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IRAQ ADMINISTRATIVE REFORM PROJECT

MONTHLY PROGRESS REPORT SEPTEMBER, 2015

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ACRONYMS

BIAP	Baghdad International Airport
CCR	Continuous-generation Catalytic Reforming unit
CO	USAID Contracting Officer
COMSEC	Council of Ministers Secretariat
COP	Chief of Party
DG	Director General
DGGC	Directorate General of Government Contracts
FY	Fiscal Year
GO	Governor Office
Gol	Government of Iraq
GPS	Global Positioning System
HQ	Headquarter
IDMS	Iraq Development Management System
IG	Inspector General
INMS	Iraqi National Monitoring System
IT	Information Technology
KMoLSA	Kurdistan Ministry of Labor and Social Affairs
KRG	Kurdistan Regional Government
MoE	Ministry of Electricity
MoFA	Ministry of Foreign Affairs
Mol	Ministry of Interior
MoO	Ministry of Oil
MoP	Ministry of Planning
MRC	Midland Refineries Company
MSI	Management Systems International
NCMDIT	National Center for Management Development and Information Technology
NDP	National Development Plan
OJT	On- Job-Training
OPC	Oil Pipelines Company
PSC	Private Security Company
SBDs	Standard Bidding Documents
SCOP	State Company for Oil Projects
SOC	South Oil Company
SPM	Single Point Mooring
SRC	South Refineries Company
SSN	Social Safety Net
ToT	Training of Trainers
UNDP	United Nation Development Program
USAID	United States Agency for International Development
USG	United State Government

SUMMARY

During this month, USAID-*Tarabot* further developed and integrated its support to the Ministry of Oil (MoO), refining the overall vision and goals to increase oil revenues through immediate, practical solutions to existing oil sector deficiencies and problems. Now, USAID-*Tarabot* is crafting the specific form such technical assistance will be based on USAID-*Tarabot*'s recent sector assessment. This guidance will enhance the operations and management of this sector in areas such as procurement, master planning, and project management. The recently submitted Work Plan for the extension period encapsulates this plan, and is under final revision by both USAID and the MoO.

This month, Iraq witnessed two historical events on both the federal and regional levels: the opening of Ministry of Planning (MoP) Help Desk, and the launch of the Social Safety Net (SSN) by the Kurdistan Regional Government (KRG).

In cooperation with USAID-*Tarabot*, the Ministry of Planning opened its first-ever Help Desk within the Directorate General of Government Contracts (DGGC). The opening ceremony was attended by the U.S. Ambassador to Iraq, Mr. Stuart Jones, and Iraqi Minister of Planning, Dr. Salman Al-Jumaili as well as a number of GoI officials and USAID representatives. The Help Desk will serve as a window of information to streamline the contracting procedures, ensure increased transparency, simplify the procurement processes (including standard bidding documents, regulations of implementing government contracts and the contracting forms), as well as provide consultation services to the contractors.

USAID-*Tarabot* and the Kurdistan Ministry of Labor & Social Affairs (KMOLSA) held a ceremony to commemorate the launch of the Social Safety Net system (SSN) in Erbil. The ceremony was attended by KRG Prime Minister, Mr. Nechirvan Barzani, the U.S. Consul General in Erbil, Mr. Matthias Mitman, KRG Minister of Labor & Social Affairs, Mr. Mohammed Qadir Hawdiani and a number of representatives of foreign consulates. The system connects all three Kurdistan provinces to the Ministry headquarters and updates information of the beneficiaries registered in the database. The new SSN system is designed to improve the service to the beneficiaries and reduce the corruption due to previously multiple entries or illegal entries. Based on the experience of automating the national SSN system, Kurdistan expects to save millions of dollars, allowing for future improved benefits to Iraq's most vulnerable.

The MoP continues to push forward the rollout of the Iraq Development Management System (IDMS). The system will enhance the transparency and management of Iraq's capital investment portfolio, allowing for more efficient monitoring and control of public funds. USAID-*Tarabot* and MoP IDMS team are working with selected ministries and governorates to enter the data for on-going capital investment projects going back to 2012, and generating test reports to assess system performance. The reports are being reviewed by MoP sector experts to ensure consistency in quality.

Events: USAID-*Tarabot* project engaged in a variety of activities during September:

- **Total Events:** USAID-*Tarabot* teams held (75) events; representing (4) workshops and (71) meetings.
- **Locations:** (57) of these events were held at locations in Baghdad, while (16) events were delivered in Basrah, (1) event in Muthana, and (1) event in Erbil.
- **Institutions:** a total of (8) government institutions were involved in USAID-*Tarabot* activities in September; representing (6) ministries and (2) governorates.

- **Tarabot Technical Teams:** (10) events were implemented by Procurement Advisory Unit to support ministry of planning, (50) events were implemented by Oil Sector Team, and (1) event were implemented by SSN Senior Advisor in Kurdistan Region, and (14) by IDMS Team.

I. PUBLIC PROCUREMENT CAPACITY BUILDING

As part of its ongoing efforts to improve Iraq's service-oriented capital investments, USAID-Tarabot continues its partnership with the Ministry of Planning (MoP) to support the Government of Iraq (GoI) to make use of its investment budget through fair and transparent procurement systems. These reforms improve service delivery by lending efficiency and transparency to the procurement process. They help to create an environment conducive to fair and open competition in the tendering and awarding of contracts, and build the confidence of the national and international private sector in Iraq's government bidding process. In the past, reliance on disorganized, paper-based systems and antiquated processes has hindered the transparency and efficiency of government procurement. The government is making concrete reforms to incorporate the expertise of international firms, upon which the success of complex large projects rests. USAID-Tarabot is working with the MoP to deliver complementary capacity building activities and systems reform with the ultimate goal of establishing a unified procurement system aligned with international standards.

I.1 Ministry of Planning Capacity Building

As the chief coordinating entity for public contracting in Iraq, the MoP is a longstanding partner of USAID-Tarabot in procurement reform, on the MoP leads Iraq's national-level on-going procurement reform efforts. USAID-Tarabot has taken steps to prepare the ministry to lead the reform process through training and anchoring of sound practices. Procurement training provided for the MoP is bolstered by hands-on experience, as MoP staff partner with USAID-Tarabot advisors to jointly conduct workshops and trainings for other GoI entities. These ongoing activities are important for MoP staff to garner knowledge about procurement and acquire training skills, which will be critical as the national reform process moves forward.

I.1.1 Development of Public Procurement ToT Program (ToT)

On September 17, 2015 ten ToT graduates (6 males, 4 females) completed their required visa interviews at the Italian Embassy in Baghdad to participate in the expert-level training course on public procurement that will take place on October 19-30, 2015 at the ILO Training Center in Turin, Italy.

I.1.2 Public Procurement Help Desk at MoP

On September 16th, the Ministry of Planning in partnership with USAID-Tarabot celebrated the official launch of the MoP Help Desk. The event was attended by Iraqi Minister of Planning Dr. Salman Ali Al-Jumaili, U.S. Ambassador to Iraq Mr. Stuart Jones, along with USAID Mission Director Doug Ball and other USAID representatives.

The Iraq Minister of Planning, Dr. Salman Ali Al-Jumaili called it a "new window for the Director General of Government Contracts," and Ambassador Jones remarked, "This is a game changer for procurement in Iraq. It sends the message that your government is a reliable partner, and that your country is open for business."

This is a major accomplishment in Iraq's reform agenda, addressing previously inefficient, confusing, and bureaucratically clogged procurement procedures. Now, the MoP utilizes a set of uniform, internationally accepted standards, restoring confidence of foreign and domestic investors alike. The

Help Desk will be a resource bank for all government entities to rely upon for future public procurement guidance and accountability.



Earlier this month, USAID-Tarabot worked with the Help Desk to establish its working procedure, organize its operations, and define the roles of each staff member. These preparatory efforts included:

- Establishing a procurement references library required to respond to procurement inquiries submitted by ministries and governorates;
- Establishing an archiving system for FAQs; and
- Expanding the knowledge and skills of staff in all procurement fields so they can deliver adequate technical guidance to ministries and governorates

USAID-Tarabot continues supporting the MoP Help Desk efforts to deliver technical assistance to GoI entities. This month, MoP Help Desk worked with Maysan GO on the bidding documents related to an e-governance project similar to Najaf GO's. The plan was to adopt purchasing IT equipment SBD's. However, after further technical discussions between the MoP-DGGC Help Desk and USAID-Tarabot, Maysan GO was advised to adopt the consultancy services documents for their e-governance project rather than for the information technology to ensure better competitive opportunity and results.

Additionally, USAID-Tarabot and the Director General for Government Contracts (DGGCs) Dr. Azhar Hussein began developing the specialized standard bidding documents (SBDs) for the Oil sector. These SBDs, while unified with the SBDs for the MoP as a whole, are also tailored to address specific complexities of the Ministry of Oil (MoO) and its government-owned companies. Accordingly, designated committees representing the five selected oil companies and representatives of MoO's IG Office, Planning & Follow-up, Training & Development, and Economic & Financial Directorates met on September 22, 2015 with MoP-DGGC Help Desk and USAID-Tarabot advisors to discuss the process of developing the specialized standard bidding documents for Iraq Oil Sector.

1.1.3 Raising awareness of GoI entities on Public Procurement

The MoP continued to implement its procurement training plan for 2015, with a two-day workshop conducted at the National Center for Management Development and Information Technology (NCMDIT) in Baghdad. A group of 36 government officials (24 males, 12 females) representing engineers and Contracts Department staff from the Ministries of Health, Labor & Social Affairs, Oil, and Water Resources were oriented on 2014 MoP Regulations for Implementing Government Contracts.

1.2 Ministries and Governor Offices Capacity Building

USAID-*Tarabot* delivered a two-day workshop on procurement performance indicators to 13 government officials (6 males, 7 females) from Basrah's Contracting Directorate. The workshop focused on developing a sustainable process and instruments for data collection and reporting.

Similarly, USAID-*Tarabot* delivered a two-day workshop on procurement performance indicators to 57 government officials (39 males, 18 females) from the Ministry of Electricity (MoE), and its Directorates. The workshop focused on developing a sustainable process and instruments for data collection and reporting. GoI entities are now obligated to report on the 14 performance indicators identified by MoP on a quarterly basis.

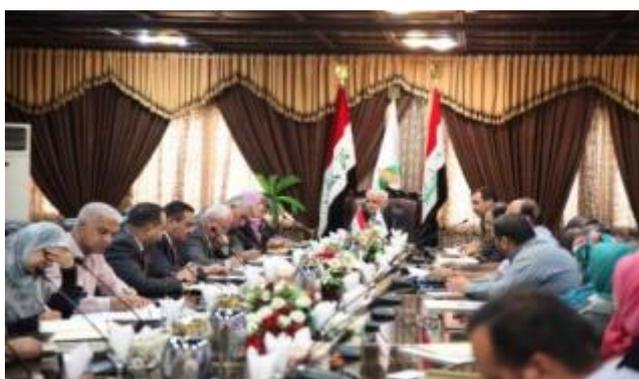
Such performance indicators and the required reporting serve as a consistent and periodic health check of the GoI procurement system, as well as to ensure that procurement reform progresses long after USAID-*Tarabot* assistance concludes. Such self-reform tools will help attract more foreign and domestic business.



2. OIL SECTOR

USAID-*Tarabot* continued moving forward with implementing its technical assistance program to the Ministry of Oil (MoO), and its state companies by identifying and implementing high-priority interventions with the potential to bolster oil revenues.

This month, designated committees representing the five selected oil companies and representatives of MoO's Inspector General (IG) Office, Planning & Follow-up, Training & Development and Economic & Financial Directorates met with MoP DGCC Help Desk and USAID-*Tarabot* Advisors to discuss the process of developing the specialized standard bidding documents for Iraq Oil Sector. The meeting's outcomes and decisions included the following:



1. Preparation of a mechanism to develop oil sector SBD's;
2. Agreement to conduct site visits by the MoP Helpdesk and USAID-*Tarabot* to selected oil companies to assess any obstacles in the contracting process;
3. Engagement of the international and local oil companies and utilization of their feedback and recommendations;
4. Draft Oil sector SBD's will be finalized and issued by the MoP after data collection is completed and a review by international experts has been conducted;

5. The MoP DGGC, in cooperation with USAID-Tarabot, will conduct training workshops and implement the new oil sector SBDs on selected pilot projects for MoO.

With the official Work Plan for *Tarabot's* extension period activities in the final stages of approval by USAID, USAID-Tarabot continues working with selected ministry state companies to either finalize the joint activities for procurement and project management, or to implement activities according to the agreed upon action plan.

Oil Pipelines Company (OPC)

USAID-Tarabot began implementing joint activities with the company's designated committee. These included:

- Assisting OPC in the restructuring of the company's Contracts Department, so that it is aligned with the structure proposed by MoP;
- Developing procurement plans for piloting on three selected projects;
- Drafting Standard Procurement Process (SPP);
- Discussing improvements of the Company's website, including a special webpage dedicated for the international tenders; and
- Subscribing to the dgMarket

USAID-Tarabot's Organization Development (OD) Advisor introduced the methodology for restructuring of the company's Contracts Department, and explained the qualifications required of the staff for each unit within the department. The OPC designated committee will review the methodology and study how it can be customized according to the Company's requirements.

State Company for Oil Projects (SCOP)

This month USAID-Tarabot received approval of its action plan and has begun implementation. This came as a result of several meetings and discussions with the SCOP subcommittee to finalize the final action plan, and compiling the subcommittee's input to the development of bidding documents for Iraqi Oil Sector, giving USAID-Tarabot the green light to execute a comprehensive procurement reform package consisting of 11 elements aimed to improve SCOP's procurement functions.

Additionally, USAID-Tarabot discussed the application of the organizational development methodology, and presented an overview on the quality management system ISO 9001:2008 to the SCOP subcommittee.

Mid-land Refineries Company (MRC)

USAID-Tarabot and the Midland Refineries Company's designated committee concluded the nomination of five projects for piloting SBDs:

- Flare Gas Recovery (FGR)
- Waste Water Treatment project in Najaf with an estimated cost of US\$ 65 Million;
- Waste Water Treatment project in Samawah with an estimated cost of US\$ 65 Million;
- Nitrogen Production Unit (600 Nm³/ hr) with an estimated cost of US\$ 2 Million;
- Mobil Lube De-waxing Process (MLDW), iso De-waxing (50-60 KTON/Y) with an estimated cost of US \$70 Million

To develop procurement plans and drafting a standard procurement process for the selected five projects, a competency workshop is planned for targeted trainees and department directors in October.

Similarly, project management techniques will be applied to two of the selected five projects:

- The Flare Gas Recovery Unit, where targeted government officials will be trained on applying cost estimation processes and tools
- The Boilers and Nitrogen Unit projects; where targeted government officials will be trained on developing scheduling and controlling applications



South Oil Company (SOC)

With official approval of an action plan, USAID-Tarabot's collected information on the problems in contracting, payments, and any progress in implementation. A review was carried out on the projects that will receive assistance either in contractual issues or in applying project management techniques to lagging projects.

The following projects are being reviewed and vetted for the application of SBDs:

- Maintenance for three turbine engine type Rolls Royce and
- Rehabilitation of turbine units in Al Zubair depot, estimated cost \$16,000,000 USD.

In the meantime, USAID-Tarabot is encouraging SOC to subscribe to the dgMarket website to increase competition among contractors and vendors.



Additionally, USAID-Tarabot discussed with SOC officials the challenges of oil export during rough weather and means of mitigation. There are 65 outage days in a year due the rough weather, and in order to increase oil exports by reduce these outage days, the following solutions were agreed upon:

- Increase the capacity and skills of tugboat pilots and ports captains, including training on docking, sailing, and loading operations;
- Construct a wave reduction system/breakwater system near loading single point moorings (SPMs) and loading terminals;
- Upgrade the docking and sailing systems;
- Supply Basrah oil ports with modern telecommunication systems; and
- Supply new high power tugboats with more safety requirements

South Refineries Company (SRC)

Activities with SRC focused this month on applying the SBD's and project management techniques for the selected project "design, supply and implement 32 inch pipe". This project has been added to the 2015 projects list after special approval was obtained from MoO.

The project is expected to feed crude oil from Zubair oil field to the Basrah refinery, and increase the refinery's production capacity by 43% from 210,000 to 300,000 barrels per day. SRC is set to cooperate with both SOC and SCOP to carry out this project, and USAID-Tarabot will provide technical assistance to develop project documents such as scopes of work, and work breakdown structures (WBS) for this project. Selected staff will also be trained on best practices for cost estimation, and scheduling.



Iraqi Drilling Company (IDC)

USAID-Tarabot Oil Sector team met with Mr. Sameer Tawfeeq, Head of Planning Commission, and representatives from the contracts, purchasing and projects departments. Together, they reviewed the type and capacity of work implemented by the company, emphasizing the problems facing implementation of critical projects. Solutions to improving productivity and performance were discussed using procurement reforms and applying project management techniques.

3. SOCIAL SAFETY NET (SSN) PROGRAM WITH KRG

This month, USAID-Tarabot and Kurdistan Regional Government (KRG) commemorated the launch of the Social Safety Net (SSN) in the Kurdistan Region, which will provide benefits for 174,000 impoverished families and 750,000 individuals. Hosted by KRG Ministry of Labor & Social Affairs (KMOLSA), the opening ceremony was conducted in Erbil on September 07, 2015, with the presence of KRG Prime Minister, Mr. Nechirvan Barzani, U.S. Consul General Matthias Mitman, several consulates and USAID representatives.



This landmark system replaces an obsolete and inefficient system, streamlining and automating processes with state of the art technology and software. It replaces and connects currently disconnected provincial databases to a main, central hub, through which all information passes and is stored, thereby eliminating duplicate records and providing continuous, synchronous updates nationwide. It is estimated that this new system will save roughly two million dollars per month for the Kurdish government.

The Ministry's ownership of system is another visible step by the government to address the needs of Iraq's most vulnerable citizens.

As part of its conclusion and handoff of support to the KRG, USAID-Tarabot developed and shared a sustainability plan for the system, highlighting the needs and maintenance required to keep the

system operational moving forward. At a final meeting to discuss this plan and the SSN sustainability, USAID-Tarabot highlighted budgetary, staffing, and training requirements. Prime Minister Nechirvan Barzani has requested the Ministry of Finance (MoF) to make the necessary funds available to facilitate these needs.

4. IRAQ DEVELOPMENT MANAGEMENT SYSTEM (IDMS)

USAID-Tarabot continued assisting the MoP in the deployment of the IDMS to selected ministries. This month, a team from the MoP with the support of USAID-Tarabot delivered on-job training to staff from the Ministry of Water Resource and Muthanna Governorate on entering project data into the system.



In the meantime, sector experts from the MoP continue to review the information entered to the IDMS by the ministries of Labor & Social Affairs, Construction & Housing, Science & Technology, Higher Education, and Water Resources. Problems were identified during the data entry process, and are being compiled and for submission to the service contractor, Synergy International Inc. Reports generated by the system showed that some entities need more time and assistance to complete the entry of 2013 projects. The IDMS team will visit those entities to provide the assistance required.



Additionally, USAID-Tarabot IDMS team continued working with MoP in developing Terms of Reference (ToR) for IDMS maintenance service. A draft copy was submitted to the designated committee for developing ToR for reviews.

PROJECT ADMINISTRATION

Staffing, Deployment, Registration

This month, USAID-*Tarabot* local staff decreased to 48 with the closure of the SSN team component.

Additionally two new expatriate senior advisors were hired, and one deployed to Baghdad with an emergency visa. Two short-term advisors were also approved though have not yet deployed pending receipt of requested visas.

Security

This month the tensions continued in the north and the west of Iraq due to Islamic State in Iraq and Syria (ISIS) activity. Car bombs and other isolated explosions continued throughout Baghdad, though no project staff were involved or injured. The Eid holiday caused many road closures throughout Baghdad though no major incidents occurred. Baghdad International Airport (BIAP) was targeted by ISIS small missile fire from the Taji area, but hits were minor and isolated to areas around the airport and there were no injuries or damage.

Visa/ Badges

USAID-*Tarabot* applied for four new visas, including one emergency visa for an urgently needed expatriate senior oil advisor. The emergency visa was received; however four out of five visas submitted during the previous month have still not been received by the Mol Ministry of Interior (Mol) due to a delay with the Embassy in the submission of visa requests. *Tarabot* is waiting for an update on why this delay occurred and how soon the project can expect the visas to be submitted for Mol approval.

No new IZ badges were applied for during this period.

Property

Two disposition requests have been submitted to USAID for disposal

- First disposition request: Sallyport submitted an offer to buy the list of property (Residency furniture, office furniture, water tanks, kitchen supplies and gym equipment); which has been under their custody since MSI purchased it. Two additional offers were received by other bidders. However both were significantly lower than the offer provided by Sallyport. Though UNDP expressed interest in some of this furniture, to date *Tarabot* has not been contacted by any UNDP representative.
- Second disposition request: which includes sensitive equipment divided into two categories:
 - List of Motorola radios, GPSs & Thuraya Phones: Sallyport submitted an offer to buy them. These radios have been under Sallyport's custody since Tijara purchased them, and ownership was later transferred to *Tarabot* during the Tijara close-out. They currently remain in Sallyport custody

List of vests, helmets, Motorola radios, GPRS & Thuraya Phone etc....) which has been purchased by MSI. *Tarabot* is waiting for USAID instructions regarding their disposition.

The disposition of 18 armored vehicles:

MSI has 18 D class Armored Vehicles. Per US Regulations these are classified and cannot be given or sold to the private sector or an alien government. They can only be given to the government or to a contractor on a USG Contract. The vehicles are registered to Private Security Company (PSC), Sallyport Global Services; because only PSCs have the authority to register armored vehicles with the Gol.

The vehicles are registered in two Iraqi Directorates, the Directorate of Registration and Evaluating the Private Security Companies (PSC) and Customs under Sallyport; which means Sallyport is legally responsible and held accountable for these vehicles. MSI proposed to return these vehicles directly to USAID Iraq, since they have ownership of them. But according to Iraqi Ministry of Interior (Mol) regulations for orange plated vehicles, the PSC must donate them to the Iraqi Government or re-export them outside the country. There is no third option.

Tarabot is in the process of requesting permission from the Iraqi government to be exempted from Mol regulation. This would allow the destruction of the vehicles locally at BIAP, or to be donated back to USAID. Since the cost of shipping the vehicles out of country for destruction is prohibitive, an exception from the Gol is the only option. A Dip Note was issued by the Embassy to the Iraqi Ministry of Foreign Affairs (MoFA) requesting this exception and *Tarabot* is awaiting feedback from the MoFA.