serve the people of the United States and Iraq by contracting for and delivering services, supplies, and infrastructure identified within the \$18.4 billion Iraqi Relief and Reconstruction Fund (IRRF) allocated by the U.S. government and taxpaying public for the rebuilding of Iraq.



Measuring Progress: Last 120 days

Item	15 Aug	15 Oct	15 Dec
Apportioned <i>The amount, out of \$18.4 billion that has been released to date</i>	\$11.1 billion	\$15.5 billion	\$16.54 billion
Commitments <i>The amount of money that has been reserved for specific projects</i>	\$9.84 billion	\$12.4 billion	\$14.16 billion
Obligations <i>The amount of money that has been legally contracted with companies to perform the work. An important indicator of progress.</i>	\$6.9 billion	\$8.0 billion	\$9.64 billion
Disbursements <i>The amount of money that has been paid out – would caution against this indicator as the end-all metric as, in large infrastructure projects, the actual transfer of \$ does not take place until after completion and inspection of all – a better indicator is “dirt turning” – physical move from design phase to construction start phase</i>	\$721 million	\$1.51 billion	\$2.066B
Construction Starts/Sites Today <i>Sites where construction is underway/ “dirt has been turned”</i>	610	762	1167
Number of Iraqi employees with PCO-related projects today	87,550	81,693	103,024

Source: Secretary Army briefing reports by PCO from August, October, December 2004

Since August....

- Funds committed have grown by 44%
- Obligation rate has risen by nearly 40%
- Disbursements have more than doubled

Since August....

- Iraqi employment has surpassed 100,000
- Construction surpassed 1,000 start mark



Financial Progress: Drilldown by Sector

\$Millions		Committed			Obligated			Disbursed		
Sector	2207 report	15-Aug	15-Oct	15-Dec	15-Aug	15-Oct	15-Dec	15-Aug	15-Oct	15-Dec
Security and Law Enforcement	5045	2594	2962	4410	1717	2235	2995	369	826	976
Electricity Sector	4350	2204	3250	3460	1910	2184	2455	207	340	515
Oil Infrastructure	1701	1454	1195	1380	986	723	795	31	50	92
Justice, Public Safety and Civil Society	1121	715	838	860	396	442	572	28	56	105
Democracy	832	420	504	576	309	466	576	14	78	162
Edu, Refugees, HumanRts, Govrnce	379	241	241	174	125	137	170	16	28	37
Roads, Bridges and Construction	359	256	275	295	124	145	184	4	15	27
Health Care	786	565	763	781	376	453	420	2	4	13
Transportation and Communications	499	416	381	486	193	173	243	6	13	21
Water Resources and Sanitation	2311	839	1068	1339	638	752	882	12	24	39
Private Sector Development	843	102	142	368	49	140	322	17	47	50
Admin Expense (USAID, STATE)	213	29	29	29	29	29	29	15	26	29
TOTAL	18439	9835	11648	14158	6852	7879	9643	721	1507	2066
CONSTRUCTION	11306	5392	7090	8729	4364	4816	5640			
NON-CONSTRUCTION	6301	4023	4054	4853	2179	2597	3427			
DEMOCRACY	832	420	504	576	309	466	576			
Total	18439	9835	11648	14158	6852	7879	9643			

Source: Secretary Army briefing reports by PCO from August, October, December 2004

The “1000” Mark

Project starts

- PCO set a goal to surpass 1,000 construction starts by year end
- Construction starts is defined as the number of sites at which we have successfully moved from design phase to actual dirt-turning build phase
- Goal was accomplished Nov 30th.
- A new goal of 1200 by year end has been set

Schools	364
Clinics	67
Hospitals	15
Rail stations	83
Border Posts	116
Ports	6
Fire Stations	42

Police Stations	20
Iraqi Military Bases	16
Water/Sewer Facilities	93
Electrical Facilities	69
Oil	22
Road Projects	66
Other	188

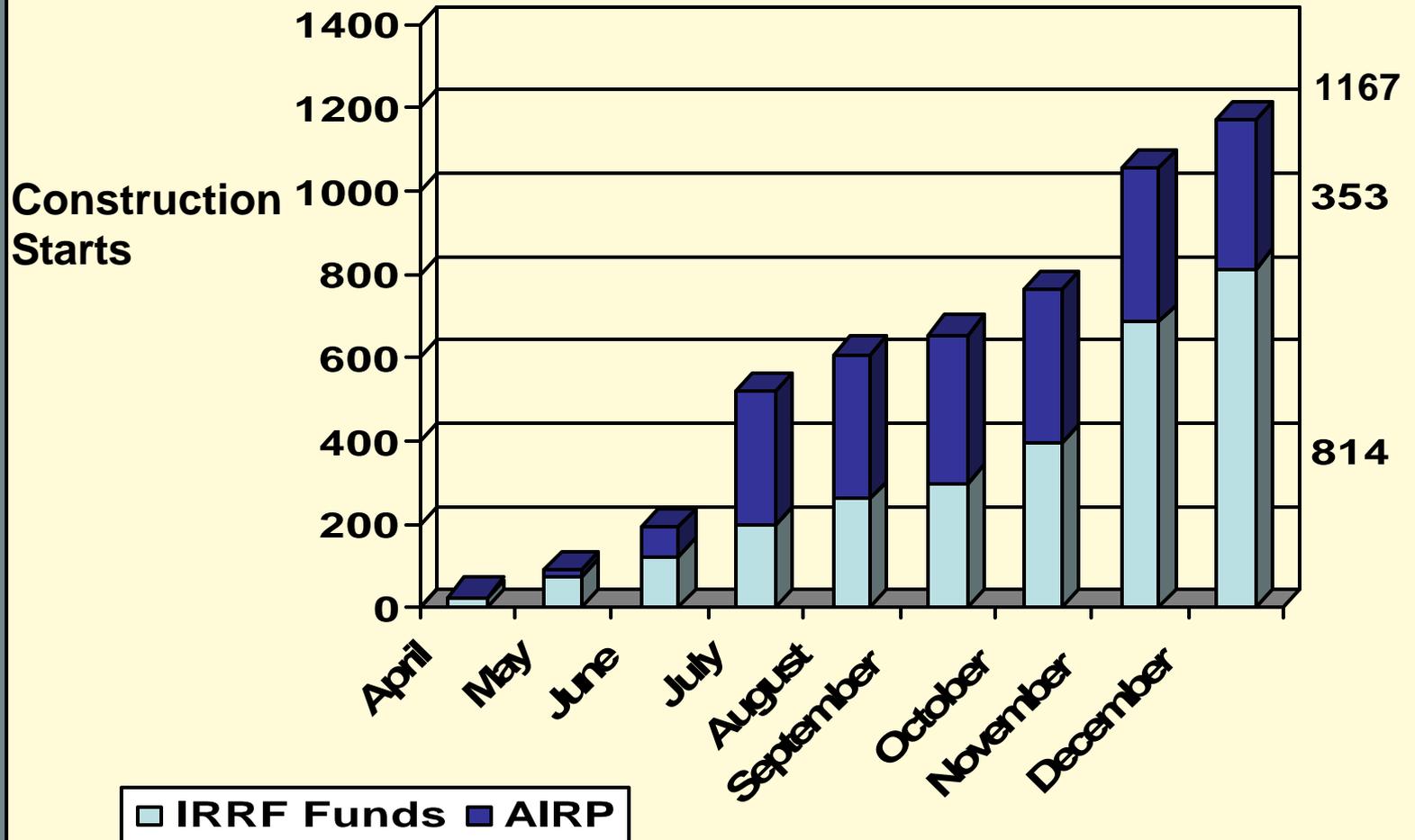
Total starts to-date: 1167

“While the 1,000 number is important, it is the impact of those projects that is most important” said Brig. Gen. Thomas Bostick, Commander of the Gulf Region Division, U.S. Army Corps of Engineers. *“The Iraqi people are seeing progress and have hope.”*



Construction Starts

As of 15 Dec 04, 1167 construction projects have "turned dirt"

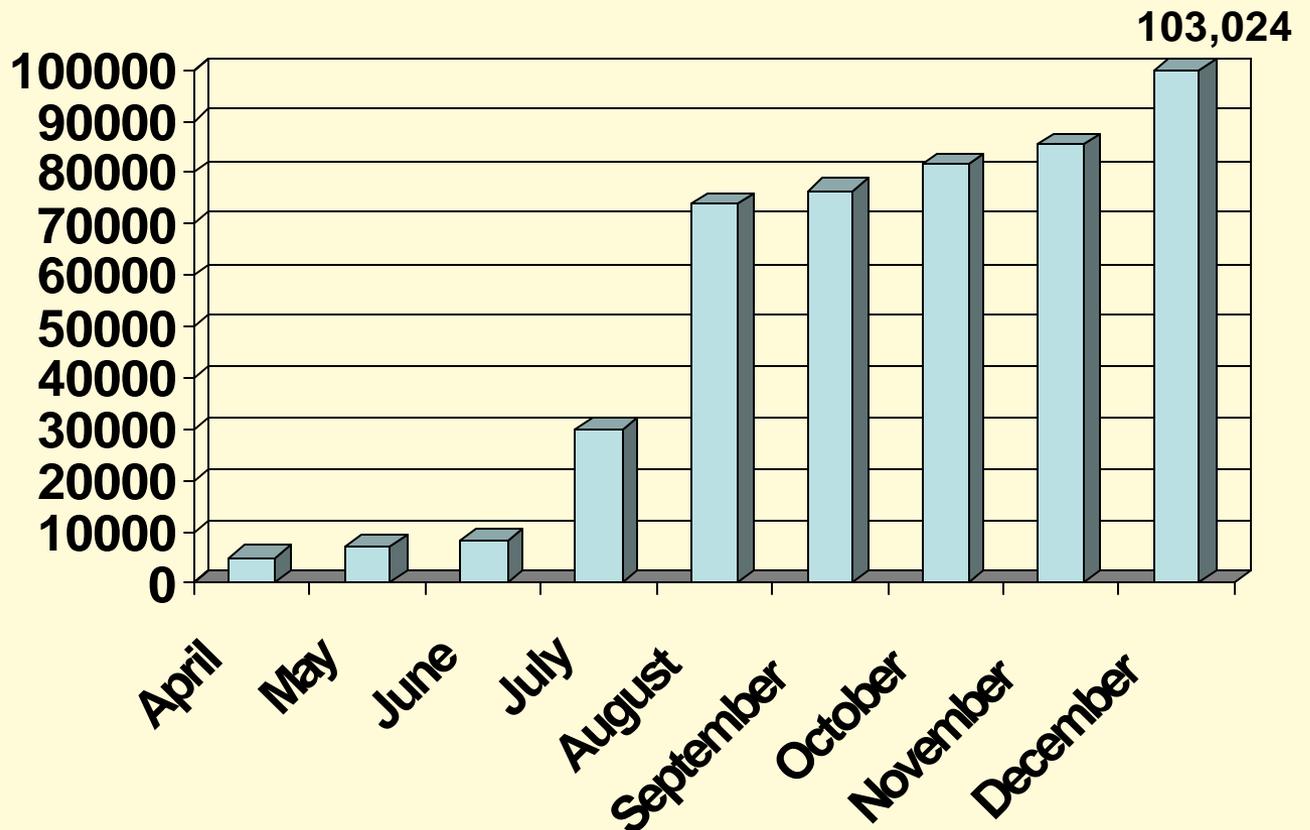


Source: Secretary Army briefing reports by PCO from August, October, December 2004



Iraqi Employment

As of December 15, 103,024 Iraqis were working on reconstruction projects across their country.



Iraqis
Employed



Source: Secretary Army briefing reports by PCO from August, October, December 2004

Capacity Development

- Maintenance training
- Contractor on-call 90 days after handover
- Iraqi employment and subcontracting
- Operation manuals and “as-built” plans
- Asset Management databases



Measuring Progress: Next 120 days

1. Continue to safeguard our people through operational security measures
2. Continue to drive construction throughout the country: Surpass 1,500 construction start mark
3. Surpass 500 construction completions
4. Continue to grow number of Iraqi firms and Iraqi employees
5. Drive capacity development for smooth transfer of operations to Iraqis



For Further Information

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Biography: Charles “Charlie” Hess

Charles Hess

Director

Project and Contracting Office

Mr. Charles M. Hess began his duties as director for operations and management to the Iraq Project and Contracting Office (PCO) on August 21, 2004.

Before joining PCO, Mr. Hess, a member of the U.S. government’s senior executive service since 1995, served as director of the operations and response division of the U.S. Department of Homeland Security. In this role, he managed the integration of operational aspects of the department’s legacy organizations to provide comprehensive situational awareness and coordinated response operations on incidents of national significance both pre-and post-incident.

Mr. Hess came to PCO following a distinguished career with the Federal Emergency Management Agency (FEMA) and the U.S. Army Corps of Engineers (USACE) where he served as operations division chief in the Civil Works Directorate at the USACE headquarters. In that position Mr. Hess directed the national program for operations and maintenance of navigation, hydropower, natural resources and recreation infrastructure, as well as, the civil emergency management and regulatory missions of the corps. Other USACE assignments included serving as director of engineering and technical services for the Ohio River Division (now Great Lakes and Ohio River Division); and as chief of the construction division for the Chemical Demilitarization Directorate at the Corps' Huntsville Engineering Center at Huntsville, Alabama; and deputy commander for programs and technical management, also in Huntsville. In this role he was senior civilian leader of an organization with nationwide responsibilities in the destruction of unexploded ordnance and chemical weapons.

