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Since March 2003, USAID has been allocated approximately \$5.6 billion to assist in the effort to create a better Iraq. With these funds, we have built and refurbished power, water, and sewage plants; immunized millions of children from polio, measles, and mumps; and built schools and trained teachers. Throughout our programs, USAID maintains its commitment to further advance economic and political development throughout Iraq.

IMPROVING PRIMARY HEALTH CARE

USAID has helped strengthen essential primary health care services throughout Iraq. In 2005 alone, USAID-supported emergency campaigns immunized 98 percent of Iraqi children between the ages of one and five (3.62 million) against measles, mumps, and rubella. Also in 2005, USAID immunized 97 percent of Iraqi children under five (4.56 million) against polio. Additionally, USAID partners have trained more than 3,200 Iraqis to expand access to essential primary health care services.



A doctor receives an emergency medical health kit from USAID at a primary health care center in Baghdad. The kit contains supplies and medicine that can benefit up to 10,000 people for three months.

TRANSFORMING PRIMARY EDUCATION

USAID worked with the Ministry of Education (MoE) to improve access to quality education in Iraq at the primary, secondary, and university levels. The goals of the partnership were to increase enrollment, improve the quality of primary and secondary education, ensure that classrooms had sufficient supplies, facilitate community involvement, train teachers, and support MoE capacity building. In support of this mission, USAID has rehabilitated thousands of schools since 2003. At the same time USAID and UNESCO provided 8.6 million and 12 million new textbooks, respectively.

RESTORING EXCELLENCE IN HIGHER EDUCATION

The USAID Higher Education and Development (HEAD) Program brought together five American and 10 Iraqi universities to help reestablish academic excellence in Iraq's higher education system. USAID rehabilitated and equipped 23 specialist libraries, 23 computer labs, 20 specialist science labs, and 17 auditoriums, benefiting approximately 50,000 university students. In addition, books and electronic resources have been provided to university libraries throughout Iraq. To date, more than 1,500 Iraqi faculty and students have participated in workshops, trainings, conferences, and courses in Iraq, the Middle East, Europe, and the United States.

EXPANDING ACCESS TO ELECTRICITY

The U.S. government has made significant progress in improving electricity supply in Iraq and distributing it more equitably throughout the country. USAID has added 1,292 MW of new or rehabilitated capacity to the electrical grid.

Over 240 Ministry of Electricity officials, plant managers, and engineers underwent USAID training to properly operate and maintain the power plants.



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Newly constructed Baghdad South: Units 1A and 1B

PROVIDING POTABLE WATER AND RESTORING SEWERAGE SYSTEMS

USAID has refurbished or expanded 19 water treatment plants in five cities in Iraq and constructed 70 small water treatment plants serving rural villages.

USAID also provided plant-level operations and maintenance support at major potable water plants and wastewater treatment plants nationwide to ensure that these plants continue to function.

In 2003 none of the sewage treatment plants in Iraq functioned properly, and the sewage collections systems were in poor condition. As a result, sewage pooled in neighborhoods and dumped directly into nearby rivers. USAID refurbished 10 sewage treatment plants in eight cities in Iraq, processing 300 million gallons daily and providing treatment for an additional 5.1 million Iraqis.

TRANSPORTATION AND TELECOMMUNICATIONS

USAID's goal was to rebuild major transportation routes to restore the flow of humanitarian goods and services and reestablish commercial links. USAID reopened the Umm Qasr Port, significantly expanding commercial shipping. USAID helped rehabilitate Baghdad International Airport as well as

Basrah International Airport. USAID completed an assessment of over 1,100 kilometers of railroad track and rail facilities throughout the country to identify priority projects. USAID also rebuilt three priority bridges — two in Al Anbar province and one in Erbil.

USAID worked to restore the national fiber optic telecommunications network, repaired the telephone switching system in Baghdad, and restored international telecommunications capability.

FOSTERING CHANGE

USAID has invested over \$1.1 billion in democracybuilding programs throughout Iraq. Building on support for elections, national governments, civil society and constitutional development, current initiatives focus on provincial and local governance. Working through the Provincial Reconstruction Teams (PRTs), USAID supports provincial councils in budget formulation and execution activities.



A young woman learns to sew at a CAP-funded women's center in Khabat.

COMMUNITY BUILDING

USAID's Iraq Community Action Program's (CAP)



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overarching objective is to promote grassroots democracy and better local governance through demand-driven community development. Working directly through Community Action Groups (CAGs) and in consultation with local government counterparts, CAP continues to create representative and participatory community groups.

To date, USAID has committed over \$276 million to 5,930 CAP projects, while Iraqi communities have contributed more than \$74 million. CAP established over 1,400 community associations in all 18 governorates and created more than two million days of employment and 33,000 long-term jobs.

CAP partners received additional funding to assist civilian victims of armed conflict. The Marla Ruzicka Iraq War Victims Fund provides relief to Iraqi civilians and families adversely impacted by coalition operations.

NATIONAL GOVERNANCE

USAID provided 13 technical experts to train members of the Iraqi Transitional Government and the Iraqi National Assembly (INA), helping to professionalize government practices.

To educate voters about the significance of the Iraqi constitution, USAID distributed 1.35 million pamphlets and supplements on the constitution in both Arabic and Kurdish. USAID sponsored 10,000 educational workshops on the constitution which reached over 300,000 Iraqis.

To ensure credible and transparent elections, USAID trained and transported thousands of Iraqis, guaranteeing citizen and civil society involvement in all of Iraq's transitional elections. The program trained 15,000 political party observers and 10,000 accredited domestic monitors.

USAID advisors provide technical assistance to 10 national ministries, the Council of Minister's Secretariat, and the Prime Minister's Office,

Over 2,200 Government of Iraq (GOI) public servants have completed training courses through USAID's National Capacity Development program (NCD). USAID provides 32 capacity development advisors to the key ministries and the program includes a "training of the trainers" component that allows NCD-trained ministry staff to begin training others in their ministries.

A scholarship program for Iraqis interested in careers in public administration has been established to help strengthen Iraq's civil service corps. Over 80 scholarships for Masters or certificate-level studies in public management have been awarded to selected eligible beneficiaries from a broad cross section of the country and allows recipients to attend programs at universities in the Middle East or in the United States. The scholarship program plans to award another 100 next year. Scholarship recipients receive full tuition, housing, and a cost-of-living stipend. In return, they must agree to complete four years of service in the Iraqi government through placement services by the Ministry of Planning and Development Cooperation.



Iraqi men listen to a description of the basics of democracy and the selection process that will allow delegates to select 20 members from their communities to a new district council.

LOCAL GOVERNANCE

Through the PRTs the USAID Local Governance Program (LGP) works with Iraqis to strengthen local



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government institutions at the provincial and community level and help build the capacity for coordination between the national and local governments in Irag.

LGP provides capacity training to the Provincial Councils, the provincial Governor's Offices and provincial Ministries of Health, Agriculture, Municipalities, Education, Higher Education, and Planning as well as provincial Directorate General offices.

LGP's assistance to local governments in Iraq is now bearing fruit as provincial governments have improved their budget execution capabilities dramatically in the last few months. Sixteen provinces have submitted three and five-year provincial development plans to the central government, receiving about a quarter of their requested budgets so far.

Over 750,000 Iraqis participated in 22,000 discussions to educate citizens on democracy and political transitions. National Agenda Dialogue Conferences engaged stakeholders such as academics, journalists, women, lawyers, health professionals, tribal leaders, and civil society organizations in discussions about democracy.

Throughout Iraq, USAID supported the development of 16 governorate councils, 96 district councils, 195 city or sub-district councils, and 437 neighborhood councils. USAID has provided support for elections for governors, mayors, and local councils. USAID held trainings for the participating members, including 2,000 council members, 28 governors, 42 deputy governors, 420 directors general and key staff in 380 government departments. Over 650 (87 percent) of the new provincial council members received USAID local governance training.

PUBLIC SECTOR REFORM

USAID assistance to the Central Bank of Iraq (CBI) has helped to create the capacity for executing monetary policy and maintaining price stability. USAID also assisted the CBI in banking supervision

and insolvent bank resolution to increase public confidence in the banking sector. Strategies have been developed to modernize the customs and taxation processes to provide for diversified revenue for public sector expenditure.

USAID is helping the Ministry of Finance and the Ministry of Labor and Social Affairs develop and implement a more effective Social Safety Net (SSN) system for Iraq's poorest citizens. The SSN system will be expanded from Baghdad to cover all of Iraq allowing the GOI to disburse benefits to all citizens more effectively.

The system is designed to ease the possible impact of decreases in some social services and subsidies on Iraq's vulnerable populations. USAID's assistance to the GOI will allow roughly 25 percent of Iraq's citizens to meet the poverty threshold of income of \$1/day. Currently, one million families are enrolled in the SSN program.

CREATING A CIVIL SOCIETY AND MEDIA DEVELOPMENT

The overall goal of USAID's Iraq Civil Society and Media Program (ICSP) was to support USG efforts to foster participatory democratic governance in Iraq by implementing a program that strengthens civil society's role in economic, political, and social development. Apart from civic education and independent media, ICSP programs taught Iraqis to use democratic processes to fight corruption and to address human rights and gender issues.

USAID experts trained and assisted over 1,000 Iraqi Civil Society Organizations (CSOs) and over 50,000 individuals in women's advocacy, anti-corruption, constitutional awareness, and human rights, and media in order to directly impact Iraq's emerging democratic processes and institutions. USAID awarded over 250 small grants to CSOs to reinforce training and support advocacy and public awareness projects and activities.

Through training and workshops, ICSP assisted in the development of an independent media that will



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provide accurate, high quality information to their audiences. USAID has provided the foundation for a media-friendly environment that includes support to public broadcasting and also guides media law advocacy geared toward establishing a legal environment supportive of an independent media.

USAID's new Iraq Community-Based Conflict Mitigation (ICCM) will work to assess the nature of community conflicts, including those that are resource-based, and offer quick response programs to address them. This will help to build conflict mitigation networks that promote local cooperation and engage the next generation of Iraqis in preventing conflict.

CREATING A NEW AND VIBRANT ECONOMY

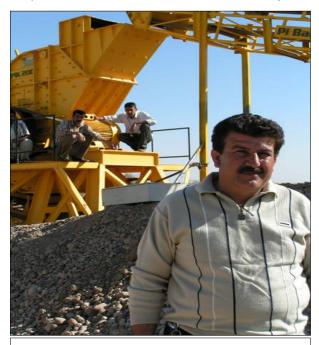
With USAID's support, Iraq is making crucial changes to reenter the global economy. USAID's economic growth programs are building the capacity of the Government of Iraq and the Iraqi people to reform the public sector and expand private sector growth.

USAID's \$500 million economic growth programs focus resources to ensure that national-level reforms are paired with sub-regional economic development assistance. This allows communities and entrepreneurs in all of Iraq's provinces to take advantage of the opportunities created by the country's economic reforms.

USAID helped to establish Iraq's first indigenous microfinance institutions by providing extensive training, technical assistance and loan capital. To date, over \$120 million in microloans have been provided to Iraqi micro-enterprises with a 98 percent payback rate. USAID also helped to establish five regional small business development centers where Iraqis can receive training and assistance on business skills and management.

FOCUSED STABILIZATION

USAID works with the Coalition forces to achieve economic and social stability in Iraqi communities that have been affected by insurgent violence. The Community Stabilization Program (CSP) works directly with community groups, local government officials, and the PRTs in developing and implementing activities that foster more productive and peaceful communities. This is achieved by



This Iraqi business man purchased a new stone crusher through a USAID business development grant. The machine produces quality cement that he can sell at a cheaper rate. His expanded business allowed him to hire 15 more people.

offering programs that focus on training and employment. CSP consists of projects that provide youth activities, employ Iraqis in the rehabilitation and restoration of public works and infrastructure, educate them through vocational training and apprenticeship programs, and provides grants to Micro-Small-Medium Enterprise (MSME) in their communities.



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At this time, CSP is employing over 70,000 Iraqis in some of the most volatile areas of the country, such as Anbar province.

LEGAL AND REGULATORY REFORM

To facilitate private sector growth, USAID helped draft and amend dozens of commercial laws. USAID has also helped conduct legal assessments in over 23 economic areas in cooperation with the Iraqi government.

Through banking reforms and the creation of an Iraqi Investment Promotion Agency and Trade Information Center, USAID has encouraged the growth of new businesses and is helping remove many of the constraints and bottlenecks to economic investment and development.

INCREASED DEPTH OF PRIVATE SECTOR GROWTH

USAID funded the establishment of Iraq's first indigenous microfinance institutions (MFIs). Together with international MFIs, these institutions have made over 57,000 loans with an average size of \$1,200 for a combined value of \$120 million since 2003. Ninety-eight percent of the loans are paid back with an interest rate of 15 to 25 percent. USAID provided assistance in the training of MFI staff such as loan officers and provided the loan capital.

Five major Small Business Development Centers were established throughout the country which assist local entrepreneurs in receiving training and soliciting capital for start-up businesses.

Over 2,436 entrepreneurs from micro, small, and medium-sized businesses (22 percent women) have been trained in business skills and USAID has approved 350 competitively solicited grants totaling \$3 million to provide much needed capital.

USAID integrated Iraq's three business registries and helped harmonize related IT infrastructure. To date, over 30,000 businesses have registered via the new system.

USAID facilitated the formation of Iraq Business Associations Alliance from 10 business associations that received technical assistance and grants.

To foster Iraq's accession to the World Trade Organization (WTO), USAID helped the Gol draft the Memorandum of Foreign Trade Regime, a detailed accounting and explanation covering all aspects of the WTO applicant's trade and legal regime, and established the Trade Policy Unit within the Ministry of Trade, which serves as a coordination point for WTO-related accession tasks and planning.



USAID granted this small candy shop \$5,000 for stoves, drying trays, mixer machines, and workspace renovations. The owner contributed \$1,050 of his own money to purchase storage boxes, commercial heating pots, and natural gas cylinders. The new equipment increased his production rate from five boxes of Naana Kaisi, a traditional Iraqi fruit candy, per day to sixty.

STRENGHTENING AGRICULTURAL CAPACITY AND PRODUCTIVITY

The agriculture sector is the largest employer in Iraq, constituting about 30 percent of the labor force. However, it is filled with low-skilled workers with little ability to participate in the country's economic growth. With reform policies and dedicated training to farmers and Ministry of Agriculture officials,



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USAID has laid the foundation for extensive agricultural improvements. USAID continues its work in agriculture with the *Inma* program which focuses on agribusiness support and development.

Mechanization

Most wheat production in Iraq is mechanized; farmers depend on tractors to cultivate their crop. USAID has repaired over 2,000 tractors to return them to use for agricultural production. Making Iraq's tractor fleet operable provides incentive for agribusinesses to invest private equity in a country-wide infrastructure for agricultural machinery. USAID trained tractor mechanics to ensure the sustainable use of the vehicles.



One of over 2000 newly refurbished tractors in use in Iraq

Grain and Date Palm Production

USAID demonstrated a 40 percent average wheat yield increase over traditional methods for farmers that utilized a cost-effective technical package. Additionally, USAID distributed 173 seed cleaners, improving over 30,000 tons wheat seed for planting in the 2006-2007 season. This benefits over 46,000 wheat-producing farm families around the country.

To help revitalize a struggling industry, USAID increased the area of 21 date palm mother orchards. This has helped preserve the 600 varieties of date

palms in Iraq from genetic deterioration and propagate up to 240,000 commercially viable offshoots per year to increase availability to date producers.

Livestock Production

USAID rehabilitated 66 veterinary clinics responsible for serving almost five million animals and 130,000 animal breeders. Additional assistance was provided to ensure the health and vitality of livestock, including a vaccination program for over 570,000 sheep against brucellosis.



Iraqi farmers gather for information on this salt tolerant variety of wheat introduced through USAID's Agriculture program.