

**Opening Statement**  
**Senator Byron L. Dorgan**  
**Chairman, Democratic Policy Committee**

**An Oversight Hearing on the Bush Administration's  
Plan to Rebuild Iraq's Hospitals, Clinics and Health Care System:  
What Went Wrong?**

**Friday, July 28, 2006**

Today the Democratic Policy Committee is holding its ninth oversight hearing relating to Iraq contracting.

This hearing will focus on one of the Bush Administration's stated goals for the reconstruction of Iraq -- the rebuilding of Iraq's hospitals, clinics, and health care system -- so that we can answer a critical question: what went wrong?

On December 15, 2003, the President hosted half a dozen Iraqi doctors at the White House, and afterward spoke about the great progress being made in delivering health care to the people of Iraq.

In his remarks, the President observed, "I think the budget of Saddam Hussein's government for health was, like \$16 million – less than a dollar per person."

Well, if the measure of health care is how much money is being spent on it, I dare say that Iraqis should be much better off today. But as we will hear today, hundreds of millions of dollars have been squandered in projects that were supposed to improve health care for Iraqis, and have not.

For instance, the Army Corps of Engineers gave the Parsons Corporation a \$243 million contract to build or repair 142 health clinics in Iraq. Three years later, Parsons had spent \$200 million, but completed only 20 clinics.

**The New York Times**

**U.S. PAYS FOR 150 IRAQI CLINICS,  
AND MANAGES TO BUILD 20**

By James Glanz  
April 30, 2006 Sunday

A \$243 million program led by the United States Army Corps of Engineers to build 150 health care clinics in Iraq has in some cases produced little more than empty shells of crumbling concrete and shattered bricks, together with uneven walls, two reports by a federal inspector general have found.

The reports, released last week, are the result of an inspection of five of the clinics in Iraq. The only 20 clinics that were completed without major problems were in the range of 50 to 75 percent complete, the reports said. Parsons, the contractor, had been estimated to have spent \$200 million on the program, but had only spent \$147 million, the reports said.

**“A \$243 million program led by the United States Army Corps of Engineers to build 150 health care clinics in Iraq has in some cases produced little more than empty shells of crumbling concrete and shattered bricks cemented together into uneven walls . . .”**

“Contractor performance and lack of openness in addressing schedule and budget issues in a timely fashion obscured the severity of the financial problem,” General McCoy wrote.

“It should be noted that until the fall of 2005, the contractor insisted their schedules were correct and that they would finish up to 1147 H.C.’s by the end of December 2005,” he wrote, using an acronym for health care facilities.

“This was the most important program in the health sector,” Mr. Bowen said in an interview. “It sought to fulfill a strategy to get health services to rural and remote poor in Iraq.”

But he said it was not until the fall of 2005, a year and a half after the program began, that the corps began focusing on the shortcomings of the work by Parsons and its Iraq subcontractors. By then, Mr. Bowen said, “the damage was so wide that the remedial actions were unable to salvage the overall program.”

Because most of the clinics are more than half finished, Mr. Bowen added, it is still possible that with new money many of the program’s original goals could be realized.

But the criticisms in the reports have created deep disagreements between Mr. Bowen’s office and the gulf region division of the Corps of Engineers, which is responsible for the program. In a series of objections included in the reports, the division’s commander, Brig. Gen. William H. McCoy Jr., rejected many of the findings and tried to shift much of the blame to American and Iraq contractors.

Late Friday, the inspector general also released an audit report on a \$147 million United States-led program to train and equip thousands of Iraqis to protect oil pipelines, electrical transmission lines and hundreds of key installations in both sectors.

Began in September 2003, the effort, called Task Force Shield, was so disorganized that the auditors were never able to determine basic facts like how many Iraqis were trained, how many weapons were purchased and where much of the equipment ended up, the report says.

Of 21,000 guards who were to be trained in protecting oil equipment, for example, probably only about 11,000 were, the report says. And of 9,792 automatic rifles purchased for those guards, auditors were able to track just 3,015.

Even more severe shortcomings plagued the program to protect the electricity infrastructure, which ended almost as soon as it had begun.

To make matters worse, as Administration officials used one hand to sign the contract with Parsons, they used the other hand to wave off career professionals who had a real plan for restoring Iraqi health services.

Now, you would think that the standing committees of the Congress would be stampeding to hold hearings about all the waste and bad choices, and figure out what went wrong.

But the reality is that, at the moment, the same political party controls both Chambers of Congress and the White House. Oversight has become a dirty word. And it falls to the Policy Committee, once again, to investigate these issues.

So what went wrong?

The Special Inspector General for Iraq Reconstruction, Stan Bowen, issued a scathing report on this contract, concluding that “lax oversight by the Army Corps is responsible for the failure of the overall program.”

The Army Corps of Engineers has taken strong exception to that report, and has instead claimed that Parsons was at fault for the waste of taxpayer dollars. Brigadier General William H. McCoy put it this way: "Contractor performance and lack of openness in addressing schedule and budget issues in a timely fashion obscured the severity of the financial problem."

Here's the translation of that remark into everyday English: “the contractor did a lousy job and covered it up until all the money was gone.”

Parsons, for its part, has charged that the Pentagon gave it unrealistic deadlines.

So this is what we are left with: the Pentagon is pointing fingers at the contractor, and the contractor is pointing fingers at the Pentagon. Two hundred million dollars are gone, and the Iraqi people are not getting measurably better health care for it.

The witnesses today will describe, through both testimony and video footage, the conditions at health care facilities that Parsons claimed to have built or refurbished and the current state of Iraq's health care system.

They will also tell us how the Administration came to believe that giving Parsons \$200 million would solve Iraq's health care crisis. In short, they will help us figure out what went wrong, and where we go from here.

Ali Fadhil is an Iraqi doctor who has worked as a translator for the *Financial Times*, National Public Radio, *The New Yorker*, and other news outlets. He visited hospitals and clinics across Iraq in early 2006 to assess the status of the reconstruction of Iraq's health care sector.

Richard Garfield is a Clinical Professor of International Nursing at Columbia University. Dr. Garfield has worked on health sector projects in Iraq since 1996. For the last three years, he has worked in Iraq with UNICEF and the World Health Organization (WHO), and has collaborated with both the CPA and the Iraqi Health Ministry.

Mary Paterson is an Associate Professor in the School of Nursing at Catholic University. In 2003, as an employee of Abt Associates, Dr. Paterson was hired by USAID to oversee the restoration of health care services in Iraq.

Hala Al-Sarraf has worked for the World Health Organization in Iraq since 1998, developing projects on primary health care services and childhood illnesses. Currently a Fulbright Scholar at Columbia University's Mailman School of Public Health, she will return to Iraq after completing her degree.

I thank these witnesses for coming forward today.