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BEFORE THE  
COMMITTEE ON ARMED SERVICES  
U.S. HOUSE OF REPRESENTATIVES**

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Mr. Chairman, Members of the Committee, I would like to thank the Committee for this opportunity to speak today about USAID's progress in helping the people of Afghanistan to improve their economic circumstances, advance health care and education and to live in a thriving democracy. In today's testimony, I will describe the significant challenges of working in Afghanistan and highlight how USAID's programs are contributing to the achievement of the U.S. foreign policy objective of achieving a stable and secure Afghanistan.

Development reinforces diplomacy and defense in attempting to establish a secure and stable Afghanistan that is never again a haven for terrorists, relatively free of conflict, and controlled by a tolerant, representative and effective government. USAID is employing a multi-faceted strategy with short-term components that both provide tangible signs of hope while also building the framework for long-term, sustainable development efforts. These efforts dovetail with diplomacy and security to help improve stability.

There continues to be better coordination on reconstruction activities between USAID and US and coalition forces in Afghanistan. In recent meetings with the Commander of the US military's Joint Task Force 76 and with leadership at the International Security Assistance Force (ISAF), the respective militaries offered to provide significant logistical and security assistance in USAID's effort on reconstruction, particularly in the volatile southern region of the country.

There are three stages to the reconstruction strategy for Afghanistan. The first stage focused on relief and humanitarian assistance. The current stage is focusing on stabilization and building systems that will act as a bridge to

the third and final stage of sustaining an environment with a legitimate government and a market-based licit economy.

As the first USAID official on the ground in Afghanistan after the fall of the Taliban, I have witnessed how this strategy has been instrumental in helping the people of Afghanistan move towards creating a stable and productive state. Historically, the vast majority of Afghans have not had access to electricity or safe water. In some remote mountainous villages, the nearest paved road is a two-week walk away. And when USAID first arrived in Kabul, much of the population had been severely traumatized after years of war, which has contributed to the highest maternal mortality rate in the world and a 70% illiteracy rate. Most Afghans did not remember a time when conflict was not a major part of their lives. Today, in Kabul and other major cities throughout the country, the economy is growing quickly: cell phones are everywhere, there are free radio and television stations, and more and more women are making their own choices about their lives.

#### **IMPLEMENTING USAID’S STRATEGY IN AFGHANISTAN**

The first stage of USAID’s strategy in Afghanistan focused on getting people back to some sense of normalcy by providing emergency relief and basic services. We needed to get food on tables and jobs for people. We needed to tackle the collapsed social service sector. Since agriculture is the mainstay of about 70 percent of the population, we put much emphasis on the development of rural livelihoods. Children – especially girls – had not been to public schools in at least six years, so it was vital to get the education system back up and running and to provide the means for those who had missed schooling altogether to catch up. As mentioned earlier, Afghanistan has unconscionable health indicators, and we had to work to set things right, especially when women and children were dying at such alarming rates. In response to these incredible needs, we focused our funds on agriculture, education and health.

In December 2001, in Bonn, Germany, Hamid Karzai had just been named the head of the Afghan Transitional Authority. The country had to be put on a path of democratic stabilization, and USAID supported this process by funding and helping with the logistics for the Emergency Loya Jirga held the following June and then to implement the rest of the Bonn accords. These actions were augmented by a series of “transition initiatives”, designed to show the people of Afghanistan that there were concrete dividends that

would come from a new government. These included rebuilding destroyed schools, market centers and other small-scale, quick impact projects, and the development of an independent media, including radio and television stations.

After the fall of the Taliban, Afghanistan had five different currencies in circulation. As a first step in creating the environment for the development of an economy, USAID helped unify these currencies into one, country-wide new unit, and launched a program to help the Ministry of Finance and the Central Bank with monetary and fiscal policy.

In addition to the lack of a viable currency, the total lack of physical infrastructure presented a serious impediment to economic growth. A country cannot develop without a functioning transportation network and electricity. Subsequently, both President Bush and President Karzai decided that Afghanistan needed a major road project. Therefore, USAID began an ambitious plan to rebuild the highway connecting Kabul with Kandahar and Herat as well as nine provincial roads. When finished, 14 provincial capitals will be connected to a critical trade route. Because only seven percent of Afghans have access to electricity, USAID began to rehabilitate the Kajaki Dam, the premier source of hydroelectricity for southern Afghanistan, so that region could have access to a good, consistent supply of electricity.

The future for Afghanistan does not look encouraging unless Afghans can develop relevant skills to generate economic growth and find employment. Most Afghans, particularly the younger generations, have been denied this opportunity. Therefore, one of the fundamental tenets of USAID's program is, wherever possible, to train and transfer skills to Afghans. This will allow Afghans to participate in their country's development and will lead to greater sustainability.

As I mentioned before, USAID is currently in the second stage of its long-term strategy and will be implementing this second stage of its reconstruction assistance program from 2006 to 2010. I would now like to discuss our priorities.

The four key components of our strategy's second stage are the improved environment for development; a thriving licit economy led by the private sector; democratic governance with broad citizen participation, and a better educated and healthier population. Within the current strategy, additional

focus has been placed on roads and power in order to accelerate economic growth and show visible, tangible signs of progress to coincide with Afghan and coalition offensives.

- **The Improved Environment for Development:** We intend to establish a platform for sustainable economic growth for the Afghan people. This strategy builds on our current programs, yet explicitly empowers the private sector as a key player and driver of Afghanistan's future. USAID will set the stage for sustainable economic growth by bolstering the justice system and providing means for conflict resolution, legitimizing local governance structures, and providing employment opportunities in the short- and long-term. In May, President Karzai and Ambassador Tobias launched USAID's Afghans Building Capacity Program, a 5-year \$125 million initiative to strengthen the institutions and skills of the Afghan Government and its public and private sectors.
  
- **A Thriving Licit Economy Led by The Private Sector:** USAID will expand the licit economy through continued investment in physical infrastructure – roads and power – essential to the development of even the most basic industries. Growth in the agricultural sector, which provides a livelihood for the majority of Afghans, combined with other employment opportunities, has to happen to give impoverished farmers a valid income generating alternative to poppy cultivation.

In December 2004, USAID launched its Alternative Livelihoods Program (ALP) to provide these alternatives. The program is one of five pillars of the joint counter-narcotics strategy of both the U.S. Government and the Government of Afghanistan and is designed to accelerate economic growth in Afghanistan's principal poppy-producing provinces. It is important to emphasize that the Alternative Livelihoods Program will not be fully successful if the remaining pillars of interdiction, eradication, public information and law enforcement do not move forward at the same pace. While the program is no substitute for eradication and there will never be a dollar for dollar replacement for poppy income; the program does provide an alternative means for income and subsistence for farmers who have had their poppy fields destroyed or who have decided not to plant poppy. The program principally targets core poppy-producing areas in southern (Helmand and Kandahar Provinces), eastern (Nangarhar and Laghman Provinces) and northern (Badakhshan and Takhar Provinces) Afghanistan but includes activities in other provinces where

poppy cultivation is expanding or where there has been a concerted effort to eliminate narcotics production. ALP is a decentralized activity that relies on cooperation with government entities across the country and in many remote areas. Therefore, a key cross-cutting objective of ALP is to train local government officials in planning regional economic development, facilitating the growth of local businesses and effectively administering the public good.

- **Democratic System with Broad Citizen Participation:** This guarantees the rule of law through the electoral process will promote good governance and make it easier to prosecute offenders ultimately restoring the country to the tranquility it enjoyed in the 1960s.
- **A Better Educated and Healthier Population:** This will be achieved through continued investments in social services to create an educated and healthy workforce, which will be able to participate fully in the country's economy and democratic government. Through sustained efforts in education, we will make vital, heavy investments in the health of mothers and children – the future work force of Afghanistan.

#### **SUCCESSSES, FAILURES AND CHALLENGES OF USAID'S RECONSTRUCTION PROGRAM**

USAID has had measurable success in Afghanistan in responding to the country's needs. USAID provided textbooks to school children in time for the start of the first school year after the fall of the Taliban; built the road linking Kabul to Kandahar in record time; assisted with the currency conversion; and supported the implementation of the Bonn Process, including the Emergency Loya Jirga, the Constitutional Loya Jirga, presidential and parliamentary elections and the seating of parliament.

To date, USAID has built 524 schools accommodating nearly 400,000 students and 528 clinics serving 340,000 patients per month. By the end of 2006, USAID anticipates completing more than 600 schools and 600 clinics. This is a phenomenal number, averaging 19 schools and clinics per month since construction first started in April 2002. These buildings, constructed to high quality standards, are designed to withstand harsh environmental conditions, repair easily with local materials and expertise, and maintain cultural appropriateness. They are also earthquake-resistant, something which we take seriously since Afghanistan is in an earthquake zone. Initial reports

showed that 18,000 schoolchildren died or were seriously injured in the October 2005 Pakistan earthquake because their schools collapsed onto them.

Our presence on the provincial reconstruction teams (PRTs) has allowed us to build closer relations with local officials and community leaders to better understand local needs and development goals. Since the Coalition and the International Security Assistance Force (ISAF) militaries staffing a PRT are able to offer the necessary protection for our staff, PRTs have been a useful platform for USAID to monitor our programs throughout the country and ensure that aid is being delivered to the right people.

In addition to developing local connections and monitoring USAID's national programs, on each PRT, USAID has contributed to the province's local needs and development goals through the Quick Impact Program (QIP). QIP is the USAID funding mechanism that allows our field program officers on the PRTs to undertake specific development projects in their provinces. The field officers select appropriate projects and activities in consultation with the military on the PRTs, while ensuring local leadership. The primary purposes of QIP projects are to extend the reach and influence of government throughout the provinces and to create a climate of improved freedom and economic activity. Projects implemented through QIP include tertiary roads, bridges, water supply, irrigation, government administrative buildings, schools, clinics, micro-power generation and training courses for women.

PRTs are a vital part of Afghanistan's reconstruction, and as the majority of them shift from Coalition to ISAF control, it is important that USAID continues to work with each of the current ISAF member states (Germany, United Kingdom, Norway, Italy, Lithuania, Netherlands, Spain, and – as of next week – Sweden) that lead NATO PRTs, as well as the nations that are expected to contribute by fall 2006, when ISAF is scheduled to assume responsibility for security in the south.

In addition, USAID coordinates closely with the Department of Defense, the Department of Agriculture, and the Department of State to ensure that activities in development, diplomacy and defense complement and strengthen U.S. foreign policy goals, with the ultimate goal of extending the reach and legitimacy of the emerging government of Afghanistan. This inter-agency approach has been one of the most successful aspects of the PRTs.

We cannot talk about progress in Afghanistan without acknowledging that a major obstacle to getting our work completed on schedule is the security situation. Our staff faces real dangers every day, such as rocket attacks, banditry and kidnappings. We take necessary precautions to ensure their safety. Increasingly, our contractors are being targeted, and a number of them have been killed, making it more difficult for USAID to recruit appropriately qualified staff. The ancillary costs to provide security have also risen substantially. During the May riot in Kabul various USAID Implementing Partners had buildings burnt that may lead to increased security costs for all partners.

We continue to implement our projects despite security threats by extremists who attempt to disrupt services and destabilize the country. Since 2002, 139 USAID-funded workers have been killed in hostile incidents, 148 seriously injured or disabled, and another 35 staff were killed in accidents. Building schools and roads or educating girls is a challenge in an insecure environment. For example, USAID has built 524 schools and another 128 are currently under construction, but construction crews at 53 of our schools experienced violence. This spring, a headmaster was shot in Helmand; 200 schools in Kandahar and 165 in Helmand closed for security reasons, and in January, a high school teacher was beheaded in Zabul. The Ministry of Education has recorded 174 schools as being damaged or destroyed over the past 18 months. Fifteen USAID funded schools have been damaged or destroyed by terrorist attacks since the inception of the Schools and Clinics Construction and Refurbishment Program (SACCRP) in May 2004. Extremists have burned girls' schools and have injured or killed personnel with roadside improvised explosive devices. However, the Afghans continue to persevere under these extremely difficult conditions.

Another ongoing challenge to working in Afghanistan is managing the expectations of the Afghan people, the government and the media. Because of decades of insecurity, destruction, and corruption, the state was incapable of the most basic functions by the time the Taliban fell. The country has been trampled by foreign invasions and fragmented by international as well as internal politics. The result was massive poverty, a state devoid of institutions to govern and serve the people, and the dominance of a drug economy that hindered revenue and state building as well as legitimate economic growth.

An important fact to remember is that development takes time. Comparing statistics from similar countries shows us that:

- It took Bangladesh 17 years to increase adult literacy by 9%, from 32% in 1985 to 41% in 2002.
- It took India 44 years to decrease the infant mortality rate from 242 deaths per 1,000 births down to 85 (a 65% decrease).
- It took Morocco 43 years to increase its GDP from \$2B to \$44B.

These examples also took place in the absence of active insurgencies or security concerns.

USAID has only been engaged in Afghanistan for just four years, and change takes time, despite the expectation of many that reconstruction and development should happen at lightning speed.

I want to take this opportunity to recognize and thank our U.S. men and women in uniform, as well as the American and international staff on USAID projects who have given up the comfort and safety of their homes to help rebuild Afghanistan, and also acknowledge the major contributions of the Afghan staff working alongside us. Without them, we would have no success story.