

Testimony of Gordon West
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Emerging Threats, and International Relations
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Mr. Chairman and members of the Subcommittee, I appreciate the opportunity to participate in this hearing to discuss the overall economy, efficiency and management of government operations and activities in Iraq.

The U.S. Agency for International Development (USAID) has been carrying out activities, in support of the Coalition Provisional Authority (CPA), aimed at building a local commitment to democracy and providing economic opportunity for Iraqis.

USAID's role within the CPA umbrella has concentrated on four areas:

Infrastructure repair: USAID is working primarily in the power, water and transportation sectors. These activities have ranged from working with the Army Corps of Engineers and our contractors on large water and electricity projects to working with civil affairs troops and through our own community based program to carry out smaller community improvement projects. All these activities not only provide critical services expected by the communities, they also generate employment -- the lack of which is a key factor in this unrest.

Some of our key accomplishments in this area are:

- Implementing more than \$200 million worth of water and sanitation projects that benefit some 14.5 million Iraqis;
- Provided emergency repair and on-going rehabilitation at eight electrical power generation plants throughout the country;
- Providing and installing four new power generating units for an increase of over 525 megawatts of electricity;
- Rehabilitated three key bridges critical to the flow of passengers and goods throughout Iraq;
- Reopened the seaport of Umm Qasr and dredged the port to an average depth of 12.5 meters;
- Rehabilitated the Basrah and Baghdad airports;
- Restored international calling service and installed 13 major telephone switches in Baghdad.

Governance: USAID has worked with the Department of State and CPA to reform Iraqi governance at all levels: national, governorate, and local. We have supported the introduction of viable, legitimate governorate and city governments that represent their constituents. We have also helped establish and strengthen civil society organizations that give voice to a broad spectrum of Iraqi citizens, both male and female. Our technical assistance is also providing important inputs into the political transition at the national level. If average Iraqis are to accept democratic governance, they must be convinced that the government, on all levels, is concerned with and responsive to their needs. Our inputs focus on providing mechanisms for peaceful dialogue and transparent, efficient governance.

Some of our accomplishments in the governance area are:

- Helped to establish and strengthen 16 governorate councils, 91 district councils, 194 city or sub-district councils and 445 neighborhood councils – representing an estimated 90 percent of Iraq;
- Provided \$2.4 million for the implementation of CPA's nation-wide Civic Education Program;
- Conducted over 10,000 Democracy Dialogue Activities throughout Iraq;
- Rehabilitated nine government ministries, Baghdad's mayoral buildings, the headquarters of nine Baghdad municipalities and urban water and electric authorities;
- Provided 40 directorates and agencies with enough furniture, equipment and office supplies to enable them to return to service;
- Assisted local governments in budget formulation;
- Established more than 650 community associations that have implemented 1300 community-based development projects in 17 governorates as part of a strategy for developing grassroots democracy and empowerment.

Economic Growth: The development of an efficient, responsive economy is a highly complex undertaking. Consequently, USAID is providing a wide variety of assistance to address macroeconomic issues, government finance, banking, private sector development, trade, rural economics and food security. Some of these activities were carried out in conjunction with the Departments of State and Treasury. A strong, growing economy is the *sine qua non* to insure employment so critical to stability, as well as to develop economic linkages with other countries.

Some of our accomplishments in the area of economic growth are:

- Implementing activities with the CPA to reform Iraq's currency, state owned enterprises, small businesses, banking system, taxations system, budgeting and utility administration;
- Facilitated the Central Bank program to exchange new *dinars* for old; there are currently 4.62 trillion new *dinars* in circulation;
- Assisted with a \$21 m micro-credit program to generate employment and small businesses;
- Supported a National Employment Program which created more than 77,000 temporary public works jobs for Iraqis;

- Developed a bank-to-bank payment system that allowed 80 banks to resume business by October 2003;
- Supported the Iraqi initiative to revitalize agriculture production and to stimulate income and employment generation.

Education and Health: Concomitant to economic growth is the need for a healthy and well educated populace. USAID's program in these areas provides for better trained primary and secondary school teachers, as well as better equipped schools. We are also supporting university partnerships so that the once vaunted Iraqi institutions of higher education can again provide a quality education for their graduates to assure the country a pool of young people able to lead it successfully into the future. Our health program has equipped clinics, trained health care workers and, in conjunction with UNICEF, provided crucial vaccines to millions of Iraqi children.

Some of our accomplishments in the education and health area are:

- Vaccinating 5 million children through a monthly national immunization campaign in partnership with the Ministry of Health and UNICEF;
- In the process of procuring equipment for 600 facilities in seven governorates to enable them to provide essential primary health care services;
- Trained 750 trainers who, in turn trained, 2,500 primary healthcare providers in maternal and child health services;
- Distributed high-protein biscuits to more than 240,000 children and pregnant and nursing mothers;
- Renovated 2,358 schools nation wide and 52 rural health clinics;
- Distributed 1.5 million secondary school student kits; 808,000 primary school student kits and 81,735 primary school teacher kits;
- Printed and distributed 8.7 million revised math and science textbooks in partnership with the Ministry of Education and UNESCO;
- Trained 860 secondary school master trainers, who, in turn, trained 31,772 secondary school teachers;
- Awarded five grants, totaling \$20.7 million to establish partnerships between American and Iraqi universities.

USAID is working closely with the Interim Iraqi Government and Iraqi civil society to jointly identify and address the obstacles that remain in the path to a more secure and democratic future. All of our work has a strong grass roots focus. The old saying that "all politics is local" is true. Be it infrastructure repair, democracy building, economic growth, health or education, the Government of Iraq and those involved in development in Iraq must be cognizant of and responsive to the needs and concerns of the Iraqi people. When we succeed in that goal, we will be well on the way to achieving a stable and peaceful Iraq.

Mr. Chairman, this concludes my testimony. I will be pleased to answer any of your or the Committee's questions.