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Chairman Lugar, Senator Biden, Members of the Committee: I am pleased to be here today, with my State and Defense Department colleagues, to report on what the U.S. Agency for International Development has accomplished since our formal mission began in Iraq May 2, 2003.

In February of 2003 we submitted documentation to the Office of Management and Budget and to the Congress outlining Agency plans in the event of combat in Iraq. We had two jobs to do, as we saw it: humanitarian relief and reconstruction. Relief usually follows war at a distance, but our goal was to reduce that distance to a minimum. We planned carefully, worked the Inter-Agency process, and gathered enough food and supplies to ensure no humanitarian crisis took place.

Thus we moved almost immediately to reconstruction. Our first priorities were water, sanitation, public health, essential services and infrastructure. Vast swathes of the country – particularly in the largely Shi’a south – were destitute. No new infrastructure had been built for more than a decade in the south, and very little basic maintenance was done. The draining of the southern Marshlands was an ecological and human catastrophe, killing and sending hundreds of thousands into exile and destroying an immense and unique natural water filtration system.

Every statistical measurement of individual well-being dropped sharply during this decade. All the data on infant mortality and maternal death rates, in female literacy and family income, in life expectancy, caloric intake, all point down. Worse still, may be the legacy of Saddam's reign of mass terror. Together, the statistics are dramatic. Many hundreds of thousands, it appears, died from the deliberate neglect of Iraq's basic infrastructure.

Traditionally, it takes months to move from the humanitarian to the reconstruction phases of an intervention. Our goal was to do the two at once. Careful planning and close inter-Agency coordination paid off. Among other things, USAID grants enabled the U.N.'s World Food Program to carry out the largest mobilization operation in their history. We worked closely with the military's civil affairs units and several key contractors and NGOs, and the humanitarian crisis that many had predicted did not take place.

That meant we could move to reconstruction in record time. Given the conditions on the ground, there were four broad areas of priority we worked out with ORHA and the CPA. They were:

- essential infrastructure
- health and education
- economic opportunity
- democracy and governance

Since May 2 of last year, USAID has obligated approximately \$3.3 for our Iraq programs. We have worked with the CPA at every step of the way and with 42 different implementing partners: private companies, non-profits,

NGOs, PVOs, and certain U.N. specialized agencies like the WFP. I would like to call the Committee's attention to the work these organizations have performed. It has been accomplished under difficult -- and at times very dangerous -- circumstances, and I cannot say enough about the courage and determination that our partners have displayed.

Now I would like to point to some of USAID's important accomplishments in our four sectors.

### **Essential Infrastructure**

I will start with the most demanding -- electricity. It is no secret that sabotage continues to undercut effectiveness in this sector, and a great deal of work needs to be done just to keep the existing infrastructure operating. We are looking toward peak demand of 6,000 megawatts in the summer and are rehabilitating eight power plants and installing 3 new ones to help meet this demand. We are also replacing towers, stringing wires, rebuilding the Khor Az Zubayr-Nasariyah 400-kv line, and installing new generators in the Kirkuk and South Baghdad power plants.

Elsewhere the results have been more unambiguous. We repaired the Baghdad airport and the country's main deep water port, Umm Qasr. We have rebuilt the Al Mat, Khazir and Tikrit Bridges, worked with Iraqi Republican Railways to improve rail service, and are repairing the country's fiber optic network.

Water and sanitation have been a major concern of ours, given the threat to public health from badly polluted river and well water. So we are repairing water purification and sewer plants in Baghdad, An Najaf, Karbala, Ad Diwaniyah, Hillah, Basrah, Kirkuk, Al Dujayl, Mosul and other cities and towns. As most of the country's sewage passes directly into the Tigris and Euphrates, we expect child mortality and the incidence of water-borne disease to drop sharply as these plants come on stream beginning this summer.

### **Health and Education**

Not surprisingly, the same neglect evident in Iraq's physical infrastructure is a defining feature of public health. Acting on the evidence our early assessments teams gathered, we moved quickly in this sector, purchasing 30 million doses of vaccine and working with UNICEF to vaccinate three million children under the age of five. This we had done by June. Since then we are continuing our vaccination work, helping the Ministry of Health expand its services, re-equipping 600 health care clinics, training doctors and nurses, rebuilding the National Polio Laboratory, and distributing high-protein supplementary food rations to hundreds of thousands of pregnant and nursing mothers.

At the same time, our education programs have made a solid contribution to the rebirth of the country. We rehabilitated 2,358 schools by the time school opened in September; distributed hundreds of thousands of desks and chairs and student kits; printed 8,759,260 textbooks; trained 860 secondary school Master Trainers and 32,632 secondary school teachers and staff. We are funding an accelerated learning program for students who are so thirsty for

the schooling they missed that they voted to give up vacations; we set a series of partnerships between American and Iraqi universities; and just earlier this month, we committed \$12.6 million to UNICEF to continue their work with the Ministry of Education. Altogether, we calculate that 2.3 million Iraqi students received direct assistance from USAID over the past year.

### **Economic Opportunity**

In the economic sector, we worked with the Iraqi Ministry of Finance to launch the new dinar. By January 15 the currency exchange program ended. There are now trillions of new dinars circulating through the country. Iraqis are good businessmen, and economic activity is picking up significantly despite the violence. But jobs remain a vital issue. USAID grants have put more than 77,000 people to work on public programs. We've helped the commercial banks set up a payment system, and are working with the ministries to update commercial law.

We have had an Agricultural Reconstruction and Development program in place since October. The Agency is collaborating closely with the CPA on a \$21 million micro-credit program, the oil-for-food program, and in their work with the Iraqi Ministry of Trade. And we have embarked on an ambitious program to begin restoring the country's shattered wetlands.

### **Democracy and Governance**

Our challenges in democracy and governance are no less daunting. But here, too, we have a right to be optimistic. We have made a lot of progress. In city after city throughout the country, unseen and unreported by the

Western media, our programs and our partners have been forming councils, encouraging civic organizations of all kinds, training local administrators, furnishing essential equipment through our Ministry in a Box work, bringing women's groups together, and helping human rights organizations like the Free Prisoners Association safeguard the millions of records they've amassed.

Today, USAID democracy programs operate in every Iraqi governorate. We have helped create councils in 16 governorates, 78 districts, 192 city and sub-districts, and 392 neighborhoods and worked with the CPA and the military's civil affairs units to set up many others. These councils have become a kind of incubator of Iraqi democracy. Many of the men and women who have served on them and have demonstrated their abilities are likely to be elected to higher office and serve their communities when national elections take place next year.

Because government decision-making was so tightly controlled during Saddam's regime, few local officials have had much experience planning, budgeting, or making decisions. So we have focused on training local authorities and helping them gain the experience they need if they are going to provide essential public services.

Parallel to this, we are actively funding Community Action Groups. The men and women who make up these groups have shown an aptitude for self-government. Already they agreed upon, funded, and completed some 845 local and community projects ranging from a youth center in Halabja to water systems in Tikrit, to a major roads, sewage, water, schools and sports

program in An Najaf and Karbala, and water, public health and girls education projects in Basrah.

That is just the briefest of outlines, Mr. Chairman. USAID has been so deeply involved in the reconstruction of Iraq that a detailed accounting of our work over the past 12 months could take hundreds of pages. We recognize that there may be some who wish to know more about USAID has done, how we proceeded, and what we hope to accomplish in Iraq in these uncertain times. To this end, we have posted hundreds of documents on our website for any one to see. We are confident that those who examine our record closely will find the Agency has been a good steward of the public trust.

This concludes my testimony, Mr. Chairman. I will be happy to answer your questions and the Committee's.