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PRESIDENT CLINTON'S FISCAL YEAR 2001 FOREIGN ASSISTANCE BUDGET REQUEST

HEARING

BEFORE THE

COMMITTEE ON INTERNATIONAL RELATIONS HOUSE OF REPRESENTATIVES

ONE HUNDRED SIXTH CONGRESS

SECOND SESSION

MARCH 15, 2000

Serial No. 106–150

Printed for the use of the Committee on International Relations



Available via the World Wide Web: http://www.house.gov/international_relations

U.S. GOVERNMENT PRINTING OFFICE
67–449 CC WASHINGTON : 2000

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PRESIDENT CLINTON'S FISCAL YEAR 2001 FOREIGN ASSISTANCE BUDGET REQUEST

WEDNESDAY, MARCH 15, 2000

HOUSE OF REPRESENTATIVES,
COMMITTEE ON INTERNATIONAL RELATIONS,
Washington, DC.

The Committee met, pursuant to notice, at 10 a.m., in room 2175, Rayburn House Office Building, Hon. Benjamin A. Gilman (Chairman of the Committee) presiding.

Mr. GILMAN. Our Committee will come to order. Members, please take their seats.

Mr. Administrator, we are pleased to have this opportunity to meet with you to discuss the coming year's budget for foreign assistance. Before we go too far in the specific budget items and program objectives, I would like to share with you and my colleagues a fundamental belief.

I believe that foreign assistance is important, not only for what it does to help the people of other nations, but also what it says about the people of our Nation. We live in a time that historians may well call the beginning of a Golden Age. We are perched on the cusp of a revolution in information, communications and productivity. America sets the tempo for this revolution and we stand poised to reap its benefits.

We should not be embarrassed about those achievements. Indeed, we can be proud of our forbearers whose hard work and sacrifice brought us to this privileged position. That is the good news.

But let us not forget that only a tiny fraction of the world's burgeoning population even knows the meaning of the words internet or cell phone or stock options. The vast majority of our brothers and sisters are more familiar with concepts like hunger and disease and violence.

What will distinguish our world as we enter what may become a second American century from the world of ancient Rome? Rome's empire rotted and collapsed from within, corrupted by arrogance and mounting disregard for the people it governed. I am confident that our Nation will not follow Rome's example. We have defied the patterns of history before, for, as de Tocqueville noted, we are a nation of paradoxes. We are peaceful even as we create more destructive weapons. We are communal in our jealous protection of individuality. And we are generous even as we avidly pursue great riches.

The scholar Joseph Joffe speculates in a 1997 article that, "the key to our Nation's success is generosity. Somehow our Nation has remained unchallenged despite victory, defying the laws of *real*

politic. No one is ganging up on the hegemon. But it will have to keep providing order and security for others." He went on to say, "Only by doing good, can it do well."

No one wants to waste the taxpayers' dollars and many observers have questioned the effectiveness of some of our development efforts. Carol Lancaster, a former USAID Deputy Administrator warned that, "A basic lesson is that while foreign aid can promote development, it doesn't guarantee development and more aid does not necessarily buy more development. Indeed, unless it carefully avoids reinforcing flawed policies and poor governance weakening institutions and creating dependence, more aid can buy less development."

No one would argue that helping others is easy.Indeed, it is far more within our power to destroy a nation than to lift it up, but the uplifting of others is inextricably tied to the development of our own nation.

Again, we thank you, Mr. Anderson, and we look forward to your testimony. We thank you for your service, and now I would like to call on our Ranking Minority Member, Mr. Gejdenson.

Mr. GEJDENSON. Thank you very much, Mr. Chairman. I join with you in welcoming our guest, former Ambassador and now the head of AID, obviously taking on and continuing the great work that Brian Atwood did there. We, as a country, I think can be proud of the work that has been done by AID. It almost covers two tracks, in one sense, our altruistic commitment to helping our fellow man on this planet, men and women, when you see the kind of disaster we have recently seen in Africa from the flooding, from war in Sierra Leone and Congo and other areas. Obviously, Americans want to respond.

But for those who may be less inclined toward simply the humanitarian effort, there is a payback here economically. Many of the countries that formerly were our largest recipients of grain today are our largest customers for American agricultural products. As we have helped AIDS in sub-Saharan Africa, in particular, the opportunistic diseases that threaten Africans that come along with AIDS, transmit very easily to Americans. This globalization is seen on a daily basis, whether it is the economic or the health side of it.

Last year, those of us in the northeast who were confronted with West Nile virus disease that was brought here somehow and immediately had an impact taking the lives of several people in the northeast and still continues to be a danger. So that even if we wanted to, it would be impossible to withdraw from the world.

I think of the things we can be proudest of is the fact that America, even when it is challenged, even when times are tough, has continued to help those less fortunate around the world. Today we find ourselves the most affluent society in the world, an economy that has had the longest continuing growth. It is important that we continue to learn from the past, try to get rid of mistakes and failings, places where we may have made mistakes, learn from those and learn to do even a better job helping people to try to achieve a better life for themselves and their children. So I am very happy to have our friend here and look forward to hearing his testimony.

Mr. GILMAN. Any other Members seeking recognition? If not, Mr. Anderson. The gentleman is recognized.

Mr. BROWN. Thank you for holding this hearing on the President's 2001 budget request for international affairs. I would like to make a brief opening statement, but I will not be able to remain in the question period due to a Commerce Committee markup. I have a couple of questions I would like to include in the record and would appreciate a response from Administrator Anderson. Tuberculosis is one of the greatest infectious killers of adults worldwide, killing 2 million people per year, one person every 15 seconds, more people in 1999 than any year in world history. Globally, TB is the biggest killer of young women. WHO estimates that one third of the world's population is infected with the bacteria that causes TB including an estimated 10 to 15 million individuals in the United States. Eight million people worldwide develop active TB every year. It is spreading as a result of inadequate treatment and it is a disease that increasingly knows no national borders.

We know the Administration is committed to increased action against HIV/AIDS in 2001. The fact is that TB accounts for one third of AIDS deaths worldwide and up to 40 percent of AIDS deaths in Asia and Africa. HIV infection multiplies by 30 fold the speed at which a TB-infected person can develop disease and become infectious. In many sub-Saharan countries, the number of persons with TB has quadrupled since 1990.

We have a remarkably cost-effective strategy for TB control that uses inexpensive drugs, but the strategy is reaching only 1 in 5 people ill with TB. A recent study, a WHO study in India found that in areas where effective TB treatment was implemented, the TB death rate fell by seven fold. We have a small window of opportunity during which stopping TB can be very cost effective. The cost of DOTs, directly observed treatment, can be as little as $20, $20 to save a life. But if we go too slowly, so much drug resistant TB will emerge that will cost billions to control with much less chance of success.

Gro Bruntland, Director General of the WHO said that TB is not a medical problem, but a political problem that we need the will, the political will around the world and the developing end, the developed countries, the rich countries, too, to make a difference.

Last year the House passed appropriations bill, included $35 million from 0 to $12 to $35 million over the last 3 years to control TB. I want to know how much, Mr. Chairman, will USAID actually spend for TB control in 2000? How will the great majority of this money be used to implement TB control, to TB control problems?

And briefly in another issue, Mr. Chairman, last year, House and Senate reports accompanying the Foreign Ops bill called for not less than $250,000 in aid to India to be used to promote health care in the Sringgari within the State of Carnotica. This area faces many health challenges and has a mortality rate which is significantly higher than the national average. It is my understanding that Sharada don Battari Charitable Hospital is the major source of medical care in this region. I would like to encourage you, Mr. Anderson, to involve them in this project and to be updated on the project's progress.

Thank you, Mr. Chairman, for your indulgence.

Mr. GILMAN. Thank you. Mr. Payne.

Mr. PAYNE. Thank you, Mr. Chairman. I just want to be very brief to just welcome Ambassador Anderson here this morning. We all know of the outstanding work done by previous Administrator and we know that you have the compassion and the interest and the vision to not only continue that work, but hopefully we can even expand it. I look for the day that we can get increased funding for USAID. I think it is totally underfunded and questions like my colleague, Mr. Brown, brings up about how much is AID spending for tuberculosis control, I am sure of the answer and I do not even know the numbers, but I am sure it is inadequate. It is not enough, but that is because it is beyond your control.

I think that we have to deal with the appropriators. We have to take another look at the way we deal with the world. We have to take another look at how much we budget for international development. I think we are way off the target. In the world, we are probably amongst the lowest. I think it is about less than 1 percent, probably less than one half of 1 percent that we actually expend for overseas development and when we compare $300 billion defense budget that we are looking at now, compared to the pittance, the little pennies that we drop, you cannot even say—they are not even pennies from heaven. They are almost pennies from hell because it should be dollars coming compared to the pennies.

So I know you have a tough job. We will continually push to try to see that we get the appropriations moving forward, development fund for Africa is certainly not funded where we like it. It is not totally in your purview, but indirectly it affects what you try to do.

So we just welcome you hear and look forward to hearing your testimony, but more importantly working with you in the future.

Thank you.

Mr. GILMAN. Thank you, Mr. Payne. Mr. Sherman.

Mr. SHERMAN. Thank you, Mr. Chairman. Ambassador, I have been generally supportive of the Administration foreign aid matters. I think the work you do is very important and so I ought to explain why questions today will take on a different character. There are news reports that the Administration plans to allow non-energy exports by Iran to the United States. This action will be taken by the Administration without any consultation from Congress, and so there is a little guilt by association in that you are part of the same Administration that would undertake this action which not only tells Iran they need make no concessions to the United States in order to do business with us, but also completely destroys our ability to urge our trading partners to demand that Iran stop its missile program, stop providing arms to Hezbollah, stop developing weapons of mass destruction and free the 13 Jews in Sheraz that have been held nearly a year and that face the death penalty. For the Administration to leak to the press that this is what they are planning to do completely obliterates in my mind any benefit of the doubt that I would give to any Administration witness at least until those news reports are corrected.

So Ambassador, it is not you, but that will be reflected in my questions.

Mr. GILMAN. Thank you, Mr. Sherman. Mr. Lantos.

Mr. LANTOS. Thank you, Mr. Chairman. I want to welcome Ambassador Anderson who is bringing to this incredibly complex and difficult task, extraordinary talents and abilities and a proven record. We are delighted to have you in this role.

I want to echo the comments of my friend, Congressman Payne. When Harry Truman made his inaugural address along with vast numbers of Americans I was thrilled to hear his fourth point in his inaugural which subsequently came to be known as the Point Four Program, providing economic and technical assistance to less developed countries.

We have slipped enormously in terms of international comparisons in our aid program. If we were at the level of Norway or Denmark, we would have billions, billions of additional funds to deal with the most unfortunate millions and hundreds of millions of people living on this planet.

I find it obscene that as so many rejoice in new found wealth, there is no awareness of the need to be our brothers' and sisters' keepers. There is a carryover from a philosophy of greed that characterized the previous decade and the decade prior to that.

I want to say to you Mr. Ambassador that you can count on strong support for Administration policies along these lines and support for an increase in the budget. It is often viewed by some that economic aid and technical assistance and human rights concerns are merely idealistic notions when in point of fact both recent and long time history demonstrates that unless we attend to the economic needs of people and unless we attend to the human rights concerns, we will have explosions such as the ones we had in Kosovo and East Timor and scores of other places.

So these are the most practical programs, the most pragmatic programs our government engages in and I would like to see us on a bipartisan basis work toward restoring our aid budget to 1 percent of GDP. It would still leave plenty of resources for everything else we are doing.

We welcome you and we look forward to working with you.

Mr. GILMAN. Thank you, Mr. Lantos. Any other Members seeking recognizing? Mr. Rohrabacher.

Mr. ROHRABACHER. With all due respect to my friend, Mr. Lantos——

Mr. LANTOS. I just wanted to get a rise out of you.

Mr. ROHRABACHER. Just a note about the era of greed, it just seems that everything has to always be blamed on the last Administration, Mr. Lantos, and I think that, and I have done statistical runs on contributions during the Reagan and Bush years which dramatically increased during their years and I guess during the Clinton years the amount of—and I agree with you, the amount of contributions made with people with resources that could give those contributions is down and that is not something that we should be proud of. The fact is, we are in an era of prosperity and people should be donating more of their money to charitable causes. But this is not a carryover from the era of greed. During the Bush and Reagan years, the amount of charitable contributions dramatically increased in our country.

Mr. BERMAN. Would the gentleman yield?

Mr. ROHRABACHER. I certainly will.

Mr. BERMAN. I think the gentleman makes a legitimate point about not always blaming the previous Administration on this issue. In fact, under the Reagan Administration foreign assistance was far higher than it is now. I think a lot of the blame should go this Congress.

Mr. LANTOS. Absolutely.

Mr. ROHRABACHER. Thank you very much, Mr. Berman.

Mr. LANTOS. Will the gentleman yield for a moment.

Mr. ROHRABACHER. Certainly, I am taking all kinds of punishment.

Mr. LANTOS. I want to thank my good friend from California for yielding. Let me just share a little anecdote with him. When I was in Albania some time back and met with our U.S. aid contingent and they presented their program which is very impressive, in the afternoon I met with the people who run the Shorush Foundation in Albania and I discussed to my shock, embarrassment and anguish that the private contributions of this one American to Albanian technical assistance and aid exceed those of our government which I think is a rather intriguing comparison.

I thank my friend for yielding.

Mr. ROHRABACHER. Actually I think we need to appeal more to those individuals in our society. The great thing about America is we have people from every corner of the world who live here. America is not made of one ethnic group, one religion, one race and we have people literally who tie us to these very parts of the world and in various charitable operations we have people who come from these parts of these different countries. Jews give a lot of money to Israel. Greeks give a lot of money to Greece. Irishmen give a lot of money to Ireland when there is a need and I think that these are things we can be very proud of, the fact that this ties us and ties our hearts to people in need in different places.

Mr. LANTOS. For the record, if my friend allows, Joy Soros, she is not Albanian.

Mr. ROHRABACHER. Okay, well with that said I think that we must also keep in mind when we are talking about government assistance that we should by making sure that we remain a country where charitable giving is encouraged, we cannot just give everyone the impression that government is going to do it all and that, of course, is a very important element in the psychology of helping other nations.

Thank you very much.

Mr. GILMAN. Any other Members seeking recognition? If not, we want to again welcome Brady Anderson, our Administrator of the U.S. Agency for International Development. Mr. Anderson was sworn in as Administrator in August 1999. He directs a $7 billion program out there. He was previously in the Clinton Administration as Ambassador to Tanzania and before that he spent 5 years living and working in the villages of East Africa. He served 3 years as a Naval officer, including 6 months in a destroyer off Vietnam. After his military service, he was an Assistant Attorney General in Arkansas and he is now directing a very important agency.

Welcome, Mr. Anderson. You may submit your full statement and we will put it in the record or you may read it, however you may deem appropriate.

Please proceed.

STATEMENT OF J. BRADY ANDERSON, ADMINISTRATOR, U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

Mr. ANDERSON. Thank you, Mr. Chairman and Members of the Committee. I am very pleased to be here today in my capacity as Administrator of U.S. Agency for International Development——

Mr. GILMAN. If you would withhold a moment? May we have order, please, while Mr. Anderson proceeds?

Mr. ANDERSON. Thank you, Mr. Chairman.

Mr. GILMAN. Please, proceed.

Mr. ANDERSON. I am pleased to be here today in my capacity as Administrator of the United States Agency for International Development to present the President's fiscal year 2001 budget for foreign assistance programs and to lay out the priorities of the Agency.

I know that your colleagues on the Budget Committee are discussing the overall fiscal year 2001 international affairs budget. We need your support for the President's request of $22.8 billion in order to provide essential fundings for these important programs which include those managed by USAID.

I would like to make brief comments and request that my formal remarks be included in the record.

Mr. GILMAN. Without objection.

Mr. ANDERSON. During my tenure at USAID, my priorities are to continue strengthening the Agency's collaboration with the Department of State and to improve our relations with Congress. I also hope to make significant headway in resolving the management problems that have bedeviled this Agency for some time. In short, I want to insure that USAID resources, approved by Congress, have their maximum intended benefit whether in building democracies in market economies, promoting children's health, preventing and mitigating conflict or responding to foreign disasters.

As you said, Mr. Chairman, I come to USAID with 8 years of field experience in Africa, 5 years as a linguist with the Wycliffe Bible Translators and three as the U.S. Ambassador to Tanzania. I have worked and lived in the villages of Kenya, Tanzania and Ethiopia. I know how difficult life in Africa can be. I also know that the people of Africa want, more than anything, the chance to succeed. I am proud to be before you today as part of an organization that works to give them and millions of other people around the world that chance.

Since my confirmation last August I have visited the Balkans, the Middle East, Turkey, and the Central American countries of Guatemala, El Salvador and Honduras. Today, I would like to share with you some of my observations from these visits.

We are in a tough business where there are no easy answers or silver bullets. The challenges faced by the developing world are real. They are extremely difficult and they are all inclusive. There has been progress in the past few years. Still, we are constantly reminded of how far other countries have to go before they can become free and prosperous societies.

We as a nation are proud of the freedoms guaranteed to our own citizens. We celebrate the opportunity for economic improvement

that our system creates for Americans and we are rightly concerned that these freedoms and opportunities be passed on to future generations. Sometimes we lose sight of the fact that even for the United States it took almost 200 years before equality and the unalienable rights of the individual came to rest upon solid foundations.

It took time for us to develop an economic system that provided opportunity for everyone in our society, rather than one that operated for the benefit of a few.

What this experience has taught us is that democracies and market economies do not magically appear. They require the creation of solid, democratic institutions, the rule of law, guarantees for basic individual rights, and a free market system that offers opportunity for all.

Many of the problems facing the people of the developing world such as disease, illiteracy, grinding poverty, environmental degradation, repression and corruption stem from weak and sometimes nonexistent institutions.

Given this reality what is the role of USAID? What can we do?

Well, the most important contribution we can make is to transfer American knowledge, ideas and information. This is what USAID does and this is what we do best. At USAID we talk a lot about institution building and I know it can seem rather esoteric, but let me explain why we think institutions are so important.

Institutions are the bricks and mortar of any society, but they are especially important in democracies because they reflect the needs of the people. Take a look at our own country. Our justice system depends upon the rule of law, the idea that all men and women are equal before the law. Our social safety net insures that the most vulnerable in America, the elderly, the poor, the sick, get the health care they need and deserve. Even the fact that our trash is picked up on time reflects a local government that is efficient and responsive to its constituents.

These are just some of the things we are trying to help other countries create. The goal of our Agency is to help nations develop into functioning, market-based democracies, not because democracy is American, but because democracy is a system of government that serves the people it governs. Democracy cannot be implemented without strong institutions. The ability of people in developing countries to deal effectively with the basic problems of child mortality, poverty, illiteracy and corruption is almost entirely dependent upon the quality of their political and economic institutions.

We are working to establish the rule of law, to create independent judiciaries, independent media, to implement needed economic reforms like international accounting and audit standards and banking reform. We are working to privatize state-own enterprises and to help pass laws protecting private and commercial rights all over the world.

Like many of you, I agree that our microenterprise, child survival, population, agriculture, environment, girls' education and infectious disease programs are important parts of USAID's work. However, it is important not to lose sight of the fact that if we are to succeed in the long term, we must leave behind people and institutions with the capacity to deal with these problems on their own.

The United States does not and cannot exist as an island of prosperity in a sea of poverty and instability. What is more, foreign aid, as we all know, benefits Americans just as much, if not more than it benefits other countries.

We do not want our children and our grandchildren to live in a world of failed states, famine, epidemics, terrorism and instability. All of which threaten our own security and prosperity.

In my travels as Administrator, I have met many people and I have heard many stories and I can tell you that people around the world look to us not because they need money, but because they need inspiration. They respect us and they want to work with us to find solutions to their problems. They do so because, as Americans, we believe strongly in the dignity and the worth of the individual. I think USAID's programs today reflect this fundamental value, the belief that as President Kennedy once said, "The rights of man spring not from the generosity of the State, but from the hand of God."

I take seriously my role as the President's Special Coordinator for International Disaster Assistance. Earlier this month in response to flooding in Mozambique and other Southern Africa nations, I designated a search and rescue team and disaster assistance response team to Mozambique to help the victims of this crisis. I have coordinated with the Department of Defense to transport relief supplies and with the U.S. Department of Transportation to provide a U.S. Coast Guard search and rescue coordination team. I have asked our Africa and humanitarian response bureaus to work alongside the World Bank's assessment team that is in Mozambique today to develop a strategy to help the people of Mozambique regain their footing.

I firmly believe that USAID can and does make a difference in the world because of who and what we are. We are doers who look at problems not as obstacles, but as challenges to overcome, but we need the flexibility to focus our resources on things that will make a difference over the long term. It is for this reason that I have focused today on the critical importance of institution and capacity building in both the political and economic spheres.

There is one more point I would like to make, Mr. Chairman. USAID is the premiere donor agency in the world because our presence in the field is one of the strongest in the world. This presence today is jeopardized by continued constraints on our operating expense budget. I know the people who work at USAID are among the finest people, not just in government, but in our society. Their efforts and commitment to our work overseas deserve not only our respect, but also our gratitude and support. I hope that support will be reflected in this year's allocation for our operating expenses.

I appreciate this opportunity to set forth my views and I will look forward to answering your questions.

Thank you, Mr. Chairman.

Mr. GILMAN. Thank you, Administrator Anderson. USAID missions in the field often do not receive funds until the third or even fourth quarter of the fiscal year. Can you tell us what causes those delays and what can we do to avoid that?

Mr. ANDERSON. That is unfortunately a part of the planning process and the appropriations process. One of the most important

priorities I have at the Agency is to attack some of the management issues that we have had for a long time.

USAID is an Agency that makes contracts and agreements with universities, nongovernmental organizations and others. This entire process has come to take entirely too long. We are looking at it now. We have been looking at it for several months in hopes of moving that time up when, in fact, we can get money into our missions overseas.

I feel strongly that the USAID missions in the countries where we have them—73 now, but it will be 70 after this year—is where the programs really are. The mission directors need more flexibility. Withholding the funds from them for so long is not the way to do it.

Mr. GILMAN. So you think you will have that corrected this year?

Mr. ANDERSON. I think we will improve it this year, Mr. Chairman.

Mr. GILMAN. I hope you can correct it this year.

How will you be dealing with the challenges insuring that the missions, your aid missions are not funding NGO's that may have links to terrorist organizations?

Mr. ANDERSON. There is an intergovernmental process that has been set up recently to review proposals like this that involves all of the relevant agencies of the Federal Government, not just ours. State and others have the information that we need to be able to make that sort of judgment and I am confident that new system will enable us to screen out groups that——

Mr. GILMAN. Who or what is in charge of that new system?

Mr. ANDERSON. State Department primarily.

Mr. GILMAN. Who?

Mr. ANDERSON. The State Department.

Mr. GILMAN. And who in the State Department?

Mr. ANDERSON. I have had conversations with Under Secretary Pickering about it on several occasions.

Mr. GILMAN. Does Pickering have someone in charge of that?

Mr. ANDERSON. I am sure he does, but I could not say who it is.

Mr. GILMAN. Could you provide that for us?

Mr. ANDERSON. I will do that.

Mr. GILMAN. So we can make it part of the record.

And NGO workers are coming under increasing risk of kidnapping, murder and assault. What is USAID doing to insure that its grantees are prepared and security conscious?

Mr. ANDERSON. The Ambassador, as chief of mission in each country where we work, is tasked by the President, as it were, and the Secretary to oversee the security of official Americans in the country. We get information from the RSO, the Regional Security Officer in the area. He or she provides that information to us and to the Department of State so that we can make judgments about places that we work. For example, Chechnya, as you know, is a very dangerous place and we do not do anything inside Chechnya; the Department of State and the Ambassador have advised us not to fund any NGO work inside Chechnya because of security concerns.

We have a security office at USAID, and of course the State Department does and we have offered training opportunities for

NGO's. We have encouraged NGO's to talk to us before they engage in any activity anywhere. We encourage them to go by the Embassy when they are in the country where they are going to do the work and talk with the RSO first. We make access to radio frequencies available to them in the countries where they work. That is one of the most important things for them so they can communicate and find out when there is a danger in a certain area.

Mr. GILMAN. Thank you, Mr. Anderson.

Mr. ANDERSON. Thank you, Mr. Chairman.

Mr. GILMAN. Mr. Gejdenson.

Mr. GEJDENSON. Thank you, Mr. Chairman. Let me thank you, one, for the cooperation we have had on the microenterprise loans. Obviously, an area we both have great commitment to and I think we are making progress. It is one of the areas that I think we have been incredibly successful. Working together with Chairman Gilman, the First Lady, and your predecessor and now you, sir, we are very appreciative of that.

It is interesting the President raises, the Chairman raises the issue of delay in funding because one of the areas that we have had some disagreement, although the Chairman and I often do agree is the situation in Haiti where the Chairman and others have put a hold on funding to assist democracy and child assistance and food aid. I was wondering when congressional holds like that occur in a country as poor and as troubled as Haiti, what has that done to the program in Haiti?

I am not trying to start a fight between you and the Chairman.

Mr. ANDERSON. I should begin by saying that I respect the Chairman's and any Congressman's concerns about a program or proposal that we have, especially in a place that does involve a lot of controversy like Haiti. There are tremendous needs in Haiti in terms of humanitarian issues and in terms of democracy issues. It is those things that our programs are designed to address, and therefore I hope that holds can be lifted on programs that——

Mr. GEJDENSON. But essentially what happens is it disrupts the ability to execute programs and prevent you from getting help to some of the neediest people in the world. Is that correct?

Mr. ANDERSON. The Haitians are certainly among the neediest people in the world and our programs are designed to help them.

Mr. GEJDENSON. Thank you. One of the things that——

Mr. GILMAN. Would the gentleman yield?

Mr. GEJDENSON I would be happy to yield to the Chairman.

Mr. GILMAN. Just bear in mind when we put a hold on it, it is done for an important purpose and with Haiti it had to do with making certain the election process will move forward appropriately. Right now, we are concerned that Haiti once again is thinking about delaying that important election.

Thank you.

Mr. GEJDENSON. Well, my sense of what happens in Haiti, Mr. Chairman, is that those people involved in the power structure have never cared much about the poorest of the poor and that we would do much better keeping our focus on helping them with their needs and nutrition and health care and not try to use that as a leverage for a class of people who rule that country who seem not to care at all about the poorest of the poor.

Let me go to another area now that we have touched that one and that is on the issue of disease and disease control because I think it is going to be a growing area of focus and I would just suggest that you work with World Health Organization. My colleague, Mr. Brown, talked about the virulent strains of TB. As I indicated earlier, we have got the West Nile disease, the AIDS epidemic in Africa which continues to grow will provide hosts for a number of opportunistic diseases that are much more easily transmitted than AIDS and will have a direct impact on us here. I really think that this is an area that we have to help, you have to help us develop the information so we can bring it to our constituents so they can see in this case while what we are doing has a humanitarian element, there is also an element of self-preservation. If we can keep AIDS from spreading in Africa, it is obviously going to help Africa which is already devastated by this disease, natural disasters and wars, but there is also a terribly important ingredient for us. Can you give us an assessment of where that is?

Mr. ANDERSON. HIV/AIDS, polio and TB know no boundaries. They do not need visas to enter the United States and while there is no polio in the Western Hemisphere, it unfortunately continues to resist eradication in Central Africa, especially, and also in India. There is a very huge concerted effort on our part and as a part of the WHO to really hone in on polio to eliminate it. I would agree with you, Congressman, that to eliminate and contain diseases like HIV/AIDS, TB and polio that cripple and kill so many people, including Americans, it is in our own self-interest to make the effort along with others. We cannot do it ourselves. We should not do it by ourselves. It is not possible. The challenge is too great. We are focusing greatly; the President has made this a big priority for us.

Mr. GEJDENSON. Thank you. Let me just close with one last suggestion and that is from time to time the issue of purchasing American products comes up. I am not going to go into a great specific discussion because I only have a limited amount of time left, but I want to tell you it is terribly important as the agencies make decisions on purchasing products that they put a high priority on products made in the United States, when American taxpayer funds are used to help other countries. For those of us who fight for U.S. foreign assistance, we are undermined, whether it is the USDA or your organization or State, when highly visible items, in particular, but at all times, where it is at all practical, to make sure that we buy American products with American taxpayer dollars. We want the support of the American people. We use their resources to pay for these programs. We have to make sure the NGO's and the other agencies we work with understand that it is an important element.

Thank you, sir.

Mr. ANDERSON. Thank you.

Mr. GILMAN. Mr. Bereuter.

Mr. BEREUTER. Mr. Ambassador, thank you for your testimony. I have a number of questions I am going to go through quickly and hope you could address at least some of them now and then get back to me on the others.

The State Department, I think with AID, sent an assessment mission to Indonesia that called for $450 million in aid over 3

years. It appears that the budget request does not meet that. I raised questions about why it does not. There are no ESF funds for India or for the Philippines in fiscal year 1999 and 2000, yet there are $5 million each for fiscal year 2001. That seems like a bad idea to me. If you want to spend money in those countries why do you not put it in development aid or child survival aid? I do not understand why you are starting those programs of ESF assistance. Generally, it is not a good way for us to leverage our foreign aid.

In Macedonia, I am interested in some more detail about how we will spend the money there and I would like to know from your staff what assistance the European Union countries are providing to Macedonia, a country that has borne probably the biggest cost because of the Kosovo conflict.

There is bipartisan legislation being considered to place a 15 percent cap on U.S. multilateral assistance to the Balkans. In light of the EU's and other countries' failure to meet their commitments to civilian government and all of its related programs in Bosnia and in Kosovo, I would like your reactions as to whether or not you would support such a cap as leverage on our allies to do what they are required to do.

I would hope that you can keep in mind with respect to aid to Bosnia about the incredible corruption that exists on all sides in the country. That corruption is absolutely stopping any kind of foreign direct investment. The extent you finally can leverage some movement from the level of corruption in Bosnia that would be important because right now we are not making any progress. We are just throwing money away.

Finally, two more points. The Wall Street Journal yesterday said very major crop failures in Mongolia with severe food shortages beginning and expected to get worse. Are you prepared to provide P.L. 480 or other assistance to Mongolia? For this fiscal year and certainly into the next fiscal year, you have no aid allocated for P.L. 480 to Mongolia, a country which is struggling but doing a great job with its limited resources and moving toward democracy.

Finally, I would like a little detail later, on how you are going to spend the proposed assistance to Cyprus.

Thank you. Do you want to tackle any of those issues?

Mr. ANDERSON. I would be happy to, yes, thank you, Congressman.

In Indonesia, the assessment team, of course, had USAID members on the team, along with State, I believe our request is going to be in the neighborhood, it seems to me, of $130 or so million. We think at this point that is a good program, that it does attack both economic and political issues as well as humanitarian issues. It seems that Indonesia's President Wahid is committed to economic and political reform and we are all pleased that he is there. We want to support him in that very important strategic country.

Mr. BEREUTER. I agree with you, Mr. Ambassador. I am just wondering why you are not spending another $10 or $20 million.

Mr. ANDERSON. Some of that money and this goes into the second question about ESF, the State Department allocates ESF in consultation with us, but State makes the final determinations on ESF and, as it were, we do on development assistance.

Mr. BEREUTER. I know. I hope they will hear the concerns today.

Mr. ANDERSON. Thank you.

Mr. BEREUTER. I want that money to come to you for child development, child survival, and other development.

Mr. ANDERSON. Thank you. The 15 percent cap, I think, from a policy point of view, makes a lot of sense. From a development point of view we are proud that one of the things that I think we Americans, both militarily and certainly through USAID is that we are very often the first people present when there has been a crisis because I think of our values and because of the efficiency in our systems, although at times we fret about our inefficiencies in our bureaucracy, but we get places very quickly. We, as Americans, when we see a problem we say here is a problem, here is what we think we should do to get it fixed and this is how we get there. I just think we are very capable of that sort of thing and that puts us out front at times in a leadership position which I think is usually a good thing.

In the case with the EU, they have been, in our judgment, very slow to respond. They seem to make financial commitments, but to actually get the money there on the ground it takes them a longer time. Maybe it is the peculiar animal that the EU is. But we are going to obey whatever caps there are in legislation and appropriations.

Mr. BEREUTER. I know my colleagues, I am infringing on your time, but if you, Mr. Anderson, could at least get to Mongolia.

Mr. ANDERSON. I am aware that Mongolia had a terrible drought and they have had a terrible winter. I know that a lot of their animals have died. We have sent someone from our Bureau of Humanitarian Response who has already gone to Mongolia and is preparing a report to see what we will do. But certainly, if P.L. 480 resources are needed in Mongolia, I see no reason why we would not use it there.

Mr. BEREUTER. Thank you. I will be satisfied with a written response to the rest to expedite things.

Thank you, Mr. Chairman.

Mr. GILMAN. Thank you, Mr. Bereuter. Mr. Sherman.

Mr. SHERMAN. Thank you, Mr. Chairman. I would first like to comment on the fact that we do need more foreign aid, but often those of us arguing for more foreign aid talk about how America is not doing as much as other countries. I think the American taxpayer has been the most generous in the world by far because you have got to look at what we contribute to world peace. We are contributing a massive amount of our tax dollars really not to defend the borders of the United States, but to work for peace and stability around the world, a peace and stability that is in our interest, but it is just as much in the interest of Japan and Germany, countries that live in more dangerous neighborhoods than we do. So I look forward to working for more foreign aid, but starting with the assumption that the American taxpayer is, should be and wants to be the most generous in the world.

I would like to return to Mr. Gejdenson's comments about the Buy America provisions. I am particularly concerned about buying foreign vehicles. America makes every kind of vehicle. We should not be providing aid to any country that prohibits the importation of American vehicles or imposes restrictions on that importation

that are more severe than they impose on the importation of vehicles manufactured in Europe or Asia. What would be the disadvantage of a requirement that 99 percent or more of all of the vehicles used by USAID be manufactured in North America?

Mr. ANDERSON. As I said in my remarks I lived in East Africa for 8 years, both as Ambassador and working as a private citizen. I spent a lot of time in vehicles and a lot of time on the roads in Africa. One of the problems that we faced was getting vehicles with the steering wheel on the right side. The countries I was in, Kenya and Tanzania, are British, where the steering wheel is on the opposite side than it is here. That presents a problem in getting vehicles that are made in the U.S. with that.

When I was in Tanzania, actually, I took this on as a cause. It certainly was the State Department's policy to have Ambassadors transported around in U.S. vehicles. I had to get a new one. The old one was dead and I wanted to get a Jeep Grand Cherokee. It was a four wheel drive, and if you have been on the roads even in Dar es Salaam, you see why I needed that. So it took several months to finally get a Vice President from Chrysler to send me a fax telling me he would love for an ambassador to be in a right hand drive, four wheel drive Grand Cherokee, but they do not make them, although he wants to and he would hope that we would encourage them to make right hand drive vehicles. I wound up buying and importing from Australia a right hand drive Ford LTD made in Australia. That was a Ford and I am proud of that name. I have had other Fords, but it was an Australian vehicle which a lot of people found kind of interesting that an American was driving around in it, but it had to be right hand drive. I found that was always a real hard thing for us.

Mr. SHERMAN. Ambassador, what would be the disadvantage of a provision of law requiring that 99 percent of all vehicles used by AID in left hand drive countries be manufactured in North America?

Mr. ANDERSON. The second problem that I faced during the 8 years I was there was getting access to parts and service for American vehicles. I asked some missionary friends from the U.S. who loved Ford F250 pickup trucks. They drove them when they were in the States and they wanted to take them to, in this case, Tanzania and Kenya. They put them in a container, but they had to fill their container with all the parts, filters, and everything. Of course, they themselves are mechanics, as a lot of missionaries are in Africa in order to service the doggone things because there is no way to service a Ford vehicle in East Africa. It is a shame. I hate that we in a way have given over to Land Rover and to the Japanese car companies, the four wheel drive market. I just think it is a terrible shame, but that is a very real, very tough problem. If that were a law it would cost—you would have to raise our budget tremendously just to maintain the vehicles because there would have to be a huge amount of spare parts—it is just a reality that I saw. I have to say that.

Mr. SHERMAN. Can you look at this matter and report to the Committee that each and every time there has been a waiver, it is in a country where less than 1 percent of the vehicles on the road are U.S. manufactured, where parts are therefore not avail-

able for U.S. manufactured vehicles? It strikes me as odd that you could repair an Australian made Ford, but not an American made Ford.

Mr. ANDERSON. You could not.

Mr. SHERMAN. You could not repair it?

Mr. ANDERSON. The back windows of my car would not lower after the first few months. We could not get them repaired. We had ordered a part. It never came.

I will do that.

Mr. SHERMAN. Thank you. Moving on to——

Mr. GILMAN. The gentleman's time has expired. Let me note to all of our colleagues, immediately following the testimony by Mr. Anderson and our questions, our Committee will markup H.R. 3822, the Oil Price Reduction Act for the Year 2000. Please stand by following Mr. Anderson's testimony.

Mr. Smith.

Mr. SMITH. Thank you very much, Mr. Chairman. Mr. Anderson, welcome to the Committee. During the last few months there have been new allegations of abuse in the Peruvian government's family planning program. The allegations include cases of women being told that they must accept contraceptive methods; other cases in which contraceptive drugs or devices were administered without the woman's knowledge or consent and some others in which rewards or incentives were given to the women and/or health care providers in connection with acceptance of sterilization or other birth control methods.

As you may know, in March 1998, the Peruvian government promised to eliminate all of these abuses in its program. Prior to that time abuses had been well documented, many of them in connection with sterilization fairs that were held in various places throughout Peru and you might also recall that we convened a hearing on that and heard from two of the women who had been abused in this way who broke down in tears over that abuse and one doctor who acted as a whistleblower at great risk to himself brought forth the evidence.

According to the U.S. State Department country reports on human rights practices for 1999 which as you know was published in February 24th, Peru's highly respected official ombudsman has also received complaints of post-March 1998 abuses. The report notes that the ombudsman is continuing to investigate these abuses, but it does not say whether USAID has drawn its own conclusions about whether these abuses have been continuing and whether any of them took place in projects, programs or activities supported in whole or in part by U.S. funds. If they did, these programs would violate U.S. law which requires voluntariness and informed consent in U.S. funded family planning projects.

Mr. Anderson, my question is are these serious allegations—these are serious allegations and I hope you do have some answers. I raise these questions with Secretary Cohen last week and hopefully that was passed on to you or your staff as to our concern.

Can you tell us when it first came to AID's attention that women may have been denied informed consent in the Peruvian government's program even after March 1998?

Second, aside from supporting investigations by the ombudsman, what specific steps has AID taken to determine whether U.S. funds were contributing directly or indirectly to these abuses.

And third, if the abuses are happening in the Peruvian government's program, but not in projects supported by U.S. funds, does not this still raise questions about whether we should be in a family planning partnership with a government that abuses its own women in this way?

Mr. ANDERSON. Thank you, Congressman. I do not know the answer to the question. I will find out when someone in USAID, whether in Peru or here, first learned about the allegation.

I was told when I talked about this yesterday, when I first heard about this, that our mission in Peru was contacted and that they had not been told of these allegations. But I want to make sure to answer your question when did anyone in USAID first learn of this allegation, I will have to ask and find that out.

Mr. POMEROY. Will the gentleman yield, briefly before continuing?

Mr. SMITH. In terms of being told, again, the ombudsman has been receiving these. I have raised this repeatedly. As a matter of fact, our hope was that the Peruvian government would come clean and absolutely renounce in every aspect of its administration of its program the coercion and the lack of informed consent.

Hopefully, and this is very important, AID has been—I mean the red flag has been there now for a couple of years. I hope they did not fall asleep at the switch. But I yield.

Mr. ANDERSON. I certainly hope that they have not. I cannot tell you and I will not say what I know about what the USAID mission there knew. Everyone, of course, is aware of the problems going back to the 1998 hearing and the things that were done to try to rectify the situation. I think it is outrageous if, in fact, they have lapsed back into this, as it were, or if they have made a determination to go back into this, depriving women of freedom in this way. I think we should do everything we can and we will, to find out if these allegations are true, what is the nature and the extent of the allegations, who knew what, and when.

My understanding is the GAO as a part of a wider examination requested by Senator Helms, is going to visit Peru in May or June of this year and they are looking into the family planning program. I look forward to results of the GAO study. When we have exactly the nature of the allegations that people have made, then I can assure that we ourselves will look into it to make sure. It seems to me it may be determined by the extent of the violation. I mean is this government policy? Is it some local person that has gone off? I really do not know, but I think the family planning program is important. It is important to the men and women of Peru. They are the ones who asked for it and I would hesitate to agree that we should stop the program. It would depend, I think, probably on the extent of the violation.

Mr. SMITH. Please let me say for the record, even pre–1998 as we worked up to our hearing, as we were gathering evidence, it was never part of the government program. They always were in denial, even though there was serious evidence to suggest otherwise. I mean that is part of the subterfuge we deal with all of the

time on every human rights violation. It is never something the government in any area of abuse, countenances, encourages or supports and yet they countenance, encourage and support the very thing they deny and that is why I think we need to get to the bottom of this and do so aggressively and I know my time is up, Mr. Chairman, but it really does concern me. We have been raising these questions now for a number of years. Fujimori himself has made population control a centerpiece of his war on poverty. Unfortunately, it looks like it is a war on the women of Peru as well as on their children. You can always eliminate poverty, if you eliminate kids.

Mr. POMEROY. Time.

Mr. SMITH. Excuse me?

Mr. POMEROY. Time.

Mr. SMITH. The Chairman calls the time. Will the gentleman yield?

Mr. POMEROY. Yes.

Mr. SMITH. Everybody who serves on my Subcommittee knows that if anybody on the Subcommittee ever exceeds their time by a minute, two or three or even more, I always extend them the courtesy. Mr. Delahunt knows very well as does everybody else. So I would hope you would show me the same courtesy.

Mr. GILMAN. Mr. Smith, please, proceed.

Mr. SMITH. I will be happy to yield back the balance, but I do hope——

Mr. GILMAN. The gentleman's time is up. Mr. Pomeroy. Mr. Pomeroy chaired regularly. If you have a complaint, please direct it to the chair.

Mr. POMEROY. I only meant as a helpful little note to kind of move this along and I apologize to the gentleman if he took umbrage at my comment. Really, I did not mean anything by it.

I do want to begin by commending the Administrator for the support he has brought in on alleged affairs. Sometimes I think the problem with AID and Congress we just do not understand one another very well, so I see Joe Crapa sitting behind you as an Assistant Administrator and I think that having someone with his many, many miles of Hill experience is going to be real helpful to the Agency.

Second, the Chairman authorized and I was deeply grateful to him for this, that I attend a reconnaissance tour of Kosovo with the Assistant Administrator in charge of the Bureau of Humanitarian Response, Hugh Parmer. Attending that with Assistant Administrator Parmer and his support person, Regina Davis, let me very deeply impressed about their leadership talent and I just want you to know that. I thought they did a wonderful job and again, Mr. Chairman, I am very grateful you allowed me to go on that.

I would like to have you comment on a portion of your testimony which appears on page 9 and it relates to the education of girls. Ideally, this might be a matter for an entire hearing at some point, but you state "USAID has paid an important role improving education around the world, especially for girls. I am personally convinced that teaching girls and young women how to read and write may be our most important contribution toward moving the development of countries forward."

Would you elaborate on that, please?

Mr. ANDERSON. I will. Thank you, Mr. Pomeroy, and I thank you for the reference to Joe Crapa. He is doing a fine job. I think sometimes the problems that we do have are in the lack of understanding between us and the Congress. I might point out my Chief of Staff and all the other Assistant Administrators are here today as well.

I think a lot of people in this business in the world are learning that the role of women in developing countries is a big part of all the problems that developing countries face. As young girls are educated, the evidence is beginning to be overwhelming to show that their health and that of their families when they marry and have children are better the better educated they are. An educated mother tends more to see that her little boys and girls are educated. The economic prosperity even of the family seems to be tied directly to the degree of the education of the mother and the wife. For those reasons more and more people including Mr. Wolfensohn and others at the World Bank, we at USAID and others in the world are seeing that that is almost the single most important thing that we can do to help people lift themselves out of poverty.

Mr. POMEROY. Is additional funding—what can we do to kind of elevate this as a key high profile component of our international assistance strategy?

Mr. ANDERSON. Money is a part of it. Sometimes the problem is the policy of the government and that involves to some extent even culture or cultural norms. People in traditional societies might in some cases think that there is less reason to educate the girl than there is to educate the boy. Maybe that was true even in our own country. I remember that my mother told me that it was the case in her family. Her twin brother went to medical school. Even though she wanted to go to law school, she was not allowed because they wanted to send her brother.

But that aside, oftentimes it is policy, it is education policy at the national level that holds back the girls. We have various ways to encourage policy reform at the national level, some of which involves resources in which we can get the national education authority to provide scholarships for girls. Oftentimes in Africa, girls who are members of nomadic tribes are notoriously difficult to educate anyway, but the girls especially are. If there can be scholarships for girls in a nomadic tribe, then that is the way to get at this sort of problem.

Mr. POMEROY. Thank you.

Mr. BALLENGER [presiding]. Having a new person at the desk here I just thought I would get my two cents in and say I think you are doing a wonderful job in Venezuela from the disaster and I would like to say the work you have done in Salvador and Nicaragua for microenterprise is something that you ought to blow your horn about.

Next, it is Mr. Cooksey's time.

Mr. COOKSEY. Thank you, Mr. Chairman. Jambo.

Mr. ANDERSON. Si jambo.

Mr. COOKSEY. I made my first trip about 2 years before you and I was in Maua in north, really east of Meru if you are familiar with that area.

Mr. ANDERSON. Yes.

Mr. COOKSEY. My last trip was to Mozambique when it was dry there, toward the end of the civil war.

My questions are in two different categories. My first set of questions would be in regard to the administration of the $7 billion budget that you are responsible for. My second area, line of questioning, will be in regard to malaria research because there are millions of people that are suffering from malaria and a lot of the people are dying.

I am concerned when I learned here today that it takes 3 years for dollars that are appropriated for these programs to get there, whereas NGO's that go over and you were part of an NGO and I was part of an NGO when we were both working in East Africa, can deliver the goods, deliver the services, deliver the technology and the information in a much more efficient, effective manner. So I was a little bit disturbed to learn that.

My question is how can you as someone from Helena, Arkansas and I live about 200 miles south of you in Monroe, Louisiana, with a legal background and a political background, come in and solve the problems that are really accounting, administrative problems in a program that has been fraught with administrative disasters and wasted funds which are really American taxpayers' dollars. How are you going to overcome that? I understand that AID spent $100 million trying to develop a new set of systems controls, computers, hardware, software and it failed.

My second question is how much effort is being put into malaria research? I know a lot is being put into AIDS research, but what about malaria? Because when I was there, malaria was a problem. Today it is a problem and it will be a problem in the future.

I will qualify my first question. How are you as Administrator going to overcome what I feel is too often a political agenda of the Administration you serve and overcome the people on my side of the aisle who are single issue Members of Congress that have never really been there to work. They go there to talk. I want the people who get the work done and not a lot of bureaucrats and not a lot of politicians. There are millions of people that are suffering and dying in this part of the world. I think we are wasting a lot of time here and taxpayers' money. Convince me otherwise.

Mr. ANDERSON. Thank you. My wife is from Shreveport——

Mr. COOKSEY. My wife is from Shreveport too.

Mr. ANDERSON. We will talk about that later.

Mr. COOKSEY. Burt High School.

Mr. ANDERSON. Of course, Burt High School. Let me address malaria first. I have had malaria a couple of times as has my wife.

Mr. COOKSEY. Me too.

Mr. ANDERSON. As you know, it is not fun to have. I think the President is right about this effort. I was at the White House a few weeks ago when Mr. Wolfensohn was there, the WHO was there, UNICEF was there, Bill Gates' father was there, other foundations were there and the pharmaceutical companies' heads were there.

The President is trying to develop a vaccine for malaria. The pharmaceutical companies are going to be the ones who are going to do it, but they naturally want profit and they know they have to make a profit. So if malaria, unfortunately, only occurs among

people who are too poor to pay for the vaccine, why in the world would the pharmaceutical companies develop the thing? That is a fundamental problem.

There has been, as you know, research going on for some time, some of which we have been involved in funding part of and others have as well. But the President's effort is to try to get the big companies, Merck was there and Smith Kline Beecham and several others, to get involved in this. They say very frankly they would like to, but malaria is apparently extremely difficult to chase down because it changes all the time.

Mr. COOKSEY. I would point out if you would let me interrupt you and I am a physician. I am an ophthalmologist. An American pharmaceutical company developed the medication that is the cure for River Blindness.

Mr. ANDERSON. I know.

Mr. COOKSEY. And they have given it away.

Mr. ANDERSON. I know Merck——

Mr. COOKSEY. And gained no financial benefit. But anyway, they have got a good track record.

Mr. ANDERSON. They do.

Mr. COOKSEY. As long as the politicians stay out of their way.

Mr. ANDERSON. I think that is a way to approach it. There is going to be some tax credits and ways to try to get them to do it.

On the management question, that system that failed is called the new management system. The Agency tried apparently to develop a system and apply it specifically to USAID, and that did not work. The day they plugged it all together, it did not work. What we have done is purchase a commercial off the shelf [COTS] financial accounting system, that meets all the Federal standards. It has been put in other Federal agencies. We have purchased that system. It is being installed today in Washington and will be completed some time in October of this year. Then it will be installed first in Egypt and then in El Salvador as pilots by next March. Then eventually, as we work out the bugs, it will be installed worldwide by the end of 2002. I am glad you asked the question. Management is a very important thing. It is a boring, dull topic to talk about, but it is very, very important. I tell people in the Agency all the time that I am a manager and all of you are. It hurts our credibility——

Mr. COOKSEY. Sure.

Mr. ANDERSON. As an agency with the Congress and with the American people, and that is why I think we have to improve the management of the agency, I am very confident that we are doing that. I am very confident.

Mr. BALLENGER. The gentleman's time is——

Mr. COOKSEY. Thank you, Mr. Chairman. I hope that is being done because I feel like too much money is being wasted in our government and in the recipient government. The dollars are not——

Mr. BALLENGER. The gentleman's time is way past. Mr. Delahunt.

Mr. DELAHUNT. Thank you, Mr. Chairman. Welcome, Mr. Anderson.

I am going to ask you some questions regarding the assistance package for Colombia that will shortly be considered either next

week or the following week. There was a summit that was held here as a result of the efforts of Mr. Mica and the UNDCP which is their drug control program and there was some I thought illuminating information regarding the success of rural development and alternative crop substitution programs, both in Bolivia, Peru and Ecuador.

The proposal put forth by the Administration has some $145 million dedicated to those kind of efforts. There are many in Congress that are concerned about the balance of the U.S. aid package, some 80 percent going to security assistance, primarily helicopters and other military hardware and 20 percent going to for lack of a better term the rural development social investment side of the equation.

In terms of the $145 million, when asked and I understand it would be USAID which would administer most of those dollars, when asked why the imbalance we continue to hear that there is an inability on the part of both USAID and the government of Colombia to absorb any more dollars.

Have you had an opportunity to review those statistics? Is that your conclusion?

Mr. ANDERSON. In Colombia itself, that seems to be the best judgment of our people. In part of the package, there is some money included for Peru, Bolivia and Ecuador.

Mr. DELAHUNT. I just want to focus on Colombia, Mr. Anderson.

Mr. ANDERSON. It is a judgment call as to what can be absorbed there. I think we have only got two U.S. direct hires in Colombia now and we are going to send another two as quickly as we can so we are doubling that. That is a very small staff for such responsibility.

Mr. DELAHUNT. Let me interrupt if I may. My concern is that the successes that these kind of efforts have had elsewhere in the Andean region have been outstanding. The 50 percent reduction in the cultivation of coca in Bolivia, I think, is probably the best example. It is my position that we should be making more of an investment in terms of those kind of initiatives and if it is the position of the Administration that we do not have the infrastructure in place to absorb and as you say and I am familiar and by the way your folks on the ground in Colombia are outstanding. I want to compliment you on that.

But also to say that we cannot absorb it when we know that the United Nations, the UNDCP has the ability and the infrastructure available now to conduct these kind of programs far in excess of $145 million. I guess my query would be and it is currently happening in Colombia, with the government of Colombia and the UNDCP under the leadership of Mr. Alarchi who is noted in law enforcement circles for having dealt a severe blow to the Mafia in Italy when he was a member of that government, have absolutely in their representations during the course of that summit indicate that they have on the ground, in the Andean region, the ability to do more if only they receive some funding from donor countries.

Why would not we go that route when we know that in the end that will do more, I dare say, than simply efforts to interject and eradicate without having the component of rural development slash alternative crop substitution?

Mr. BALLENGER. Let me just say, Mr. Anderson, we will give you the chance to answer the question. That was a very long question you gave.

Mr. ANDERSON. I will be brief.

Mr. BALLENGER. Okay.

Mr. ANDERSON. I agree that the rural development component is an extremely important part of Plan Colombia and the helicopters are important. But without the rural development part of it, it is going to create a lot more problems in the future. The total is $97 million or so in the first year. Oftentimes it is better to start a little bit more slowly to see what we can do, and then after the first year, it may be that that is a time to gear up. I mean, in a lot of places in other parts of the world, for example, Nigeria and Indonesia, where we are putting a lot of effort in, very quickly, it makes me as a manager, and it does in Colombia, makes me nervous that we do it. It is important that we do it the right way and that we do not have any wastage. But it is an extremely, extremely important part of the Administration's package.

Mr. BALLENGER. Mr. Rohrabacher.

Mr. ROHRABACHER. Thank you very much. Those of us who have been skeptical about American foreign aid are disturbed when we see recipients of our aid using their own resources for things that just do not make any sense to us, especially when recipients of foreign aid use their own resources for weapons and how much money are you proposing for family planning assistance for India, for example?

Mr. ANDERSON. I do not know the family planning part of the India budget. I can get that information for you.

Mr. ROHRABACHER. Are we talking over $100 million, I believe? What would it be?

Mr. ANDERSON. It could not be that much because the whole India program is, I believe $130 or $140 million in fiscal year 2001, and the fiscal year 2001 request totals $164.7 million.

Mr. ROHRABACHER. Does your staff have any suggestions?

Mr. ANDERSON. Less than $5 million, between $3 and $5 million—actually, I've just been advised the fiscal year 2001 request for family planning is $26 million.

Mr. ROHRABACHER. Okay, I guess the $100 million figure I got was last year was all aid to India of some kind, equal that. All right.

So if all aid to India equals $100 million or thereabouts and do we have any aid, are you proposing to Pakistan?

Mr. ANDERSON. Pakistan has a small program, about $3 million in 2000 and $2.2 million in 2001, which is designed to educate young girls and young women and to provide maternal and child health care. That is all.

Mr. ROHRABACHER. No food assistance to Pakistan?

Mr. ANDERSON. I do not believe so. No.

Mr. ROHRABACHER. So Pakistan—India receives about $100 million. Pakistan receives $3 million through this thing.

North Korea receives how much? I understand it is the largest recipient of——

Mr. ANDERSON. It receives food aid. We provided $50 or $60 million in food aid to North Korea in 2000. India is receiving over $82 million in fiscal year 2000.

Mr. ROHRABACHER. $50 or $60 million in food aid. Let me just point out the obvious. North Korea is maintaining one of the largest militaries in Asia and India and Pakistan continue to spend their money not just on weapons, but weapons of mass destruction and of course, Korea, as we know, many of us believe that Korea is actually moving forward trying to develop weapons of mass destruction.

Is not this a travesty for us to be providing countries that use their own resources in this way and this can go to other countries as well that are spending too much of their own money on weapons and such? Is it not a travesty for us? Is this not a betrayal of our own people to spend our own limited resources that way when they are using their resources for this type of nonsense?

Mr. ANDERSON. Thank you, Congressman. I certainly wish, and I think we all do, that a lot of countries in which we are involved in economic and development assistance spent less on their militaries. I think that in general the American public does support the kind of humanitarian assistance that, as I mentioned, in Pakistan is educating especially young girls in a system. As you know, Pakistan does not emphasize that particular thing. I might add as we talked about with Mr. Pomeroy earlier, often the education of young girls and women can lead to change.

Mr. ROHRABACHER. Let me note that I have charged for the last 3 years that the Administration has a covert policy of supporting the Taliban in Afghanistan and all the documents that I have read, I might add, back up so far, but yet the State Department has, of course, not delivered the documents, all of the documents that I have requested, even after 2 years and I will repeat that charge today for anyone. So anything that you want to do for young girls that this Administration claims to have done for young girls has been undone in spades by this policy in Afghanistan, but that will some day come to light and you may be able to talk on that subject some other time. Go right ahead.

Mr. ANDERSON. As far as Korea is concerned, we provide only food aid and it is directed at elderly people in nursing homes, children, people in orphanages, that kind of thing. I hope, on both sides of the aisle, that we all agree that feeding children and people who need food is something that the United States——

Mr. ROHRABACHER. I think we disagree with that. I think that the American people are smart enough to know that if we spend our money feeding children and they spend their money feeding their military, what we are really doing is feeding their military and that may not dawn on the Administration, but certainly the taxpayers understand that.

Well, let me ask you. I have a press release here from HUD. This may be out of your area, but it says we are building homes for the Chinese communists. Do you know anything about that?

Mr. ANDERSON. No sir, I do not.

Mr. ROHRABACHER. In November 1999 describes how we have a cooperative effort with the communist Chinese to help build homes for the Chinese people.

Mr. BALLENGER. The gentleman's time——

Mr. ROHRABACHER. I would just suggest that Chinese are building rockets to destroy people by the millions. The North Koreans are spending money on weapons, the Indians and the Pakistanis, as well as many other countries are. Yes, we can help starving children in those countries but by providing money to those starving children, we are permitting those countries to spend their money on weapons and that is a travesty.

Mr. BALLENGER. Mr. Anderson, I think that was a statement and not a question, so if I may I will go to Mr. Menendez next.

Mr. MENENDEZ. Thank you, Mr. Chairman. Mr. Administrator, welcome in your maiden visit to the Committee. You are doing fine and I appreciate the meeting we had. I have a series of questions to start off with and I would ask you if you could just answer them yes or no.

I think you will see why. I will not be unfair, I think, but I think you will see what I am trying to establish here.

Do you believe that trade alone can control illegal migration to the United States?

Mr. ANDERSON. No.

Mr. MENENDEZ. Do you believe that trade alone can reduce the flow of illicit drugs to the United States?

Mr. ANDERSON. No.

Mr. MENENDEZ. Do you believe that trade alone can help consolidate fragile democracies?

Mr. ANDERSON. No.

Mr. MENENDEZ. Do you believe that trade alone can help reduce poverty?

Mr. ANDERSON. No.

Mr. MENENDEZ. Do you believe that trade alone can fight the spread of infectious diseases?

Mr. ANDERSON. No.

Mr. MENENDEZ. Or for that fact protect the environment alone?

Mr. ANDERSON. No.

Mr. MENENDEZ. Thank you.

Mr. ANDERSON. You are welcome.

Mr. MENENDEZ. And it is that—a very cooperative witness. It is that set of circumstances that I have just asked you which your organization itself, your Agency, has established as the national interest of the United States in the Western Hemisphere and my concern is when we come to the conclusion that trade alone cannot do all of those things it may very well be a factor in enhancing the possibility for some of those things. It cannot do all of those things. That when this year's request for the region is about a third of a request of a decade ago, a 1990's request, it is a real problem. It is a real problem because unfortunately the region's problems have not diminished by a third. We celebrate what we call democracies in the hemisphere, save one, but the fact of the matter is that in many places in the hemisphere that democracy is clearly at risk.

We spent an enormous amount of money in Central America during the late 1980's to promote democracy. Now that we have the opportunity to consolidate democracy for this century we have a real problem in terms of the type of budget that we are offering. So my concern continues to be, as it has been for several years and

this is not unique to now your being here, but I just wanted to wave my sabre early and hope that our colleagues on the Committee as well as appropriators and I know the congressional Hispanic caucus who is going to be pushing this issue will look for an increase and if you did have an increase within the region's budget, would you be able to effectively produce greater assistance in the region?

Mr. ANDERSON. We could, Congressman. The consolidation of democracy is a key issue, obviously, in Central America and in Latin America as a whole. I have had the privilege, as I stated in my original remarks, to visit Central America several months ago and was terribly impressed with what is happening in places like El Salvador in the consolidation of democracy. The people are committed and there is an opportunity now to consolidate democracy and really grow economies after so much for so long was wasted. They are committed to inclusion, bringing all parts of their society, whether they be indigenous Indians or just citizens of a lower socio-economic class, into the society. I see that commitment there, and I think we should support it. If we did have more resources we could be more helpful and supportive of this effort.

Mr. MENENDEZ. I appreciate that statement. I think that the Colombia package that we will soon be debating is emblematic of the difficulties we have in the hemisphere. We wait for an enormous problem to be on our hands and then we rush to pump in money to try to solve it, money that while certainly we need to do something with Colombia, the question in Colombia's case it will be over $1 billion. That is far beyond the $600 some odd million that exists for the rest of the hemisphere. Many parts which have problems with sustainable development issues, many other countries for which I know, for example, we have had some questions raised about the AID's alternative development programs in Bolivia and a few other places, I would hope that we do not wait for those locations to become a crisis and then we are facing not a steady, an intelligent expenditure of money over time in which we avoid and curtail the problems of illegal immigration, biodiversity issues, health issues, we are facing in parts of the country here in the United States, illnesses that were eradicated at one time and now we see them. All of those issues are at stake for us and I look forward to working with you and hopefully our colleagues to increase the resources for this part of the world for which the United States has a direct national interest.

Thank you.

Mr. ANDERSON. Thank you.

Mr. BALLENGER. If I may, Mr. Radonovich has a statement he would like to have included in the record. Can someone ask unanimous consent to include his statement in the record?

Mr. HOUGHTON. So moved.

Mr. BALLENGER. Without objection.

Mr. BALLENGER. Mr. Brady.

Mr. BRADY. Thank you, Mr. Chairman. Thank you, Mr. Anderson for being here. I have an original question I would like to ask, but just following that line of questioning, is there, in your opinion, any one bumper sticker size solution to the issues of illegal immigration, the environment and drug trafficking?

Mr. ANDERSON. I do not want to be labeled as one who says democracy is the solution to everything, but I think that is a darn good start and building the foundations of a democracy in which all the people, no matter who they are, feel that their human rights are protected and feel that they have an opportunity to exercise their skills and entrepreneurial drive to participate in the economy and educate their children. It seems to me that the kinds of institutions we can help build in a democracy is long term.

Mr. BEREUTER. As developing countries start to shift a little more away from aid and toward seeking more trade with us, do you think they do that as part of a strategy to make themselves more stable and to try to encourage democracies in certain areas—perhaps to replace narco-trafficking economies with real private sector jobs for themselves, for example?

Mr. ANDERSON. I think people are beginning to realize that our system—our economic system and our political system, which are multi-party, liberal, democratic and a free market—that our system works better than anything else anybody in the world has tried in our lifetimes.

Mr. BEREUTER. Thank you. Here is my original question. You have spent a great deal of time striving to make AID assistance efficient and targeted, stretching it as far as it can go. In the past, universities have played a valuable role and leading role in U.S. assistance. There is every reason to believe that they can do more for us in the future, but, in the past 5 years or so, the number of AID grants and contract through universities fell significantly—almost 63 percent. Is there a reason why USAID has reduced its reliance on these university resources in providing this assistance?

Mr. ANDERSON. If there is a reason—and there is always a reason—I am not sure what it is. I realized some time back after presidents of a number of the land grant universities came to see me to talk, principally about agriculture. Then the discussion expanded because they are all interested. They do other things and there are other issues that they would like to be involved in around the world. I think that, if what we do is transfer American know how, experience, and democratic values, the repository for a lot of that is in universities like in your State and mine. It seems to me that we should have more participation of universities and colleges in America, not less.

I am real proud of the participation that we have now, both in agricultural research and in all kinds of things that American universities do. If I had a list and a big board of all the things that universities do, funded at least, in part, by USAID around the world, it would be a very large list, but it should be larger.

I am not sure why university contracts and grants have declined, although it may be the more aggressive pursuers of USAID dollars have sort of beat them out, as it were. That is a possibility, but I think we should do more at the university level.

Mr. BEREUTER. I do too. I know that our office and yours have been working on some revisions to Title XII that would create better linkages between international research, development, and trade. The whole goal, obviously, is to tie in what the Federal Government is doing, what state programs are doing in trade and research development, and to bring the resources of the universities

to bear as well. Do you regard those linkages, I guess as I do, as promising and perhaps very useful?

Mr. ANDERSON. I do, absolutely. The linkages within the Title XII universities with agribusiness are very promising and I think there is a real future for it. We are going to continue to work with you and your staff.

Mr. BRADY. Thank you, Mr. Anderson.

Mr. GILMAN [presiding]. Thank you, Mr. Brady. Mr. Faleomavaega.

Mr. FALEOMAVAEGA. Thank you, Mr. Chairman. I want to welcome personally, Ambassador Anderson, and now the Director of USAID. I think our President could not have selected a more qualified and more sensitive person to take such great responsibility for providing for the services that are needed by so many people around the world.

I am not a mathematician, but I am just curious, out of a $1.7 trillion budget, how much is $7 billion out of that? Do we have any mathematicians that can give us an idea?

Mr. ANDERSON. I have been told that our USAID portion is one half of 1 percent of the Federal budget.

Mr. FALEOMAVAEGA. I am curious because I think Japan, their foreign assistance program is well over $100 billion a year and they seem to be getting all kinds of credit for being the true humanitarian to the world and we are getting all kinds of criticism, saying that this country is not a humanitarian country with a $7 billion budget.

But I am curious also, out of the International Monetary Fund, how much are we contributing to that? That does provide assistance in the same similar fashion as what AID is doing. I am also curious what percentage we provide in the World Bank and its activities and I think my good friend, Mr. Sherman, has stated earlier hardly anything is mentioned about the fact that we spend well over $150 billion alone just to maintain the sea lanes and the Asian Pacific security and nobody ever talks about in terms of our contributions to peace.

I am just curious, Mr. Anderson, about the $7 billion allocation. Is there a certain formula that you go through in saying what is best for Africa this year, what is good for Asia, what is good for Latin America? Do you do it by responding to the crises and the needs at a given time or is there a certain allocation provisions that the State Department goes through in providing for this breakdown of the $7 billion that we give you?

Mr. ANDERSON. There is not one formula. We look at several factors. One is our foreign policy objectives. So part of this budget, a large part of it is spent in the Middle East, for example. There are obvious foreign policy considerations there.

Also, the need of the country is considered, and finally, what we believe to be and judge to be our own ability to be effective in that particular situation is considered. If a country were one which had the need and it was also a foreign policy priority, but its government was so weak or corrupt or simply resistant to change, then we would consider these matters in our determination.

Mr. FALEOMAVAEGA. One of the serious concerns that I have, Mr. Ambassador, it was something that Mr. Brady alluded earlier. We

currently have about 500,000 foreign students from all over the world that attend American universities and colleges which I think is says well of our Nation's educational institutions. One of the things that I sensed in my experience in visiting some of these countries, not the industrialized countries, not the countries where we have our Fulbrights and all this exchange thing, I am talking about Third World countries that are really poor. The thing that I am very concerned about is that in the sense that I get in visiting some of these poor countries that they are not just hungry for education. They are starving for education and I am just curious, if AID can seriously address opportunities not from countries that have the means, I am talking about countries that really are dirt poor and has AID given any consideration for the brightest students, not students of politicians and prime ministers of the political leadership, students who come from villages and the outward country. But if they have the intelligence should they be given opportunities to get a good education here in this country, is AID seriously looking into these kinds of opportunities for these Third World countries? Because I believe if we literally believed the idea that not just giving a fish to a man each day, but we should him how to fish. I hear this how many years and we go through this ritual every year, Mr. Ambassador, never ending. We keep pumping in $7 billion here, $7 billion there, but in terms of results, in terms of providing education for those who could be, could make the difference by bringing them to this country. I am talking about the industrialized. I am talking about Third World countries.

Is your office looking into providing opportunities for students who could some day or could well be a big help to those countries simply by education?

Mr. ANDERSON. Yes, we are. Oftentimes as we meet leaders and foreign ministers and prime ministers and ministers of agriculture in foreign countries, we learn that they were educated at Texas A&M, Tulane, LSU and other universities in the United States. I think we should continue that education, but it is expensive to bring one person from a developing country here for 4 years and then for them to go back. It is not an inexpensive thing. It is an investment in the future. Also we really focus a lot of our efforts on primary education, and to a lesser extent secondary education in these developing countries. We believe that yes, the leadership certainly does need to be educated, well educated, even in the U.S., but as important or even more important is the education of large numbers of the young boys and girls in their countries. That is where really the USAID's focus is and that is what our distinction is in the field of education.

Mr. GILMAN. The gentleman time has expired.

Mr. FALEOMAVAEGA. Thank you, Mr. Chairman.

Mr. GILMAN. Mr. Houghton.

Mr. HOUGHTON. Thank you, Mr. Chairman. Good to see you, Mr. Anderson.

Mr. ANDERSON. Nice to see you.

Mr. HOUGHTON. I just have one question. Do you know the program called ATLAS? What it is, it is a program which involves funds which the African American Institute is using for the training and the education of Africans and I guess the worry that I

would have, having been associated with that Institute and having a lot of respect for what they have done is I think it may be, the effort may be to merge it in with other programs and therefore not earmark it for African training and education and you may not know about and if you do not, fine, I would be interested in your answer, ultimately, if you want to send me a letter.

Mr. ANDERSON. I would prefer to send you a letter. I have heard of ATLAS and when you mentioned education, it rings a bell, but I do not know enough——

Mr. HOUGHTON. They do good work, but the most important thing is that it directs educational funding for Africans and does not just go into a general pool. If you could let me know, I would appreciate it. Thank you very much.

Mr. ANDERSON. I will.

Mr. HOUGHTON. Thank you very much.

Mr. ANDERSON. Thank you, Mr. Houghton.

Mr. GILMAN. Again, I remind our Members in a few minutes we will be taking up H.R. 3822, the Oil Price Reduction Act.

With regard to our prior discussion, Mr. Gejdenson raised the problem about the holds that we had on Haiti. The staff now informs me that the holds on assistance to Haiti, TN92 and TN100 for food security and for youth at risk were released by my staff verbally several months ago. Apparently, that information has not reached the Administrator and I asked USAID to make note of this on our release request.

I am also releasing my hold on TN92. Hurricane Georges Recovery Program, a bridge project that had gone along much too slowly, but I would ask the Administrator to report to our Committee how many more of these infrastructure programs are slowly making their way through AID's procurement process? We found that there was over a year's delay with the bridge project in Haiti and that is why we put a hold on it because they were not progressing.

With regard to TN395 on the rule of law, we are going to continue our hold. There is no sign that the Haitian government has the will to cooperate with us on judicial reform. The Haitian Justice Minister's statements disparaging our USAID Mission Director in Haiti are certainly not acceptable. I understand that Senator Leahy also has placed a hold on this notification for similar reasons and I just wanted to clarify.

Mr. GEJDENSON. Would the gentleman yield?

Mr. GILMAN. Mr. Gejdenson.

Mr. GEJDENSON. I would just thank the Chairman for releasing the three items and particularly the speed with which he has done that.

Mr. GILMAN. Thank you, Mr. Gejdenson. We will now proceed with 3822.

Mr. Administrator, thank you very much for being with us and that portion of the hearing is now—oh yes, Mr. Campbell?

Mr. CAMPBELL. Thanks, Mr. Chairman. Just a quick comment to say I applaud your work. I have had the chance to see it up close in Africa and I want to do all I can to encourage it. I will have the chance, hopefully, to get to know you a little bit better, but as for now I just did not want this opportunity to pass without saying

Godspeed and may you continue to help the poorest people on earth.

Mr. ANDERSON. Thank you.

Mr. CAMPBELL. A specific policy priority of mine which might be of interest to you is to get more assistance in clean water and child inoculations. We spend in Africa for democracy building and whereas I am not saying negative things about that. I am saying that measurable results I have got to say are more likely in the first two categories, clean water and inoculating children than measuring the number of opponents to Canu in Kenya for example, or developing multi-party democracy in Uganda might be ever able to be measured.

So I do not need a response. You are welcome to give one. I yield to you as much time as I have left to hear it, but I just wanted to convey to you my thanks, my encouragement and the slight point of view regarding priority.

Mr. ANDERSON. Thank you, Mr. Campbell. I would like to say just briefly some things I said earlier, I think before you came in, about democracy. The results are certainly more easily measured in the number of immunizations, for example, versus how multiparty democracy is progressing in Uganda. But I think in the long term, and it is a long term investment, building democracy is important.

Also, concerning the clean water, I think the citizens really are, in a functioning democracy as we know it, the ones that will demand of their government cleaner water, whereas now it is difficult for them to do that. But I agree, and we are working on the clean water and the other areas as well.

Mr. CAMPBELL. Thank you. It is a very thoughtful response and maybe I have a slightly different priority. Now you know it, but you run the Agency, I do not and I applaud your response.

Mr. ANDERSON. Thank you, Mr. Campbell.

Mr. GILMAN. Thank you, Mr. Director.

That portion of our meeting is completed. Thank you for being with us.

[Whereupon, at 11:57 a.m. the Committee was adjourned.]

A P P E N D I X

MARCH 15, 2000

Statement of Benjamin A. Gilman, Chairman
Committee on International Relations
at hearing on
USAID Fiscal Year 2001 Budget Request
March 15, 2000

Mr. Administrator, we are pleased to have this opportunity to meet with you and discuss the coming year's budget for foreign assistance.

Before we get too far into specific budget items and program objectives, I would like to share with you and my colleagues a fundamental belief. I believe that foreign assistance is important not only for what it does to help the people of other nations, but also for what it says about the people of this nation.

We live in a time that historians may well call the beginning of a golden age.

We are perched on the cusp of a revolution in information, communications, and productivity. America sets the tempo for this revolution and we stand poised to reap its benefits. We should not be embarrassed about these achievements. Indeed, we can be proud of our forebears, whose hard work and sacrifice brought us to this privileged position.

That is the good news. But let us not forget that only a tiny fraction of the world's burgeoning population even knows the meaning of the words "Internet" or "cell phone" or "stock option." The vast majority of our brothers and sisters are more familiar with concepts like "hunger" and "disease" and "violence."

What will distinguish our world, as we enter what may become a second "American century," from the world of ancient Rome? Rome's Empire rotted and collapsed from within, corrupted by arrogance and mounting disregard for the peoples it governed.

I am confident that our nation will not follow Rome's example. We have defied the patterns of history before, for we are, as de Tocqueville noted, a nation of paradoxes: we are peaceful even as we create ever more destructive weapons, we are communal in the jealous protection of individuality, and we are generous even as we avidly pursue great riches.

The scholar Josef Joffe speculates in a 1997 article that the key to our nation's success is generosity:

"Somehow the United States has remained unchallenged despite victory. Defying the

> laws of realpolitik, no one is ganging up on the hegemon.... But it will have to keep providing order and security for others. Only by doing good can it do well."

No one wants to waste the taxpayers' dollars, and many observers have questioned the effectiveness of some of our development efforts. Carol Lancaster, a former USAID deputy administrator, warns that

> "A basic lesson is that while foreign aid can promote development, it does not guarantee development. And more aid does not necessarily buy more development. Indeed, unless it carefully avoids reinforcing flawed policies and poor governance, weakening...institutions and creating dependence, more aid can buy less development."

No one would argue that helping others is easy. Indeed, it is far more within our power to destroy a nation than to lift it up. But the uplifting of others is inextricably tied to the development of our own nation.

Again, we thank you for your service, Mr. Anderson, and we look forward to your testimony. I would now like to call on my friend, the ranking member of this committee, Mr. Gejdenson.

OPENING STATEMENT
CONGRESSMAN GEORGE RADANOVICH
HIRC HEARING ON MARCH 15 / 10:00 / 2175
PRESIDENT'S FY2001 FOREIGN ASSISTANCE BUDGET REQUEST

Thank you, Mr Chairman, for holding this important hearing today and welcome Mr. Anderson. I certainly look forward to hearing your presentation on the President's fy2001 budget request for foreign assistance.

I understand that two primary objectives for USAID are to (1) work with developing nations and countries in transition to foster democracies and market economies; and (2) to provide credit to hundreds of thousands of micro-entrepreneurs starting or maintaining small businesses. U.S. foreign assistance combined with knowledgeable contractors, educational groups and non-governmental organizations have often evolved into new and dynamic programs, drastically changing the potential for many countries.

Toward that end, Mr. Anderson, I represent a district that has a great deal to offer in terms of providing technical and financial support for the agricultural sector in many of these countries. One such program that I am particularly impressed with is ***the Silk Road Economic Development Program*** administered by the ***Armenian Technology Group.*** This program has established a successful model program within the Caucuses region and it demonstrates potential in the Central Asian Caucuses and Eastern Europe.

The Silk Road Economic Program has taught the government and private farmers in the Newly Independent States (NIS) a great deal about the seed sector and seed multiplication programs. This program has played an instrumental role in transitioning the NIS countries from a central economy to private sector. It has provided incentives and opportunities for people to develop and prosper themselves. It has also stimulated other aspects of the farming industry. This program also utilizes the services of U.S. universities, institutions, and professionals in the industry. In my opinion this should be a program that USAID would hold up as a model and continue to work with each fiscal year.

One other thing I wanted to mention while you are here in front of me today... I am aware that "Food Distribution and Production" is one of the objectives written into the Freedom Support Act, which authorizes U.S. assistance to the newly independent states of the former Soviet Union, including Armenia. Yet there has not been a great deal of emphasis placed on this particular objective. I wonder if the Administration would consider placing a greater emphasis on this important element of the Freedom Support Act, and perhaps make more funding available for this important goal?

Thank you very much for being here today and I look forward to your comments.

Opening Statement of Congressman Sherrod Brown
House International Relations Committee Hearing on
The President's FY2001 Budget Request for International Affairs

March 15, 2000

Mr. Chairman, thank you for holding this hearing on the President's FY2001 budget request for international affairs. I would like to make a brief opening statement, but I will not be able to remain for the question period due a Commerce Committee markup. I have a couple of questions here which I would like to include in the record and would appreciate a response from Administrator Anderson.

Tuberculosis is one of the greatest infectious killers of adults worldwide, killing 2,000,000 people per year-one person every 15 seconds. Globally, TB is the biggest killer of young women. World Health Organization estimates that one-third of the world's population is infected with the bacteria that causes tuberculosis, including an estimated 10,000,000-15,000,000 individuals in the

United States. An estimated 8,000,000 develop active TB each year. Tuberculosis is spreading as a result of inadequate treatment, and it is a disease that knows no national borders.

We know that the Administration is committed to increased action against HIV/AIDS in 2001. The fact is that TB is the leading cause of death among HIV positive people and accounts for one-third of AIDS deaths worldwide and up to 40 percent of AIDS deaths in Asia and Africa. HIV infection multiplies by 30-fold the speed at which a TB-infected person can develop disease and become infectious. Sub-Saharan Africa has the world's highest TB incidence. In many sub-Saharan countries, the number of persons with TB has quadrupled since 1990, mainly because of HIV.

We have a remarkably cost-effective strategy for TB control that uses inexpensive drugs. But this strategy is only reaching 1 in 5 people ill with TB. A recent WHO study in India found that in areas

where effective TB treatment was implemented, the TB death rate fell by SEVEN-FOLD. We have a very small window of opportunity during which stopping TB would be incredibly cost effective. The cost of DOTS (Directly Observed Treatment can be as little as $20 - that's $20 to save a life. If we wait or go too slowly, so much drug resistant TB will emerge that it will cost billions to control, with no guarantee of success.

The question, isn't it time for the Administration to commit itself to seeking a large increase in funding for international TB control for 2001? This isn't a medical question, it is a political question. Do we have the political will to stop TB now?

Last year the House passed appropriations bill included $35 million for international TB control for FY 2000. How much will USAID actually spend for TB control in 2000? How will the great majority of this money be used to implement TB control programs?

On another issue, last years House and Senate reports accompanying the Foreign Operations Appropriation bill called for not less than $250,000 in aid to India to be used to promote health care in the Sringeri area within the State of Karnataka. This area faces many health challenges and has a mortality rate which is significantly higher than the national average. It is my understanding that Sharada Dhanvantari Charitable Hospital is the major source of medical care in this region and I would encourage you to involve them in this project, and I would like to be updated on the project's progress.

Testimony
J. Brady Anderson
Administrator, U.S. Agency for International Development
House International Relations Committee
March 15, 2000

Mr. Chairman and Members of the Committee, I am pleased to be here today in my capacity as Administrator of USAID to present the President's budget for foreign assistance programs and to set out the priorities of the Agency.

I appreciate this opportunity to be heard on behalf of USAID, an agency that does so much to help people around the world, and directly serves our foreign policy goals. I look forward to working with you throughout the coming year in this same spirit of cooperation and mutual respect.

I've been at USAID for nearly seven months now. That's not very long in a job as complex as this, and there is still so much that I'm learning. But overall this has been a very rewarding experience. I have been to Kosovo, the Middle East and Central America and personally observed USAID at work. I am impressed by the work done by USAID and by the dedication of our staff. I am honored to serve as USAID Administrator. And I would like to share with you some of my initial observations as Administrator, some of the accomplishments that have most impressed me, and some of my priorities for the remaining year of this Administration.

As you may know, my own experience comes from the people in the villages of East Africa -- Kenya and Tanzania -- where I witnessed first-hand how political instability and violence can hold nations hostage and rob individuals of their potential. But I also have seen, both in East Africa and on my recent trips, how US development assistance has brought hope and new opportunities to communities -- through improved education, health care, and sanitation, and by providing training and assistance to open up both markets and political regimes. Every time I am thanked for the work that USAID is doing -- whether by a simple villager or a head of state -- it makes me proud of our country and what we stand for.

I know that there are some important things we need to work on in the coming year, in particular to make sure Americans know what USAID does and why it is important. I want to make sure people understand that foreign assistance is not global charity or international welfare; it is about making a secure environment for U.S. business and citizens abroad. It is an investment in our future.

Put most simply, through United States development assistance programs we apply our knowledge to help improve the lives of hundreds of millions of people around the world, and in the process we improve our own security and prosperity. This knowledge is drawn from a wide variety of sources -- U.S. universities, non-governmental organizations and the private sector, as well as from USAID's own professional staff. Our programs are not simply directed at governments. We work with citizens and citizen groups throughout the world to help them improve their own lives and expand the livelihood of their communities. It is important that we give the American people confidence that the resources they provide are being well spent, and I welcome your help in doing this.

Americans also need to know that foreign assistance isn't just about the well being of people overseas. It is about our own security as well. It's been said that stable democracies don't go to war, and to me, that's a pretty good reason to try to strengthen democratic institutions in the countries where we work. Moreover, there are harsh reminders that diseases like tuberculosis, HIV/AIDS and polio don't respect national borders. If we want to protect our citizens, we need to be concerned about the capacity to control these diseases in the countries where they are now taking the heaviest toll. Not only does foreign assistance contribute to our health security it contributes to our economic security as well. History has shown us that countries with open market economies make strong trading partners for America. U.S. exports of goods to the developing world in 1998 alone totaled more than $295 billion. The developing world is our fastest growing trading partner. In fact 80 percent of the world's consumers live in developing countries. It is evident to me that we have an important stake in how these economies and societies develop.

Americans deserve to know that their money is working and being used effectively and has been for a long time. Since 1961, when USAID was created, worldwide literacy has risen by

almost 50%, life expectancy has risen by a decade, smallpox has been eliminated and the percentage of people living in absolute poverty has been cut almost in half. We didn't do it alone. But it wouldn't have happened without us.

Mr. Chairman, foreign assistance – both development and humanitarian - is an essential American foreign policy tool to help deal with the fundamental causes of instability and other problems within societies. I believe that the economic health and prosperity of the United States depends on the development of free markets and the establishment of democratic institutions abroad because it brings benefits home to America. US foreign assistance strengthens our ability to promote peace, to combat the spread of illegal drugs, to fight terrorism, and combat nuclear proliferation. Poverty, hunger, illiteracy and disease suffocate hope and create the circumstances for upheaval and instability. USAID programs help people transform how they live so that they can become more productive participants in the global marketplace. And, in return, foreign assistance helps secure our own safety and economic health.

USAID Program Overview:

As you know, the U.S. foreign assistance request has a large number of distinct components – Development Assistance, Child Survival and Diseases, the Development Fund for Africa, credit programs, International Disaster Assistance, Operating Expenses and PL 480 Food for Peace. We also work closely with the Department of State in programming and managing the Support for East European Democracy Account, the Freedom Support Act programs, and Economic Support Funds. The complexity of our program can sometimes be overwhelming, and as we focus on particular accounts or particular countries, we must not lose sight of the bigger picture. As I see it, the United States, through USAID, is addressing a range of problems that are or can become global in scope and that can and do affect our own quality of life and the security of this country. Before moving to the details of the FY2001 request, let me give you some examples of how USAID serves U.S. foreign policy priorities.

In Egypt, as in much of the Middle East, our focus is on regional stability and the peace process. While there are other important components to our activities in Egypt, the key US strategy is to provide programs that stimulate economic growth and create jobs in order to

benefit the whole of Egyptian society. USAID has been in partnership with Egypt since the Camp David Peace Accords were signed over 20 years ago.

In Nigeria, a country which is just emerging from 15 devastating years of a corrupt military dictatorship, USAID is focused on efforts to bolster the urgent needs of the new and struggling democracy under the leadership of President Obasabjo. We are engaged in economic reform, health and education programs, infrastructure policy and activities to promote the successful transition to democratic governance. It is very important to the U.S. and to all of Africa that Nigeria succeeds.

And in El Salvador, where I recently visited, USAID is helping the new democratically elected leadership pursue policies that are needed to ensure that its citizens share equitably in the reforms. Our programs concentrate on consolidating and sustaining the gains that have been made. A peaceful transition to democracy in Central America will create more opportunities for American investment, which will benefit both the United States and Central America.

In other areas important to our national security interests, we are working hard to make similar progress. In Indonesia we are providing assistance to help them emerge from the political and economic chaos of the last three years. In Russia, our programs continue to target selected democratic and economic reforms. And in Colombia we are working with President Pastrana to eliminate the production of narcotics and to foster a secure and responsive governmental structure. We are making progress, but the challenge ahead of us is great.

Turning now to the major elements of our program, I know that this Committee is certainly aware of the global *environmental challenges* we face -- degradation and depletion of natural resources, rapid urbanization, the substantial environmental and health problems often associated with energy inefficiency, and the economic and ecological challenges of global climate change. USAID will participate in two inter-agency Presidential initiatives: Greening the Globe, to protect forests and biological diversity around the world, and International Clean Energy, to accelerate globally the development and deployment of clean energy technologies. Environmental challenges pose real threats to America's economic and political interests, and our request addresses conservation of natural resources, pollution prevention, and cleaner energy worldwide.

Examples of USAID's environmental work in the past year include improvements in the management of coastal resources in Mexico, Indonesia, Tanzania and Kenya; the institution of awareness campaigns on water conservation in Central America and the Middle East; and promotion of cleaner manufacturing processes in Bolivia, Ecuador and Egypt. Our children will inherit a cleaner and healthier world as a result of the environmental investments we are making today.

As this Committee certainly appreciates, open markets and economic growth are important to the United States, and we are working to promote these goals worldwide. Now, everyone knows that economic growth brings benefits to all groups in society, including the poor, the disadvantaged and the marginalized. But whether countries can achieve broad-based growth and reduced poverty depends on the development of a policy environment that promotes efficiency and economic opportunity for all members of society, as well as institutions that are soundly organized and managed. A level playing field requires good government. More than anything else, our programs help countries to become full participants in the global economy. This is at the heart of USAID's development assistance effort.

For example, *microenterprise* is an important part of USAID's overall poverty-reduction strategy, and we expect to continue to fund these efforts from all accounts. In 1998 USAID microenterprise programs served a record 3.5 million clients worldwide, and 83 percent were poverty loans. The average loan size in Africa was $170, and women constituted 84% of all microfinance clients. These programs helped millions of the poorest households in the world to help themselves.

USAID's worldwide *agriculture programs* are another important element of our overall program. With the world's population at 6 billion and growing at a rate of 73 million a year, mainly in the developing world, we all need to be concerned about how countries will ensure adequate food supplies, generate rural incomes and employment, and service the growing urban areas without decimating the environment.

USAID collaborates with the U.S. university community as well as private industry to develop and promote technological improvements that will improve agricultural productivity -- productivity that benefits farmers everywhere, including in the U.S. It has been estimated that

improved productivity from USAID-sponsored work on improved wheat and rice varieties has resulted in an additional $14.7 billion for our farmers between 1970-1993. We expect to maintain programs worldwide to improve agriculture in FY 2001.

USAID's *health and family planning* programs have long demonstrated that health improvements are essential for a better quality of life for individuals. It has also become increasingly clear that reducing illness, death rates and population pressures lowers the risk of humanitarian crises in countries where population growth is the highest. There is little disagreement that by protecting human health in developing and transitional countries we also directly benefit public health in the United States as we are a mobile society that travels throughout the world coming into contact with unhealthy conditions and diseases not seen here at home. Unhealthy conditions and inadequate health systems elsewhere in the world increase the incidence of disease and threat of epidemics.

I am happy to report that significant gains have been made in protecting human health and stabilizing population growth. Through USAID's programs, millions of children's lives have been saved and fertility rates have continued to decline in all regions. The latest data available on fertility reduction and mortality rates for children under 5 shows that there continues to be steady progress. In Romania, where USAID has provided family planning assistance, we have dramatic new evidence that in the past six years the use of modern methods of contraception has doubled while abortion rates have declined by one third. As a global leader and the largest bilateral donors in this sector, the United States can claim considerable credit for these achievements. However, we recognize we still have much to do to meet the needs of the estimated 150 million married women who want to space or limit births but still don't have access to modern methods of contraception.

In order to make further progress in health and to safeguard the health gains achieved during the past few decades, we need to address changing disease patterns and shifting population demographics. The biggest challenges are the HIV/AIDS pandemic, stagnating rates of immunizations, and the rising incidence of anti-microbial resistant strains of malaria, tuberculosis and other infectious diseases.

Progress with child survival appears to be ahead of targets in all regions except Africa, which is lagging behind expectations primarily because of the HIV/AIDS epidemic and political instability, which disrupts health care services. Many couples still do not have the means to choose the number and spacing of their children. In January 2000, at an historic UN Security Council session, Vice President Gore announced an increase of $150 million to fund the fight against HIV/AIDS and other infectious diseases internationally. For FY2001, we are seeking over $1 billion for these population, health and nutrition programs worldwide. President Clinton is actively supporting the Global Alliance for Vaccines and Immunization (GAVI) recently announced in Davos, Switzerland. In FY 2000 USAID started an important $10 million initiative to "Boost Immunization" in countries where vaccination rates are lagging.

As we end a most violent and conflicted century, we recognize that developing a community of *democratic nations* is a goal we must continue to pursue. As we have seen in Indonesia, structural flaws in the economy can be hidden when not accompanied by progress in democracy, and the economy can fall apart. In the past decade alone, we witnessed some of the most important events of our age including the collapse of communism and the end of the Cold War. In many places, opportunity for freedom has been accompanied by internal conflict. As these countries have moved ahead with the transition to market economies and democratic governance, we recognize that our best hope to prevent a recurrence of conflict is through the strengthening of these nascent democratic states. USAID has been at the forefront of efforts to support progress toward the establishment of democratic societies around the world.

Mr. Chairman, as you know, there has been an unparalleled movement toward more open and transparent political systems around the globe. Today, more people live in freedom than ever before in human history. However, political change is rarely linear and we have learned that the democratic gains are often fragile and can be reversed. We must continue to support the efforts of determined men and women around the world who are working to build political systems that are representative, accountable and transparent. USAID funds rule of law programs to help curb the abuse of power and authority within societies. We support political processes, including elections that allow citizens to choose their representatives and hold them accountable. We have assisted the growth of organizations for citizen participation (civil society), which have emerged as a major democratic force in many countries around the world.

Finally, we are helping societies to build national and local government institutions that are responsive to citizen needs and are accountable and transparent, such as rules for the banking sector, capital markets and appropriate regulatory bodies. This year, we have put a special emphasis on addressing the corrosive effects of corruption, and are working to encourage the transparency and accountability so needed in government, no matter where it is in the world. As a result of USAID's technical assistance and institutional support to the Supreme Audit Institutions in Benin, they have started to audit electoral campaign expenses and develop a manual for transparent financial and procurement operations.

Mr. Chairman, I take very seriously my responsibilities as the President's Special Coordinator for International Disaster Response. We live in a dangerous and uncertain world. Last year *humanitarian crises* affected an estimated 418 million people: natural disasters accounted for some 315 million, while complex emergencies affected an additional 103 million. The number of people receiving USAID assistance rose from 40.6 million in 1997 to 140.8 million in 1998. USAID responded to 87 declared disasters in 1998, of which 65 were natural disasters, up from 27 the previous year. Several of the major emergencies were associated with weather anomalies related to the El Nino phenomenon.

When Hurricane Georges swept across the Dominican Republic, there were critical shortages of food, water and shelter. Malaria, cholera, dengue fever, conjunctivitis and respiratory infections were serious health problems. Hurricanes Mitch and Georges affected over 12 million people, caused more than $10 billion in damage, and drove down the annual GDP growth rates of Honduras and Nicaragua by several percentage points each. Americans were profoundly affected by this tragedy. We all can remember pictures of people and homes being washed away and communities being smothered by mud. The loss of life was staggering. Americans wanted to help.

As part of our response to these crises and others, in 1998, USAID provided over 920,000 metric tons of food to some 22 countries, and provided more than 200,000 metric tons to the World Food Program's Protracted Relief Operations in 12 countries. This latter contribution represents 41% of total tonnage of food provided to the WFP by all donors. While the United States does not often get credit for it, we can be proud of being the largest food aid donor in the

world and that these programs provide a direct benefit to our farmers at home. The recovery and reconstruction of these countries is not only a humanitarian issue, it directly affects the economy of the United States.

In addition to responding to immediate disaster recovery needs, USAID has also been called on to support longer-term rehabilitation and recovery for countries in transition, especially those emerging from complex emergencies, frequently caused by civil strife, manifested by armed conflict, death, displaced populations, hunger, injury, torture and massive human rights abuses. Helping societies and governments shift from emergency relief to the reestablishment of political and social stability is an important component of what we do. This includes demobilization of ex-combatants and removal of land mines to enhance local security. We help strengthen local governance and institutions in order to promote reconciliation and help the reintegration of ex-combatants into society.

There are many other aspects of US development assistance that assume greater significance when viewed globally. For instance, USAID has played an important role in improving education around the world, especially for girls, I am personally convinced that teaching girls and young women how to read and write may be our most important contribution toward moving the development of countries forward.

As I have noted earlier, USAID has helped countries establish the policies necessary to encourage private investment and trade, including accession to the World Trade Organization, which opens more markets to American business.

USAID has worked tirelessly to identify and address human rights abuses ranging from torture to trafficking in women and children. For example, in Nepal, USAID is funding microcredit, health, and education activities in rural communities that are specifically targeted at preventing the trafficking of thousands of vulnerable young women and girls.

Through all of these programs we are improving the lives of countless millions, promoting the values that Americans most cherish, and making the world a safer and more prosperous place for all of us.

Before I turn to the specifics of our budget request, let me touch on a few other important areas of concern to you, and to me. When I assumed leadership of the Agency, I pledged to you that I would focus my attention and best efforts on a number of issues that were of concern to this committee, including the management of USAID and our relationship with the Department of State. While we still have a way to go, I am here to report on the important progress that has been made. USAID mission critical systems were made Y2K compliant and to date because of our efforts, no USAID program activities have suffered Y2K problems.

I was made acutely aware of the problems we have had with our financial and other information systems that made it extremely difficult for us to provide consistent, timely and complete information. Though it has been time consuming and costly, it is a priority for me to increase our management efficiency and to make demonstrable progress this year in fixing these systems.

We are in the process of developing a five-year information management strategic plan, which will guide all agency information technology investments over this period. We have awarded the contract to install a new core accounting system, which will be completed in Washington by the end of this year and completed overseas by the end of 2002. Additionally, we have trained almost 500 staff and partners in more than 45 countries to plan, report and manage for results. And finally, we are now better able to collect comprehensive information regarding the award of contracts and grants overseas. By the end of the calendar year we expect to have the entire 3 year backlog of data entered into the database and available to meet the federal requirement for reporting.

I must admit that I was disappointed that USAID did not receive the requested authority to implement a Working Capital Fund. The absence of this fund is making it much more difficult for USAID to continue to be a source of high quality, lower cost services to other agencies in the field. I look forward to working with the Committee to address any congressional concerns so that we can add this important tool for resource management in the field.

This Committee has a special interest in USAID's relationship with the State Department, and I am pleased to report that the relationship has never been closer. For example, this year was

the first time the Secretary of State undertook a formal review of USAID's budget. We worked closely with the State Department to determine funding levels, and to manage all foreign assistance so that it supports foreign policy goals. We are working closely with the State Department to ensure that our overseas security and facility costs are being adequately addressed. Two working groups have been established to address issues of concern to the Secretary and me. And based on agreement between State and USAID, several operations have been consolidated, including retirement processing, travel contract, information technology main frame collection, training, and storage of household effects. Additionally, eight press staff were transferred to the State Department last April. Overall, the closer alliance between our two organizations is working very well.

The Request:

The Administration request for FY2001 is for a total of $2.141 billion for Sustainable Development Assistance programs in three accounts: the Development Assistance Account, at $949 million, the Child Survival and Diseases Fund, at $659 million and the Development Fund for Africa Account, at $533 million.

Development Assistance (DA):

The requested $949 million for Development Assistance is an increase of $212 million over the amount provided in FY2000 for programs outside of Africa. This account supports programs that promote open and democratic systems, economic growth and agricultural development, education and training, population stabilization and environmental management in some of the poorest countries in the world.

Child Survival and Diseases Fund Programs:

The request for Child Survival and Diseases Fund programs for FY2001 is $659 million. This is $44 million more than last year. These funds will be used for Child Survival, HIV/AIDS, infectious diseases and other health programs, and for basic education, particularly for girls. The level for HIV/AIDS has been increased by $54 million in support of the President's new LIFE Initiative (Leadership and Investment in Fighting Epidemics).

We have seen some striking successes in the child survival programs. Infant mortality rates have dropped, polio is on the verge of being eradicated, and deaths from measles have been cut in half. Last year, USAID launched the Global Alliance for Vitamin A, a partnership with UNICEF and other major donors, including U.S. food and pharmaceutical companies. Through this program we are using food fortification to accelerate the elimination of vitamin A deficiency, which causes blindness, and other serious problems.

In FY2000 USAID launched a $10 million initiative to "Boost Immunization" in countries where vaccination rates are lagging. Recently, President Clinton proposed a U.S. Government contribution of $50 million in FY2001 to the new Global Alliance for Vaccines and Immunization (GAVI).

Development Fund for Africa (DFA):

The Administration places a high priority on broad-based economic growth in Africa, which is an extremely diverse and complex environment. The DFA request for Africa this year is $533 million, in addition to another $304 million for Africa planned from the Child Survival and Diseases Fund.

U.S foreign policy and development assistance for Africa is focused on efforts to reduce poverty and to accelerate Africa's integration into the global economy by meeting and overcoming the problems that threaten development. This includes strengthening economic growth and education and training in order to expand opportunities, which helps to prevent conflict and outbreaks of violence. It means addressing environmental degradation, building classroom-based education reform, providing humanitarian assistance, supporting Nigeria's

difficult democratic transition, which is a priority for this Administration, and perhaps of greatest importance, by continuing to address the HIV/AIDS crisis.

USAID programs are making a positive difference in African economic and democratic institutions. Despite the encouraging signs of progress, however, development in Africa is not assured. Even while democracy and good governance programs are helping to shift control of the economy and political power to the hands of the people, the HIV/AIDS pandemic and the destructiveness of both old and new conflicts continue to have a severe impact on progress. For development to proceed in Africa, we must help Africa meet these threats head on, and stop their deadly effect on African society.

In Africa, the impact of HIV/AIDS is staggering. This year, for the first time, the majority of new HIV infections will affect women. It is a crisis that threatens to undermine Africa's progress because whole generations are being lost to this deadly disease. Societies are being crippled as mothers, fathers, children, teachers, doctors, and other core workers, all are being lost to AIDS. The statistics are overwhelming. As of December 1998, nearly 23 million adults and children were estimated to be living with HIV/AIDS in sub-Saharan Africa. UN figures indicate that eastern and southern Africa account for more than 50 percent of the world's HIV-positive population. There are 11 million AIDS orphans in Africa today, and the number is rising. Additionally, in the area of health, mortality rates for children under five are increasing and immunization levels are declining. USAID is taking a lead role in addressing the many aspects of these problems from prevention to impact mitigation.

Latin America and the Caribbean:

The core request for the Latin America and Caribbean region for FY2001 is $539 million. Of this $264 million is for Development Assistance, $86 million for Child Survival and Diseases Fund, and $133.6 million for the Economic Support Fund, and $55.5 million is for the International Narcotics Control. This FY 2001 request is the minimum needed to continue USAID's solid record of achievement in the region, and to mitigate the problems inflicted by Hurricane Mitch.

Program priorities for Development Assistance and Child Survival and Diseases Fund for this region include: $41 million to strengthen democratic institutions, and promote broad citizen participation; $62 million to expand economic growth, reduce poverty and improve income equality; $144 million in programs involving population growth, improve maternal and child health, and slow the spread of HIV/AIDS and other infectious diseases; $73 million to maintain biological diversity and sound environmental practices; and $29 million to improve the quality of education.

Mr. Chairman, I just returned from Latin America, where I visited USAID programs in Guatemala, Honduras and El Salvador. As you know, these countries suffered the destructive ravages of Hurricane Mitch, which caused more than $10 billion in damages in Central America, and severely threatened the progress these countries had made in the past decade.

I know that there are concerns about the pace of implementation of the reconstruction. I was concerned as well with reports that little of the supplemental funding has been expended. Let me put this in perspective. Immediately following the Hurricane, our Missions on the ground put all available resources to work, including funds from our Office of Foreign Disaster Assistance (OFDA), food aid, and funds reprogrammed from ongoing activities. After visiting our projects, it is clear to me that our people in the field began working immediately following the Hurricane and have not slowed down. They are now using the supplemental funds as fast and as responsibly as possible to help build back these countries. Virtually all the funds have been notified to the Congress and obligated to the countries.

It is important to remember that after Hurricane Mitch we saw no uncontrolled outbreaks of epidemics in Central America. Today, because of our efforts, people have been moved into shelters, schools have reopened, and throughout the region, microenterprise institutions have been re-capitalized. Borrowers have continued to repay their loans and economic enterprise has continued, even though their national economies suffered enormously.

As we continue to design reconstruction programs, USAID is doing everything possible to ensure an extra layer of accountability. We have included concurrent auditing, and hired independent accounting firms to assist the work of host country Controllers General, who play a role similar to our General Accounting Office. We have worked with other donors to create

additional monitoring mechanisms that will review procurements, audit the financial side and inspect work completed under the reconstruction program. We believe that all these steps are necessary to give the American taxpayer, as well as the citizens of these countries a greater feeling of confidence that these funds are being spent wisely. We continue to view this undertaking as a two-year mission and believe that we can achieve the bulk of the relief and reconstruction results promised to Congress by the end of 2001.

USAID's work on reconstruction work, along with the contributions of other U.S. Government agencies, is highlighted in a report we sent to the oversight committees last week. I have additional copies to leave with the Committee or to include in the record, if desired.

Turning to another part of the region, as you know over the last three years in Peru and Bolivia, USAID has instituted a program of interdiction and alternative development to reduce the number of hectares in coca cultivation. The results have been significant with increased public commitment to voluntarily reduce coca cultivation, participation at community and local government levels, and a substantial increase in the growth of the legitimate economy. Building on the success of this approach, the Administration is initiating comprehensive support in FY2000 for President Pastrana's "Plan Colombia." As an integral component of the USG support, USAID will help Colombia provide people with viable alternatives to illicit drug production and strengthen the country's democracy by assisting the people displaced by violence and improving human rights and rule of law.

Asia and the Near East:

The Administration is requesting $2.4 billion for Asia and the Near East programs for FY2001. Of this amount, $271.4 million is for Development Assistance, and $97.6 million is for the Child Survival and Diseases Fund, and $2 billion is for the Economic Support Fund. In FY2001, the United States has an unprecedented opportunity to significantly affect the transitions occurring in Asia and the Middle East, both in the recovery from the Asian economic crisis and in the crucial task of helping the Middle East make the promise of peace, opportunity and security a reality. Unfortunately, the region continues to be plagued by critical problems such as high unemployment and water scarcity that if not managed carefully, could lead to conflict. Our national security interests compel us to remain actively engaged in this region.

The last two years have been landmarks in the region's slow progression toward regional peace and cooperation. Implementation of the Wye River Accords has been a top priority for this Administration. USAID has been providing development assistance which is improving the quality of life and economic opportunity for the Palestinian and Jordanian people.

In Asia, the region is still suffering from the aftershock of the economic crisis. While there are positive signs of economic recovery, the underlying economic infrastructure in Indonesia, the Philippines and Thailand remain weak and in need of reform and restructuring. To address this problem, USAID is helping to improve economic transparency, reduce "crony capitalism", and create a better environment for investment in the region.

As the economic crisis spread to Indonesia, we saw the fall of the Suharto regime, initiating what we hope will be a continued transition to democratic stability. However, economic recovery has been delayed due to social and political instability. The most tragic example of such instability was seen last year in East Timor where the previous regime consistently violated international standards on human rights.

USAID invested over $33 million to help increase the transparency and fairness of Indonesia's first free and fair elections in over a generation. We provided technical assistance to establish a framework for those elections including voter education, conflict resolution and election day monitoring.

USAID's Asia and Near East priorities for the FY2001 funding request include support for Indonesia's transition to democracy, facilitating economic reforms especially in the countries hardest hit by the Asian financial crisis, and supporting a comprehensive peace in the Middle East. USAID will also encourage regional economic integration by promoting cooperation and trade in clean energy production and technology among South Asian countries.

We are also working hard to support a comprehensive peace in the Middle East, by supporting the critical preconditions for peace. U.S assistance to the Middle East has contributed to regional stability and has helped build the foundation for economic prosperity and increased adherence to democratic principles. Our programs in Egypt and in Jordan concentrate on

promoting broad-based economic development and also include support for democratic institutions.

In the West Bank-Gaza, the US has focused efforts on strengthening the Palestinian Council, and assisting local non-governmental organizations working to improve living conditions for Palestinians. USAID has provided more than 14,000 small businesses with essential start-up microenterprise loans, created an industrial light-manufacturing center that will employ 20,000 and increased the availability of safe drinking water.

As you know, water is one of the key issues in the Palestinian/Israeli peace negotiations. In my recent visit to the Middle East, I took part in the dedication of the Bethlehem-Hebron water supply system. This is a $72 million USAID effort that includes the drilling of four wells, the installation of 31 kilometers of transmission lines, the construction of reservoirs and the completion of pumping stations. This will double the quantity of water for Bethlehem-Hebron and bring the water usage for 500,00 people close to the minimum household water supply set by the World Health Organization.

International Disaster Assistance Account:

This has been a challenging year marked by hurricanes, earthquakes, flooding, such as the current flooding in Mozambique, and marred by conflicts in places like Kosovo and East Timor. Funded by this separate account, USAID has been involved in efforts to deal with disasters, both political and natural in nearly every region of the world. For FY2001, we are requesting $220 million for the International Disaster Assistance Account to provide relief, rehabilitation, reconstruction and transition assistance to victims of such disasters through the Office of U.S. Foreign Disaster Assistance (OFDA) and the Office of Transition Initiatives (OTI). Of the total, $55 million is requested for OTI.

USAID's three objectives for Humanitarian Assistance programs are prevention, relief, and transition. These objectives form the heart of current relief efforts. I know you agree that emergency assistance is not a substitute for long term development programs but it is a safeguard for economic and social development.

Development Credit Program:

For FY2001 we are proposing consolidation of our various credit programs into a single new Development Credit program. This program would consolidate the current Urban and Environment credit program, the Micro and Small Enterprise Development credit program and the Development Credit Authority. This new program will give USAID a flexible means of using credit to achieve our economic development objectives where credit is financially viable, where borrowers are credit-worthy, and where there is opportunity for effectively involving private lenders in development. We have requested authority to transfer into this new account up to $15 million from other assistance accounts and an appropriation of $8 million for the administrative costs of managing all our current and new credit activities.

Economic Support Fund:

The Economic Support Fund is budgeted at $2.313 billion for FY2001. $1.818 billion will be used for economic reforms and as continued support for the Middle East peace process as I described earlier, which includes $840 million for Israel, $150 million for Jordan, and $695 million for Egypt. ESF funding will assist other countries in their transition to democracy, promote stability in Ireland and Cyprus and promote Human Rights. Additionally ESF funds will be used in certain countries to respond to environmental crises, for water management, primary health care, and priorities such as climate change and biological diversity.

Freedom Support Act:

Mr. Chairman, the request for the FREEDOM Support Act for the Eurasian states is $830 million. This includes $87 million to continue the Expanded Threat Reduction Initiative. This initiative, to reduce the threat of proliferation of technology and weapons of mass destruction, began last year in response to growing concerns over security issues due to the Russian financial crisis, which has impeded economic progress in the region. The potential for scientists or others with access to this technology to sell their services to other states posed unacceptable risks to the United States. USAID transfers funds to other agencies such as DOE and State, which manage these programs. USAID-managed programs will continue to focus on longer-term efforts that support the transition to democracy and free markets and trade in the former Soviet states.

We have learned that our work in the former Soviet states will take more time than we originally thought. While communism has failed, in many cases the communist mindset has not disappeared. Official corruption has hindered progress, both political and economic. While it is far too early to assess the policies that Acting President Vladimir Putin will embrace, we know that a free and democratic Russia is in the best interest of the United States. We are helping maximize the chance that they will stay on the right path toward a better future by working at the grassroots level, and in the regions far from Moscow to help support advocates of reform in the non-governmental and business communities and to build lasting partnerships between U.S. and local organizations. We were encouraged by the positive results of the election to the Duma in December, and we are emphasizing the importance of holding a free and fair election for President next month. We will encourage the winner to carry out the fundamental reforms needed for Russian economic and democratic development.

While challenges continue to be great, we have also made considerable progress. For example Kyrgyzstan was the first NIS country to accede to the World Trade Organization. Armenia has excelled during the first six months of a comprehensive market reform program adopting new measures in privatization, accounting and tax reform, and land management. Environmental issues such as greenhouse gases are being addressed throughout the region.

Support for East European Democracy Account:

The request for Eastern European Democracy (SEED) Act countries is $610 million, which is a $77 million increase over the FY2000 funding level of $532.97 million. As you know, SEED is a transitional program to assist Central and Eastern European countries as they shift to democracy and free market economies.

This request reflects a dramatic shift of funds away from "graduating" Northern tier countries to Southern tier countries such as Romania, Bulgaria and Albania where progress has been slower. By the end of this year we expect all of the Northern Tier countries will have graduated from direct bilateral assistance. Poland, Lithuania and Slovakia are joining previous graduates – Estonia, Latvia, Slovenia, the Czech Republic and Hungary. The Northern Tier countries remain politically and economically important to the United States; therefore regional mechanisms will still be available for limited support in the event of a crisis and to ensure

continued relationships between local and U.S. organizations. We hope these Northern Tier countries will be able to provide help and guidance to their neighbors as they move forward in their transition. But we are proud to say that our job is basically done.

In the Southeast European countries of Bulgaria, Romania, Albania, Macedonia and Croatia, the conflict in Kosovo had severe economic costs and has set back the timetable for their full integration into the international economy. We are working closely with other donors to help these countries integrate their economies including facilitation of trade and customs reforms, and to continue the structural reforms that are building stronger democratic market economies.

The request also includes $90 million for Bosnia-Herzegovina, a sharp reduction from previous years, as the program shifts from its earlier emphasis on reconstruction to greater efforts to establish and implement the legal framework and institutions of a market economy. It also requests $175 million for Kosovo, to help build basic governmental, economic and judicial structures, and to jump-start the economy to create jobs and provide needed basic goods and services. While accepting the need for a temporary UN administration, the Kosovar people and the U.S. are anxious to see a representative government formed.

Much of the Kosovo request will go to address the need for basic security, good governance and human rights programs funded through transfers of funds to other USG agencies such as the State Department. USAID-managed programs, which account for less than one-third of the funds requested, will address the need to restore basic community services and infrastructure, establish the institutions of a market economy, restore the agricultural sector, provide credit to micro-enterprises, and strengthen democratic institutions such as the media, political parties, the judiciary and other elements of civil society. We are creating the building blocks for a functioning and capable local economy and society.

The Kosovo conflict also underscored the challenge, and the importance, of supporting democratic forces in Montenegro and even inside Serbia itself. As this Committee has recognized, support to the Serbian opposition is critical to build pressure against the Milosevic regime. Our request includes $55 million for support to media, the democratic opposition, and reform-minded municipalities. In Montenegro, we will provide vital budget support to the

courageous Djukanovic regime, which will be complemented by our assistance in creating strong economic and democratic structures.

We clearly recognize that it will take a generation or more to fully realize the progress made in each of these countries as they make the difficult transition to free and open societies.

P.L.480 Food for Peace Programs:

While I am aware that a different committee authorizes the P.L. 480 programs, I believe this Committee has an interest in this important part of USAID's overall program. The request for P.L. 480 Title II non-emergency and emergency food assistance has been set at $837 million. This will allow the Office of Food for Peace to continue efforts to promote managed growth in Title II programs and to meet critical emergency food needs of targeted vulnerable groups including refugees, internally displaced families or those who lose their land or livelihoods due to natural or man-made disasters. This year, renewed attention will be given to the use of food for nutritional feeding programs such as the President's LIFE Initiative to mitigate the negative impact of HIV/AIDS in sub-Saharan Africa and India.

On a global level, more than 800 million people are chronically undernourished. The P.L. 480 Food for Peace program has provided over $500 million in emergency food aid to an estimated 11 million people, it has used resources to reduce food insecurity in the developing world by enhancing household nutrition and increasing agricultural production.

Title II funds are also used to support the Farmer to Farmer program, which provides voluntary technical assistance to farmers, farm groups and agribusinesses to enhance the potential for substantial increases in food production, processing and marketing. The program relies on volunteers from U.S. farms, land grant universities, cooperatives and private agribusiness and non-profit organizations. Volunteers for this program have been recruited from all 50 States and the District of Columbia. This program has had a positive impact on the US and raised public awareness about the needs of developing countries.

Operating Expenses:

For Operating Expenses the request is $520 million for FY2001. This is almost equal to the FY2000 level. These funds cover salaries, benefits and other administrative costs that assure effective oversight of USAID programs worldwide. OE provides the oversight of the programs funded through Development Assistance, Child Survival and Diseases, the Economic Support Fund, the Support for Eastern European Democracy Act, the FREEDOM Support Act and the International Disaster Assistance account, and the P.L. 480 Title II resources. The requested amount will permit USAID to maintain the current levels of direct-hire staff overseas, though at the cost of continuing reductions to our staff in the U.S. It also provides for essential training to maintain and upgrade the skills of Agency staff. Additionally, OE funds will permit the continuation of Agency efforts to modernize its financial and other information systems. The financial system purchased by USAID in FY2000 will begin to be deployed overseas in FY2001 and will include significant upgrades to information technology for effective ad efficient use of our automated systems.

Conclusion:

This is an especially challenging time to be heading USAID. I want to work more closely with you to meet these challenges. I am making it a top priority to meet with more Members of Congress, one on one, in order to build a better understanding of the vital role of this Agency.

This is my message to you today. USAID's work in development assistance takes time. It is an incremental process that pays off for America and for the world. Foreign assistance is a national security priority. USAID is a smart investment and one of the most effective tools the U.S. Government has in building the foundations for trade and markets, and the spread of democratic ideas.

As President Clinton stated in his State of the Union address: "Globalization is the central reality of our time.... We cannot build our future without helping others build theirs." This has been the decade of globalization, let it become the century for democratization.

Thank you for your contribution to USAID's success. And thank you for your attention this morning.