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**THE COMMISSION FOR AFRICA: REC-
COMMENDATIONS FOR A COHERENT
STRATEGY FOR AFRICA**

HEARING

BEFORE THE

**COMMITTEE ON FOREIGN RELATIONS
UNITED STATES SENATE**

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THE COMMISSION FOR AFRICA: RECOMMENDATIONS FOR A COHERENT STRATEGY FOR AFRICA

TUESDAY, MAY 17, 2005

U.S. SENATE,
FOREIGN RELATIONS COMMITTEE,
Washington, DC.

The committee met, pursuant to notice, at 9:30 a.m., in room SD-419, Dirksen Senate Office Building, Hon. Richard G. Lugar, chairman of the committee, presiding.

Present: Senators Lugar, Martinez, Feingold, and Obama.

OPENING STATEMENT OF HON. RICHARD G. LUGAR, U.S. SENATOR FROM INDIANA

The CHAIRMAN. This meeting is called to order.

The Committee on Foreign Relations meets today to review the report of the Commission for Africa issued on March 11, in preparation for the July G-8 Summit at Gleneagles, Scotland. The Commission for Africa was established by Prime Minister Tony Blair to review international policy toward Africa. Prime Minister Blair has stated his intention to make Africa policy a priority of the G-8 during the United Kingdom's Presidency in 2005.

The G-8 already has taken steps to examine international policies related to Africa. The Africa Action Plan was introduced at the Kananaskis summit in 2002 and adopted at the Evian summit in 2003. President Bush hosted the G-8 Summit at Sea Island, Georgia, in 2004, where the plan was augmented by the Global Peace Operations Initiative to train peacekeepers. For 2005, Prime Minister Blair has chosen to elevate Africa issues to the top of the agenda at the Gleneagles summit. The report of the Commission for Africa echoes the Prime Minister's contention that now is the time for the international community to respond to the challenges of Africa with a concerted and coherent program.

Today, we intend to consider the varied recommendations of the Commission. The report is an ambitious blueprint for harnessing the efforts of the G-8 and other nations on behalf of African development and reform. It recognizes that African governments must be partners for change within their own countries and within regional organizations. It is significant that of the 17 members of the Commission, 9 come from Africa. There has been considerable effort to include in the report the input of African civil society, as well as the private sector.

I met last week with Nobel Laureate Ms. Wangari Maathai of Kenya, whose tree planting campaign has contributed greatly to the reforestation of Kenya. Her individual initiative not only has been an environmental triumph, it has provided resources for the basic needs of women and children, because trees are essential to shelter, fuel, and water conservation. She and other individuals can have profound impact on Africa's future, but must be enabled through good governance that facilitates citizen participation.

I have been encouraged, recently, by the growing interest in Africa in the United States. Our Nation sees more clearly in the post-September 11 world how our own well-being is connected to progress on the African Continent. Americans are coming to understand that a stable and prosperous Africa can better cooperate on a range of shared concerns, from weapons proliferation and terrorism, to environmental challenges and contagious diseases.

These changing attitudes have bolstered the work of those in Congress who regard Africa as a priority for action. During the last several years we have been able to put in place the building blocks for a sustained American engagement in Africa that can complement international efforts.

Last June, Congress passed a bill that I had introduced to extend the Africa Growth and Opportunity Act. Thanks to AGOA, which has exempted 1,800 African products from United States tariffs, the African textile industry now employs tens of thousands of workers. Moreover, nonoil trade between the United States and Africa is expanding significantly.

In 2003, Congress passed legislation creating the President's Millennium Challenge Corporation. This bold new approach to aid will funnel extra assistance to developing countries that are making improvements in economic reform, promotion of the rule of law, and anticorruption measures.

Eight African countries are among the first 17 candidates declared eligible for MCC funding, which builds on a key lesson of AGOA—namely, that private investment will flow to countries that create a stable, predictable investment climate.

In 2003, Congress also pledged \$15 billion over 5 years for the most serious crisis facing Africa, the HIV/AIDS pandemic. In support of this initiative, I have introduced additional legislation to address Africa's AIDS-orphan crisis, and a resolution backing global cooperation on an HIV vaccine.

More work needs to be done to provide incentives for private investment in Africa, to ensure that the revenues from Africa's oil boom will go to all of its citizens, and to relieve Africa's international debt burden. We also need to promote agricultural development. Wealthy countries must modify their own farm subsidies, so that Africans can both feed themselves and compete in a fair world market for exports.

The legislation Congress has enacted, and the proposals underway, have the potential to form the type of sustainable, comprehensive program that we have previously lacked. But enactment of a legislative framework for Africa is not an end in itself. Initiatives must be carefully managed to ensure that they work well and enjoy strong support. They also must be coordinated with broader international efforts like the forthcoming discussions of the G-8.

Today, we are joined by three distinguished witnesses to discuss the Commission's report entitled "Our Common Interest." It is a great pleasure to welcome our close friend and former Foreign Relations Committee colleague, Senator Nancy Kassebaum Baker. She served with distinction for many years as the chair and ranking member of the Subcommittee on African Affairs. She brings extraordinary experience, understanding, and compassion to the challenges facing Africa. And I would simply note parenthetically, that Senator Kassebaum, during her service, frequently was almost the only Senator who was interested in Africa, and frequently prevailed upon this Senator to join her in her office to greet Presidents, Foreign Ministers, and other dignitaries coming from Africa, which I was honored to do. So my education has been enhanced by my friendship with our colleague, and it is a special privilege to have her here today.

We are also joined by her colleague on the Commission, Mr. Tidjane Thiam from the Ivory Coast, who has served at the World Bank and as his country's Minister of Planning and Development. Our third panelist is the president of the Center for Global Development, Ms. Nancy Birdsall, whose insight and experience in development will lend an important perspective to our discussions.

We welcome our distinguished guests and thank them for joining us in this discussion. We look forward to hearing their insights on the Commission's report and their own personal views.

Let me say at the outset that we know that we will have a series of votes on the Senate floor, but fortunately not until 11:30. At least, that is the best word. That is about 2 hours hence, and probably gives us the opportunity for the testimony of our distinguished witnesses, as well as for questions and dialogs with distinguished Senators who will join us on this panel. I mention that so that all Senators and their staffs might be advised that that will probably be the terminal point for our hearing, as Senators will be engaged in a stack of votes, and unlikely to return to the committee room.

At this moment, let me turn to Senator Feingold, who has long served as chairman and ranking member of our African Subcommittee, and who has intense interest in these issues.

**STATEMENT OF HON. RUSSELL D. FEINGOLD, U.S. SENATOR
FROM WISCONSIN**

Senator FEINGOLD. Thank you, Mr. Chairman, I thank you for holding this hearing today, and I thank our witnesses for being here. Of course, I look forward to hearing the views of Mr. Thiam and Dr. Birdsall, but I am especially pleased to have the opportunity to hear from Senator Kassebaum Baker, who served so admirably as the chair of this committee's Subcommittee on African Affairs when I first became the ranking member.

Senator Kassebaum Baker, along with Senator Paul Simon as well as the chairman, really helped to inspire my great interest in Africa, and I've maintained my involvement in African affairs over the past decade in part because of their wonderful example. Senator Kassebaum Baker, it is truly a pleasure to see you here today, and to have this opportunity to work with you again. You know how much I appreciated our work together.

The Commission for Africa produced a weighty report full of interesting insights and ideas, and I commend the Commissioners for their work. We all know that issuing recommendations and actually changing policies on the ground are two very different things. At regular intervals we are given the opportunity to bring a new seriousness and commitment to our engagement with Africa. These opportunities are often associated with new initiatives financed by squeezing resources out of the last round of initiatives, or worse, out of basic development efforts. In between these opportunities, we often lose momentum, and our policies become reduced to reactions, in the wake of conflict or crisis. But what's clear—and I obviously know that you are very aware of this—is that we need sustained, thoughtful, coordinated engagement if we are to foster the real partnerships that we will need in the years ahead.

There's nothing marginal or soft or somehow second rate about the nature of the challenge before us. Today, our first foreign policy priority is to combat the terrorist forces who would do us harm. And Africa is unquestionably an important part of that effort. The 1998 Embassy bombing, the 2002 bombings in Mombassa, and the consistent and credible reports of terrorist organizations operating in North, West, and Southern Africa leave no room for doubt, and it is easy to understand, if we want strong African partners in our fight against terrorism, we need to be strong partners ourselves in Africa's fight against poverty. The Commission report offers a number of ideas regarding just how we might strengthen our efforts, by fighting corruption, by strengthening institutions, and by investing in the African people.

I'd like to hear more about these ideas today, but I'm also interested in about how our panelists believe an American commitment to sustained, coordinated, multilateral engagement to fight poverty in Africa might be maintained, despite that impulse to reinvent the wheel that afflicts every new administration, and often new Members of Congress. Constantly changing casts of characters, and constantly changing competing demands in the donor community, and in Africa, make it difficult to secure adequate resources—but also adequate attention, thought, and political will over the long term. So, I'm looking forward to any remarks today that focus on what we need to do here to be more effective, responsive, and consistent in our approach.

I thank the panelists, and I thank the chairman.

The CHAIRMAN. I'd like to recognize now Senator Mel Martinez, who is the chairman of our African Subcommittee.

STATEMENT OF HON. MEL MARTINEZ, U.S. SENATOR FROM FLORIDA

Senator MARTINEZ. Mr. Chairman, I thank you very much, and good morning to all of you, and welcome. I am delighted for you to hold this hearing and look forward to hearing the testimony from the witnesses, and I'm especially pleased to welcome Senator Kassebaum Baker, whom I did not have the pleasure to serve with, but I'm so honored to follow in your footsteps and in the great interest you've had in issues of people around the world. I believe it's a tremendous moment for us to come together. Africa undoubtedly is at a crossroads, and we all, I believe, as citizens of the world,

share a moral obligation for the success of the African Continent and understanding the difficult conditions that exist in much of it.

I believe that our foreign policy focus is too often not made clear, not being sufficiently focused on areas of the world like Africa as I often have felt. I know many Latin Americans feel the same way and I know that it's a large world, but there's so much opportunity for good to be done, and our country carries such a tremendous opportunity that I believe it is part of our responsibility, to look to these developing areas of the world, particularly now as we focus on Africa.

And I also was pleased to see in your report that there is an acknowledgement and a recognition that Africa must drive its own development, and that while nations like the United States should be supportive, that the success will only come with appropriate governance and appropriate institutions and Africa, itself, must take responsibility for the future success of the region.

There is much that we can do by increasing assistance that is being provided to HIV/AIDS, and the Millennium Challenge Account also, and a focus on counterterrorism as mentioned by the ranking member of the subcommittee. These are all traditional elements of our development policy and focus, which must be continued into the future. The United States Government, together with the international community, wants to advance a comprehensive strategy for Africa, a strategy that focuses on democracy and governance, institution-building, human rights, and sustainable economic growth, a strategy that focuses on building domestic capacity, which will bring about lasting, positive change for the people of Africa.

So, I'm so pleased to hear and review the Commission's recommendations, and its efforts to create a coherent policy for Africa, but I think in general, the analysis and principle behind the Commission report is a solid one, I look forward to hearing from the panelists this morning in a more comprehensive way. Thank you very much.

The CHAIRMAN. Thank you very much, Senator Martinez. Let me mention that the statements of each of the witnesses will be published in the record in full. Each witness may proceed as she or he wishes, either giving a statement in full, or summarizing. Let me just say that we are here to hear you, so please do not truncate your remarks unduly. We are delighted to have each one of you, and I'll ask you to testify in the order that I introduced you, originally.

STATEMENT OF HON. NANCY KASSEBAUM BAKER, COMMISSIONER, COMMISSION FOR AFRICA, AND FORMER U.S. SENATOR, WASHINGTON, DC

Senator KASSEBAUM BAKER. Thank you very much, Mr. Chairman. I've often wondered what it was like to testify on the other side.

The CHAIRMAN. Now you know. [Laughter.]

Senator KASSEBAUM BAKER. It may be more fun from up there than down here, but I am very appreciative of being able to participate this morning, in a hearing on the Commission for Africa report. I'm particularly honored to appear with one of my fellow Com-

missioners, Tidjane Thiam, who has come over from London just for this hearing. He originally came from Côte d'Ivoire, and is a distinguished businessman now in London. I've benefited greatly from his wisdom during the Commission debates, so I'm particularly pleased that he could be able to testify with us this morning.

As you know, and as mentioned, Mr. Chairman, we were brought together by Prime Minister Blair to look at Africa's challenges and propose some suggested policy direction, which he was to present as head of the G-8 meeting in July. We released our report, "Our Common Interest," in March, as a total package of interrelated recommendations as well as the price tag. The Commission's report seems overwhelming. Many Africans would say, "We have heard all of this before. We know what the problems are, so why are the proposals—are the proposals any good faith over the years.

As one of the 17-member Commissioners, I believe that one of the significant reasons for attention to the report, is that unlike previous studies, the majority of the Commissioners came from Africa. These Commissioners emphasize the importance of Africans themselves, demonstrating the necessary leadership to address, "the weakness of governance and the absence of an effective state."

Africa is changing, and a younger generation wants to break the cycle of loss. This is an opportunity, not to just make a pledge of support, or a nod to financial aid, but to step forward and work together constructively to make a difference. I also believe the Commission reflected Prime Minister Blair's personal and genuine commitment to Africa's future. The Commission was not a political ploy or public relations exercise. It represented a serious and sincere attempt to help Africa move forward.

President Bush and many of the other G-8 leaders share the Prime Minister's commitment. In this report, we outline some important new directions on coordination and institutional sustainability. While the many recommendations form an integral part of the whole, I believe we should identify one or two immediate priorities to concentrate attention and financing, to show what works and if such an approach can be successfully replicated in other areas. The amount of money, in many ways, is not as important as the effectiveness of the delivery system. What is exciting to me is the opportunity to show what might be accomplished with restructured approaches. First, the Commission recognizes the foundation of Africa's progress begins with better leadership on the African Continent. Many of the failings of Africa over the past decade can be traced to the lack of effective and accountable government. Without these effective and accountable governments, Africa cannot progress, no matter how much money is provided.

To improve governance, the report highlights the importance of helping Africa develop effective civil service administrations, independent judiciaries, and strong parliaments. Fighting corruption is essential. We must find better ways to stop the players with bribes, including multinational corporations, and those who solicit and pocket bribes on the African Continent. Again, that's a tall order, and I'm sympathetic to what Senator Feingold said about being able to sustain these things that we address so often, and the reason I'm encouraged, as I've said, is I think there are leaders today,

such as Mr. Thiam here, who represent a change, and recognize that change is taking place on the continent.

The report highlights the role that increased foreign assistance can play in Africa's development. Many of the press articles about the Commission report have emphasized the foreign aid numbers. But to me, again, as important as the amount of foreign assistance, is the method of delivery. I've long been frustrated by the uncoordinated, highly bureaucratic ways we provide foreign assistance in Africa. Every donor seems to have his or her pet scheme, with little effort to consolidate approaches. The proliferation of initiatives undermines effectiveness of foreign assistance. Even in our own government, the numerous government agencies involved in development assistance makes it difficult to coordinate.

The report recognizes that we must improve the "quality" of aid. I believe the American people, and people throughout the developed world who will support increases in assistance, if they know the money will make a difference in improving the lives of Africans. I believe strongly that we should build on the strength of public/private partnerships, such as the Bill and Melinda Gates Foundation, or the recently announced Clinton Global Initiative. But as an example of one that I'm familiar with, I would like to talk about the partnership in the healthcare field of the Kaiser Family Foundation, which has successfully maintained involvement in South Africa since 1987. Since that time, the foundation has committed about \$200 million, and leveraged three times that amount from other funders in support of South African's efforts to establish a more equitable, national public health system. In the total picture, financial needs in African health services, that is not a large amount. And I am very appreciative, Mr. Chairman, of your initiative regarding AIDS support for orphans. This is an extremely important area needs now to be met to address the future.

However, the basic principles that guided the Kaiser Family Foundation work have proven most successful. One is the collaborative partnership with the host country, working with South Africa to see what was needed, encouraging those in the public health sector to work together to achieve these results. Second, external funders were engaged in local policy context. This provides the local government a sustainable stake in success of a national health program. It has proven to be a most successful program, and I believe it's because its early groundwork was done with the host country, with local institutions that were needed to sustain a program over the long term. So often we race in, and then we race out, and then again, we reinvent the wheel. So that's why I use that as an example that, I think, merits our thinking about.

The Commission report proposes the creation of an infrastructure fund to support the development of roads, railroads, and rivers. This is an area that can provide jobs and begin immediately to enhance the economy, not only by money in the pocket, but also by facilitating the movement of goods to both domestic and international markets. We argue about being able to encourage trade, it can't be done if there is not the roads and railroads over which to take it, both to get it to port, or get a better trade buy between countries within the continent.

Again, public/private funding partnerships, I believe, could be most successful. Coordinated management with the regional government can serve as a model of a new approach that has been tried sometimes in limited ways, and where it has been, it can be proven to be successful. This does not require a Marshall Plan idea, as much as it does a grassroot level approach, and tough management. The success of the Marshall Plan was that it was a business approach with a clear understanding of institutional sustainability.

I skip over many important Commission recommendations, but by just naming a few, it gives an idea of the width and depth of the integrated plan. Debt cancellation, corruption, education, strengthening governance, ending trade barriers and subsidies, especially for cotton and sugar, and environmental sustainability. Education, as we all know, is particularly important, and is needed to provide the engineers, the mechanics, the craftsman, the teachers, the nurses and the doctors. There can be no more important legacy one leaves from one generation to another, than quality education.

The report also stresses the most important voice in Africa. One which is seldom heard—the women. As in most countries, women are the backbone of family and community. Their voices are critical to hear, through democratic processes and leadership positions. I'm absolutely confident, Mr. Chairman, that those voices could make a big difference in the future of Africa.

Last, I mention security, and I think this is a subject that Mr. Thiam will cover in more depth, but it's the basic desire for us all. And no one can thrive, nor can a country grow without a sense of security and hope. It is security from wars, from disease, and from poverty. Poverty and the sense of hopelessness can affect all else, and all too frequently can lead to participation in renegade terrorist groups. I would just like to report, and I—the recommendation of the Commission won its strongest support from the African Union in undertaking a dedicated effort for mediation—but control of small arms is a major concern to Africa and last August I was in the Democratic Republic of Congo and saw their buyback plan that was being tested by the U.N. funding. I would have to say just from my initial operation, it was not fully operating, but it was set up to start. I think other initiatives should be given a try. I personally wish we could consider not just buyback for arms turned in, but again, money that would be given as payment for work done in building a health center or a school or road work so that there is a job as well for turning in arms, otherwise there's not much to be offered except what is money in the pocket.

We must also move faster to support reconstruction after conflict ends, and during this trip in the Congo, I was shocked by the slow progress to reconstruct the country. The plans were drafted, the money was there, but projects had yet to get off the ground, I think largely because there had been such a slow effort to be able to pull together coordination. We risk losing the peace in the Congo, and other post-conflict situations, unless we can move faster to build the peace.

As President George W. Bush has said, "persistent poverty and oppression can lead to hopelessness and despair, and when governments fail to meet the most basic needs of their people, these failed

states can become havens for terror. Development provides the resources to build hope and prosperity and security.” There are no better words, I think, Mr. Chairman, to describe the importance of Africa’s future, and our common interest.

One word of caution: We must be careful that we don’t promise more than we can deliver and we must fund what we promise. Thank you, Mr. Chairman.

[The prepared statement of Senator Kassebaum Baker follows:]

PREPARED STATEMENT OF HON. NANCY KASSEBAUM BAKER, COMMISSIONER,
COMMISSION FOR AFRICA, AND FORMER U.S. SENATOR, WASHINGTON, DC

Mr. Chairman, thank you for the opportunity to discuss the Commission for Africa report. I am particularly honored to appear with one of my fellow Commissioners, Tidjane Thiam. Tidjane originally comes from Ivory Coast, and is now a distinguished businessman in London. I benefited greatly from Tidjane’s wisdom during the Commission debates, and am so pleased he was able to join the committee today.

As you know, Tidjane and I were 2 of 17 Commissioners brought together by British Prime Minister Tony Blair to look at Africa’s challenges and propose some suggested policy directions. We released our report, “Our Common Interest,” in March.

As a total package of interrelated recommendations, as well as the price tag, the Commission’s report seems overwhelming. Many Africans would say, “We have heard all of this before.” We know what the problems are so why are the proposals any different from the many other plans that have been developed in good faith over the years?

As 1 of the 17-member Commissioners, I believe that one of the significant reasons for attention to the report is that unlike previous studies, the majority of the Commissioners come from Africa. These Commissioners emphasized the importance of Africans themselves demonstrating the necessary leadership to address “the weakness of governance and, the absence of an effective state.” Africa is changing and a younger generation wants to break the cycle of loss. This is an opportunity not to just make a pledge of support or a nod to financial aid, but to step forward and work together constructively to make a difference.

I also believe the Commission reflected Prime Minister Blair’s personal and genuine commitment, to Africa’s future. The Commission was not a political ploy or public relations exercise; it represented a serious and sincere attempt to help Africa move forward. President Bush and many of the other G-8 leaders share the Prime Minister’s commitment.

In this report, we outlined some important new directions on coordination and institutional sustainability. While the many recommendations form an integral part of the whole, I believe we should identify one or two immediate priorities to concentrate attention and financing to show what works and if such an approach can be successfully replicated in other areas. The amount of money, in many ways, is not as important as the effectiveness of the delivery system. What is exciting to me is the opportunity to show what might be accomplished with restructured approaches.

First, the Commission recognizes that the foundation of Africa’s progress begins with better leadership on the African Continent. Many of the failings of Africa over the past decades can be traced to the lack of effective and accountable governments.

In our discussions, I was particularly struck by the arguments coming from the African Commissioners, who emphasized the importance of Africans themselves demonstrating the necessary leadership to address the weakness of governance and the absence of an effective state. Without this leadership, Africa cannot progress, no matter how much money we provide.

To improve governance, the report highlights the importance of helping Africa develop effective civil service administrations, independent judiciaries, and strong parliaments. Fighting corruption is essential. We must find better ways to stop both the payers of bribes, including multinational corporations, and those who solicit and pocket bribes on the African Continent.

The report highlights the role that increased foreign assistance can play in Africa’s development. Many of the press articles about the Commission report have emphasized the foreign aid numbers. But to me, as important as the amount of foreign assistance, is the method of delivery.

I have long been frustrated by the uncoordinated, highly bureaucratic ways we provide foreign assistance in Africa. Every donor seems to have his or her pet

scheme, with little effort to consolidate approaches. The proliferation of initiatives undermines the effectiveness of foreign assistance. Even in our own government, the numerous government agencies involved in development assistance makes it difficult to coordinate.

The report recognizes that we must improve the “quality of aid.” I believe the American people—and people throughout the developed world—will support increases in assistance if they know the money will make a difference in improving the lives of Africans.

We should build on the strength of public/private partnerships, such as the Bill and Melinda Gates Foundation or the Clinton Global Initiative. An example of one such partnership in the field of health care is the Kaiser Family Foundation which has successfully maintained involvement in South Africa since 1987. Since that time, the foundation has committed about \$200 million and leveraged three times that amount from other funders in support of South African efforts to establish a more equitable national public health system. In the total picture of financial needs in African health services that is not a large amount. However, the basic principles guiding the work have proven most successful. One is the collaborative partnership with the host country. External funders have engaged local policy context. This provides the local government a sustainable stake in the success of a national health program.

The Commission report proposes the creation of an infrastructure fund to support the development of roads, railroads, and rivers. This is an area that can provide jobs and begin immediately to enhance the economy, not only by money in the pocket but also by facilitating the movement of goods to both domestic and international markets. Again, public/private funding partnerships, in coordinated management, with the regional governments could be a model. This does not require a Marshall Plan idea as much as it does a grassroots-level approach and tough management. The success of the Marshall Plan was that it was a business approach with a clear understanding of institutional sustainability.

I skip over many important Commission recommendations, but by just naming a few it gives an idea of the width and depth of the integrated plan—debt cancellation, corruption, education, strengthening governance, ending trade barriers and subsidies (especially for cotton and sugar), and environmental sustainability. Education is particularly important, as it is needed to provide the engineers and mechanics, the craftsman, the teachers, the nurses and doctors. There can be no more important legacy one leaves from one generation to another than quality education.

The report also stresses the most important voice in Africa, one which is seldom heard—the women. As in most countries, women are the backbone of family and community. Their voices are critical to hear through democratic processes and leadership positions. I am absolutely convinced this is a network that could make a difference.

Last, I mention security. Security is the basic desire for us all. No one can thrive nor can a country grow without a sense of security and hope. It is security from wars, from disease, and from poverty. Poverty, in the sense of hopelessness, can affect all else and all too frequently can lead to participation in renegade terrorist groups. The Commission makes several recommendations to prevent conflict through mediation. The African Union is undertaking a dedicated effort in this direction. Control of small arms is a major concern to Africans. Buy-back plans are being tested in the Democratic Republic of the Congo. Other initiatives should be tried. Funding should be increased for the African Standby Force. A well-trained, disciplined, and well-paid African peacekeeping force could serve an important function.

We must also move faster to support reconstruction after conflict ends. During my trip to the Congo, in August, I was shocked by the slow progress to reconstruct the country. The plans we drafted, the money was there, but projects had yet to get off the ground. We risk losing the peace in the Congo—and in other post-conflict situations—unless we can move faster to build the peace.

As President George W. Bush has said, “Persistent poverty and oppression can lead to hopelessness and despair. And when governments fail to meet the most basic needs of their people, these failed states can become havens for terror. Development provides the resources to build hope and prosperity and security.” There are no better words to describe the importance of Africa’s future and “Our Common Interest.” One word of caution—we must be careful that we don’t promise more than we can deliver and we must fund what we promise.

The CHAIRMAN. Thank you, indeed, for that very thoughtful testimony. You have helped introduce your colleague on the Commission, and we look forward to hearing now from you, Mr. Thiam.

STATEMENT OF TIDJANE THIAM, COMMISSIONER, COMMISSION FOR AFRICA, AND DIRECTOR, GROUP STRATEGY AND DEVELOPMENT, AVIVA, LONDON

Mr. THIAM. Thank you, Mr. Chairman.

I'd like to thank Senator Lugar, and your colleagues on the Senate Foreign Relations Committee for inviting me to give evidence on the Commission for Africa today. I would just like to thank Nancy Kassebaum for her very useful comments and for all the insights and assistance she gave me, I have every intention to continue benefiting from that assistance.

I would like to provide you with some written evidence in the form of a letter, my comments now will draw mainly on the contents of that letter. And I would like to open my contribution by stating that I believe that Africa's growth and development are first and foremost an issue for Africans. Because of the nature and the mandate of the Commission, we are focused on recommendations on what the international community can do, however, the Commissioners, and all the African Commissioners recognize that the primary factor for Africa's development, for its successes and failures, remain with Africans and African institutions, such as the African Union and NEPAD.

Negative perceptions of Africa abound. One just has to open a newspaper or turn on the television to hear about the violence in Zimbabwe, deaths in Sudan, and poor governance. But next to a visible and failing Africa, I would claim that there's a more discrete, hardworking, and more successful Africa.

In 1999 in my country, a power plant was designed and built by African engineers, and financed entirely by the private sector. I led the team of African experts that designed and negotiated that public/private partnership. This project was nominated by the Financial Times as one of the six boldest energy projects in the world that year. As we speak, 170 young women work in a plant in Morocco, producing some of the most sophisticated components for net systems in the world. One of the most productive tuna factories in the world is in West Africa. If I look at a company like Nestlé, which has thousands of employees in Africa, it runs all its African factories without any expatriates. So there are many, many positive stories on the continent.

There is enough coverage of the African tragedy. What matters now is to convince the world that something can be done about it. Most deaths in Africa are entirely avoidable; preventable. Just to take an example, I'm sure you know that the first cause of child mortality in Africa is not AIDS or malaria, it is diarrhea. Babies die of dehydration, because their mothers do not know how to take care of them when they are sick. That is an education and information problem. Several countries have tackled it very cheaply and very effectively. There are solutions that work, that are known. We know we can implement them by empowering people.

I'd just like to touch quickly on four areas: The first one is peace and security, the second one is trade, the third one is AIDS, and then to finish, the implementation of our recommendations.

Africa is plagued by many conflicts. Our report contains many important proposals to help us prevent conflicts. Until my country, Côte d'Ivoire, became better known for coups and instability, it was

recognized as an African success story. There I have seen, firsthand, how the achievements of 40 years of progress can be destroyed in less than a year. Côte d'Ivoire's conflict and ultimately its solution are the responsibility of Ivoirians. But diplomats and donors did not help by ignoring the tensions in the country, increased pressure on land, the politicization of ethnic identities, the impact of regional tensions on our internal policies. It didn't help when donor countries so quickly recognized and even supported the government of General Guei, and failed to support the efforts of our neighbors and of the African Union to sanction him and his government. I must say that that was not the case for the United States which took a very firm position on this issue and did not cooperate with General Guei's regime.

The Commission therefore argues in favor of greater and more effective support to strengthen African organizations—the AU and NEPAD—and their ability to promote good governance and security. All societies have to deal with tensions and potential conflicts. What is often missing in Africa are the tools and mechanisms to resolve these tensions and conflicts in a nonviolent manner. I would hope that the large international consensus on the importance of peace and security, will lead to more resources being devoted to conflict prevention, and peace-building in Africa, as Nancy explained very eloquently. Without peace and security, there will be no development. We need to support vulnerable states, the so-called “fragile” states, as they are a prime recruiting ground for terrorist organizations, as Senator Feingold mentioned. In my country, we say that no community should aspire to be an oasis in the desert, because generally it's the desert that wins.

Moving on to my second topic, trade and economy, it is important that the international trade system be managed in a way that allows farmers in the rural communities in Africa to make a living and raise their families. Africa has two things in abundance—land and sun. Agriculture is therefore one of the key areas, as you said, Mr. Chairman, where it can aspire to enjoy comparative advantage. Our farmers cannot compete with the subsidized meat, flour, milk, and butter coming from the OECD, and the poor in the cities of Côte d'Ivoire eat bread made with subsidized EU flour, with subsidized French butter, and that is a tragedy.

African economies are still hampered by unfair barriers to trade, and subsidies in the developed world. The forthcoming Doha Development Agreement is a prime opportunity to change this situation for the better. Our proposals in this area are among the most important.

I'd like to say a few words now about aid. My country, before conflict, was one of the leading recipients of aid in Africa. As a Minister, I was responsible for several years for coordinating that aid, and I am one of many Africans who have experienced the negative impact of unaccountable international development agencies. I have developed a matrix of the conditions that my country had to meet—there were hundreds of them at any point in time. That was clearly, for me, the symptom of a system that had gotten out of control.

Indeed, much of the report is focused on how to make aid more effective. This will involve actions from the donor countries of

course, but also the recipient countries. I recognize the damage done by corruption, and that aid has become an unpopular concept now in most of countries because of joint experiences. That being said, we call for better cooperation between Africa and the rest of the world, and we think that institutions like the World Bank have a primary responsibility here. I hope that Paul Wolfowitz's leadership of the World Bank will oversee many of the changes in culture, including allowing countries to determine their own priorities, and reducing the amount of resources spent on international experts, bureaucrats, and controllers. Out of the 11 billion United States dollars of aid to Africa, \$3 to \$4 billion are spent on expertise and controllers, which is generally not African expertise. You have more than 100,000 Africans working in the United States when at the same time extremely expensive technical assistance is used in Africa, and sourced from the outside world, regularly. That situation has to be addressed.

One of the areas where aid can be most effective is education. Nancy Kassebaum mentioned education for women. We conducted a study in Côte d'Ivoire which showed that women, illiterate women in the countryside, have 8.2 children on average, and educated women in the cities have 3.2 children. You can see that the prospects of these children and their future will be completely different in one of these situations or the other. Education of women has to be at the center of development. We all regret the corruption that prevails in many places in Africa. My experience has convinced me that one cannot buy good governance with conditionalities. Here in America, the guardians of democracy are its citizens, the men and women of this country. Africa will have sustainable democracies only when its men and women are educated and well informed. They will then hold their leaders accountable, and make corruption unacceptable.

I have read Mark Twain, and we all know that the high standards which you enjoy in public life, and that the whole world admires, were achieved over many decades and many battles for transparency in government, for a free press, and for an independent and strong judiciary.

Finally, I would like to make a few comments on how the Commission's findings should be implemented. The report proposes a comprehensive treatment of the issues, offering some new ideas, but focusing in many places on how to implement and keep commitments and hold ourselves accountable for what we promise. Implementation of such a comprehensive report is going to be a challenge, and will require commitment from both African and G-8 governments.

Two thousand and five presents many opportunities for making real changes for the benefit of Africa and of the world. The G-8 Summit, the Millennium Review Summit in September, and the Hong Kong WTO meetings in December, offer real opportunities to take forward our recommendations. We are not calling upon each government to do everything. We think that countries should build on their recent activities and strengths in taking forward this agenda. The United States has already recognized that Africa is changing for the better, and given its support to that. It has substantially increased its commitment to Africa in recent years, and set

up programs such as the Millennium Challenge Account, and PEPFAR for HIV. The United States has a strong historical interest in Africa and there are many private connections between our two countries; my own wife is American and used to work in this building for Senator Biden. America historically has had a very strong interest in the private sector and investment, and building the capacity of African countries to trade. It has also supported transparency and anticorruption initiatives, and efforts to promote security in Africa, and I believe that the United States can build on this, and with other G-8 countries, use their influence to make sure that the most significant obstacles to growth in Africa are removed.

In conclusion, I would like to thank you again for inviting me to Washington to give evidence on the Commission report and for your interest in this work. I believe that by putting our intelligencies together we can build a better future for the children of Africa, thank you.

[The prepared statement of Mr. Thiam follows:]

PREPARED STATEMENT OF TIDJANE THIAM, COMMISSIONER, COMMISSION ON AFRICA,
AND DIRECTOR, GROUP STRATEGY AND DEVELOPMENT, AVIVA, LONDON

Dear Senator Lugar: I am sending this letter as my written submission to the Senate Foreign Relations Committee hearing on the Commission for Africa on 17 May.

First, let me begin by thanking you for the opportunity to appear before the committee. It is an experience I look forward to. The support of the United States is vital to development in Africa, and for the successful implementation of the Commission for Africa's recommendations.

The committee has already received copies of the report and briefing materials on its contents. So rather than recapitulating its contents in detail, I wanted to focus my written comments on why there is a need for urgent action, and what I expect the results of successful implementation would be from my own experience.

I, and most Africans in my generation, believe that Africa's growth and development are, first and foremost, an issue for Africans. External assistance must complement a movement from inside Africa—on governance, on preventing and resolving conflicts, and on developing the policies that will achieve development and growth. Because of the nature and the mandate of the Commission, we have focused our recommendations on what the international community can do. The primary responsibility for Africa's development remains with Africans and African institutions such as the African Union and NEPAD.

We present a comprehensive package, which includes governance, peace and security, health and education, growth and infrastructure, trade, aid effectiveness, and making international institutions fairer and more effective.

Why Africa?

There are many arguments for why Africa needs action on these issues. Many cite the moral reasons—and also the developed world's self-interest, relating to the global threats created by the failure to check the spread of disease and conflict in Africa.

But for me, the real message is one of fairness and opportunity. Contrary to popular perception, Africa already presents many opportunities. Many African economies are growing. Many international businesses have seen the opportunities presented by Africa, and are making profits there. A recent study commissioned by Vodafone shows that Africa is the fastest growing mobile phone market in the world—increasing by 1,000 percent in the past 5 years. International companies make profits from growing markets and opportunities in Africa, create employment in Africa, and build their businesses on the expertise of their African workforces.

To allow the kind of growth that will allow Africans to find their way out of poverty, Africa needs a level playing field. This means reform to eliminate agricultural subsidies, and other trade barriers. Also, Africans must be empowered to find their own solutions to their own problems, which means democracy (to guarantee basic human rights), market economies which will attract foreign direct investment and create jobs, education (which will allow them to identify and seize opportunities), and rule of law and peace and security, which will allow them to enjoy the fruit

of their efforts. All governments know civil unrest and crime are serious risks when people do not have opportunities and employment—and this goes particularly for the young.

The international community—particularly G-8 countries—have the opportunity to build on the positive political and economic developments. If we do not act now, then the opportunities for long-term change could be squandered.

What do we want to achieve?

The Commission makes ambitious recommendations about how to create this level playing field, how to ensure Africa has the capacity to take advantage of greater opportunity, and how to check those factors that threaten to hamper progress, such as instability and HIV and AIDS.

From my own experience as a Minister in Côte d'Ivoire, I can suggest the following outcomes of implementing the recommendations of the Commission for Africa.

As you know, until the late nineties and the coup in 1999, Côte d'Ivoire was often identified as an African success story—with high rates of growth and an economy that attracted inward migration from its neighbours. The picture is now a very different one. Now that instability has taken hold in Côte d'Ivoire, the costs to economic development and poverty reduction have been done—and it will take a long time for the country to recover. As in Rwanda, DRC, Sudan, Angola, and throughout West Africa, the costs to African development of failing to prevent conflict are hard to calculate. Much more needs to be done sooner if we are not to see farther reversals in Africa's fortunes.

The demise into conflict in Côte d'Ivoire is ultimately the responsibility of national actors, but the international community could have done much more to influence events.

For a long time, donor and diplomats ignored growing tensions over land, growing inequality between groups, nationality, and political power.

Also, following the coup in Côte d'Ivoire, donor governments were quick to recognise military regime, and in some cases, supported it. In contrast, the Organisation for Africa Unity refused to recognise it and barred the then-President, General Guei, from attending its summit in the summer of 2000. Having seen the impact of the conflict on Côte d'Ivoire and imagining what its long-term impact will be, it seems that following African leadership would have been the better option for the international community.

The Commission makes recommendations on how to improve future responses by making donors better at identifying and acting on the risks of instability, and by strengthening African regional means of promoting improved governance and conflict through support for the AU/NEPAD Africa Peer Review Mechanism and African Union and regional organisations' operations to prevent and resolve conflict.

We also argue that the international community must focus on weak and conflict-affected states, as well as "good performers," as the latter are also vulnerable to spreading instability. Regional insecurity, particularly in Liberia and Sierra Leone, also brought refugees and the risk of instability in Côte d'Ivoire. Politics and stability in Côte d'Ivoire, like so many other countries, was impacted by the easy access to arms in West Africa, largely financed by blood diamonds. We make recommendations aimed at increasing transparency in extractive industries and control the use of natural resources such as diamonds to finance conflict, as well as controlling arms flows.

Much of our report is about making aid more effective, not least our recommendations on international institutions. Whilst in government in Côte d'Ivoire, I suffered the impact of international agencies unaccountable to recipient governments and whose staff placed true ownership and understanding of the context beneath their own priorities and views. Aside from the impact on relationships, low effectiveness and accountability of international institutions reduces the effective use of development resources. The Commission calls on the International Financial Institutions (IFIs), such as the International Monetary Fund and the World Bank, to increase their focus on Africa and to make their governance and internal structures more conducive to effective and accountable operations. The countries must be left free to determine their priorities and spend the money in the most cost effective way. The IFIs give roughly USD 11 billion to Africa; 3 to 4 billion of that amount are spent on experts, bureaucrats, and controllers—on every dollar of aid 70 to 80 cents go straight back to developed countries.

Despite Côte d'Ivoire's earlier successes, agricultural subsidies and trade barriers in OECD countries did great harm to our economy, particularly agriculture. African farmers cannot compete with the subsidised meat, flour, milk, and butter coming from the OECD. Higher duties on processed cocoa products than raw beans discour-

aged added value. The forthcoming Doha Development Agreement is a prime opportunity to change policies on these tariffs and subsidies, as we recommend in our report. Alongside our recommendations to increase investment in the capacity to trade, infrastructure, and means to improve the climate for private sector growth and investment, this would enable agriculture to grow in African countries and for growing populations to be fed as well as promoting growth and economic development. We support the creation of an Africa Enterprise Challenge Fund to support private sector initiatives that contribute to small enterprise development—an initiative that has already elicited interest from the United States.

Education has to be at the root of development and accountable governance. Without education, the public are vulnerable to manipulation and are ill-equipped to hold politicians to account. Education of girls and women is essential to development. Women who are educated are far more likely to have greater space between children, reducing vulnerability to poverty and promoting healthier families. The Commission recommends that African governments develop measures to get girls as well as boys into school and that donors provide support to these steps. Many people in the United States and Europe would be surprised to hear that children in most African countries do not have access to free basic education—fees for education are common. In Uganda, when user fees were removed, enrollment of the poorest girls doubled. The Commission recommends that donors provide financing that enables the removal of these fees.

What are we asking of G-8 countries?

The United Kingdom's forthcoming presidencies of the EU and G-8 were a strong factor behind the creation of the Commission for Africa by Tony Blair. The final report makes strong, action-focused recommendation that require resources and political commitment from a range of actors, not least G-8 and EU countries.

We are not expecting each government to do everything. There are clear areas where individual governments have strengths. The United States has increased its commitment to Africa and to development in recent years: Doubling its aid to Africa, and creating the Millennium Challenge Account and PEPFAR programmes, and implementing AGOA. This shows a recognition of, and commitment to, supporting change in Africa. The United States has shown a strong interest in issues such as HIV and AIDs, promoting good governance and a good climate for private sector growth and investment, and building the capacity of African countries to trade. It has shown support for transparency initiatives, such as the Extractive Industries Transparency Initiative and the African Union and regional efforts to promote security, and has been active in steps to promote the tracing of illicit assets.

The United States can aid the implementation of the Commission's recommendations and promote further development in Africa by building on these achievements and its existing experience in the areas of where it has already shown an interest. The United States can also provide support to a strong statement from this year's G-8 summit, action at this year's Millennium Review Summit, including support for U.N. reform, and in Hong Kong to promote a Doha Development Agreement that provides real progress for developing countries.

We also call upon G-8 countries and others to use their influence in the international system to ensure that international organisations—such as the World Bank, International Monetary Fund, and the United Nations—work well and in the interests of Africa.

The CHAIRMAN. Well, thank you very much, Mr. Thiam. We're delighted to know of your family ties to the Senate, likewise.

I'd like to call, now, upon Ms. Birdsall for her testimony.

STATEMENT OF NANCY BIRDSALL, PRESIDENT, CENTER FOR GLOBAL DEVELOPMENT, WASHINGTON, DC

Ms. BIRDSALL. Thank you very much, Senator Lugar and members of the committee, I feel privileged. Thank you, Senator Kassebaum Baker who understands the way things work here. Thank you for this opportunity to appear before this committee to talk about Africa and the excellent report, "Our Common Interest."

I must say it's always, for me, in testifying before a committee, a wonderful reminder of the privilege we have as Americans in benefiting from our impressive system of government, so it's a special pleasure to be testifying today with a former Senator and dis-

tinguished member of the committee, and I thank her and Mr. Thiam for the tremendous contribution they made as Commissioners, working on this report.

I would like to see my full testimony entered in the record, and instead of trying to go through a lot of it, because I am a policy wonk, it's long, I'd like to bring up a couple of specific issues. In fact, what I'll do is remark quickly on why I think this report is so timely, and then comment on the major recommendation for the outside world, not the only, certainly, but the major one, and then move to how the United States might support the work of this Commission in the run up and at the G-8 Summit.

I would like to associate myself, right away, with virtually all of the testimony already provided by my two colleagues, particularly on issues like education, girl's education, the responsibilities of the rich countries on the trade side, the problem of the fragmented, and really chaotic, donor system, responsibility in the United States, and other OECD countries to fight bribery, illegal capital flight, to do our part on that score.

A word on why the report is timely. This was emphasized by Mr. Thiam, and by Nancy Kassebaum Baker—the African governments and peoples have made a real point of saying they're in charge, and they feel accountable, and this Commission report emphasizes the partnership of the mutual responsibility of Africans to build sound and accountable government institutions, and the rich world to provide greater training opportunities and more aid.

The fact is that in the last decade and somewhat more, we have seen unprecedented progress in Africa, including in areas like health and education, at rates more rapid than what's ever achieved in Western countries. We've seen many more countries enjoying macroeconomic stability, and taking the necessary steps to ensure that stability, which provides the right environment for private investment, and we've seen countries such as Mozambique, Ghana, and Uganda benefit from rapid and steady per capita growth. We also have today, in Africa, a real surge in the number of democracies, compared to 10 years ago. So, it's the right moment to work in solidarity with colleagues and governments in Africa.

Let me go to a comment on a key recommendation of the Commission report, and that is the question of resources. The report, as you know, recommends that there be a doubling of aid to Africa from \$25 billion today, approximately, to another \$25 billion a year between now and the year 2010, and then, for the next several years after that, to 2015. So, in effect, the report is suggesting that we have a tripling of aid, if there are results in the first period, over the next 10 years.

I'd like to make a few comments about that. The first is that the amounts seem very large if you are dealing with the fiscal pressures in the rich countries. In fact, however, current aid to Africa is only about \$28 per person in Africa, which is hardly a foundation on which to build sustained growth and development. However, it's also true that we have to be concerned and watchful about how such big infusions of aid would be spent. Let me mention four particular concerns.

One has to do with the speed at which the large increases proposed can be used effectively. The emphasis is on the need for re-

ipient governments to be accountable, if aid is to be affected, and that makes eminent sense. But it is risky to ramp up aid too quickly. For example, too much aid can overwhelm fragile preventative health efforts and road maintenance programs if the tension shifts to new investments. In the worst case, it can create pressures for corruption and patronage, as procurement and expenditure management systems break down. In effect, Mr. Thiam alluded somewhat to these problems of the past. So there are these risks.

Second, the report does not make that explicit the logic of different amounts of aid for different countries, depending on the countries' progress in their own governance. The approach that the Millennium Challenge Account chose. With the Millennium Challenge Account, the plan is to concentrate aid in those countries with the best governance who are also still very poor, to ensure that the aid is used well.

A third concern about the recommendations on resources is that the emphasis is, at least implicitly, on public aid to public entities, government-to-government aid. I think that the international community needs to be much more creative about how to increase public aid—not just private giving, although that's important as well—but public aid that goes more directly to people. Following along the lines that Nancy Kassebaum Baker referred to in the work of the Kaiser Foundation.

Fourth, the report does discuss the problem of integrating economies in Africa, so that they can better exploit their own potential for trading with each other. So, I would call this, in a sense, the regionalism challenge. But we do need to think much more deeply about the problems that Africa faces, because it is cut up into so many small countries. Imagine the economy of Chicago—which is slightly larger than the economy of all of sub-Saharan Africa—divided into 45 different entities, with 45 direct governors of central banks, 45 different customs and tariff arrangements and so on. In that respect, I think that it's worth thinking very hard about creating centers of excellence that are across countries, say for university training, for research and development, which would help retain African talent, which is now hemorrhaging out of Africa, and thinking about major investments, as the report does mention, to enable them to exploit the tremendous benefits implicit in better training opportunities.

Let me now turn briefly to ideas about what the U.S. contribution could be in reinforcing the recommendations of this report at the G-8 Summit. And let me say, I think it is absolutely critical for the President, with the support of Congress, to have some kind of a visible package in support of Prime Minister Blair and our partners in the G-8 when he arrives in Gleneagles.

I have five specific points that I'll mention, I don't want them to exclude in any way many of the ideas already presented to you by my colleagues.

The first has to do with the problems and the challenge of peace and security in Africa, and the need to ramp up support for the African peace and security architecture, particularly through the African Union. The administration and Congress should work together to fully support, as a start, a new Office for Reconstruction and Stabilization at the State Department. We have to commend Sen-

ators Lugar and Biden for the legislative initiative that led to the creation of that office.

At the G-8 the United States could take major leadership in emphasizing this issue of financing for dealing with the problems of failing states, both in terms of peace and security architecture, the AU, but also in terms of finding creative ways to support those societies where government is fragile, or the state itself is fragile. This is where some creative thinking is needed.

The resources currently on the table for the work that Senators Lugar and Biden initiated should be seen only as a down payment, and if the United States could, at least at the G-8 Summit, work with its partners to say, by next year we need to have a forceful effort in this area, that would be terrific.

The second issue has to do with the crying need for malaria and AIDS vaccines, which would be of tremendous benefit in Africa. Much more aid could be spent effectively to help Africa, but spent outside Africa, and this is one example where the United States could take leadership in pressing for a system, something called an advance purchase agreement, it's a kind of prize. It's creating an advance market which would give incentives to our pharmaceutical industry and the pharmaceutical firms elsewhere in the rich world to put their time and energy into developing vaccines. At the moment, because the markets for these vaccines are so limited by the poverty of the countries that would benefit from them, the pharmaceutical firms have no incentive to invest in them. It's a risky business, and it does take years of R&D in bringing products to market, as we all know.

At the Center for Global Development, we have laid out the specifics of how an advance market could be created in legal terms and contractual terms with industry people, with lawyers, and with economists how this kind of advance market mechanism could be created. I urge the Congress to urge the administration, at the least, again, to resolve at the G-8 Summit that this should be looked at very carefully over the next year. There's also a pilot program which could be supported more immediately for production of vaccines, which exist already, but are not being produced in sufficient quantity, where an advance purchase agreement would ramp up their production, and make a difference in saving lives in Africa.

A third area is debt relief. The Commission recommends 100 percent debt relief for low-income countries in Africa. At our center, we have made a more specific proposal, which I would hope the administration and Congress would support, which would be for 100 percent debt relief immediately to all countries in Africa and elsewhere with income per capita below \$500, and going forward, only grant aid, grant transfers from the World Bank from the IDA window, as opposed to lending. This would be consistent with proposals that the Bush administration has already made, it would allow us to move quickly to 100 percent debt relief for a specific set of countries, and it would incorporate the view that, I think, is reasonable that for those poor countries which have not yet grown, they should receive grants only until their income per capita exceeds the amount which suggests that they're succeeding in growing, and they would be able to pay back debt.

I also would urge the Congress to consider seriously the proposal for highly limited sales of IMF gold used, for example, they are these very poor countries that have had 100 percent debt relief. The need to compensate them is, if there's a price commodity shock, or if they suffer from a drought, or another weather shock, is vital to create the environment for their local, private investors to have confidence, to take risks, and to be entrepreneurs in larger and larger forums, as Mr. Thiam indicated.

Fourth area is trade, AGOA is making a difference already, as Senator Lugar mentioned in his opening remarks. We advocate, very strongly, that AGOA be locked in for at least 10 years, again, in order to create an environment of confidence for the business sector, and that the difficult and complicated rules of origin set up in the AGOA act be addressed more frontally.

And, finally, on the aid system for Africa, I would like to see it be more multilateral, to have more emphasis on results and evaluation on results, and more emphasis on regional infrastructure and capacity building. These are areas where the United States could go to the G-8 Summit with some specific proposals. On more multilateral, I refer to the need to ensure that not only the U.S. bilateral program to fight the AIDS pandemic, PEPFAR, but also the multilateral Global Fund to Fight AIDS, TB, and Malaria, be adequately financed in the next 5 years.

On evaluation results, I refer to the leadership that the United States could take, perhaps, with help from Paul Wolfowitz when he goes to the World Bank in pushing for some kind of club of donors, who would create an entity for independent third-party evaluation of specific programs. It's key for us to show the American people what is really working through aid programs. And on regional infrastructure and capacity-building, I refer to the particular strength that the United States could bring to programs of major cross-border infrastructure. If we think of the success we had across States with the U.S. Federal Highway Transport System, and the complications and the challenges even between States that that represented, I think we could make a major contribution on major investments in cross-border infrastructure in Africa, and I would say the same with respect to centers of excellence at the university level and for research and development.

Thank you very much, Senator Lugar and members of the committee.

[The prepared statement of Ms. Birdsall follows:]

PREPARED STATEMENT OF NANCY BIRDSALL, PRESIDENT, CENTER FOR GLOBAL DEVELOPMENT, WASHINGTON, DC

INTRODUCTION

Senator Lugar, members of the committee, thank you for this opportunity to appear before the full committee today to talk about the recent report of the Commission for Africa, "Our Common Interest." I would like to ask that my full testimony be entered as part of the record, and I will then briefly summarize my major points.

In 2001, I helped found the Center for Global Development, an independent, non-partisan think tank based in Washington, DC, that is dedicated to improving the policies of the rich countries vis-a-vis the poorest countries in the world. I am particularly pleased today to comment on the Commission's report—and to clarify what I think it means for the United States—because the Commission's report is such an eloquent exposition of what rich countries can do for their poor counterparts in the developing world.

If I might, I would like to take this opportunity to thank Nancy Kassebaum Baker, who was once a member of this distinguished committee, and Tidjane Thiam for the work that they and their fellow Commissioners have done under the leadership of British Prime Minister Tony Blair.

As you know, all of us in the room have a tremendous opportunity to make progress in the fight against global poverty this year. Two thousand five is referred to by many as the “Year of Development,” thanks in part to the work of the Africa Commission, but also thanks to a number of other mutually reinforcing commissions, events, and milestones. In January, this year, the United Nations Millennium Project—under the leadership of Jeffrey Sachs—issued a 14-volume report on what actions are needed if we are to meet a series of international goals to reduce poverty, curb disease, and tackle underdevelopment called the Millennium Development Goals (MDGs). In July, the United Kingdom will host the annual G–8 Summit in Gleneagles, Scotland—an event which will focus on development first and foremost.

Moving to September, heads of state from 191 countries will convene in New York, on the floor of the General Assembly, to assess international progress on development, security, and human rights and chart a way forward on the difficult issues of U.N. reform. Finally in December, the next round of WTO ministerial-level trade talks will take place in Hong Kong, where, hopefully, the world will take concrete steps toward a multilateral trading system that is more friendly to developing countries.

This unusual confluence of events and increased global attention to development reflects the deepening recognition—among national officials, international organizations, and throughout civil society—that the changes wrought by the new wave of globalization make reducing poverty and global inequality more possible, more compelling, and more necessary than ever. The United States, as the world’s only superpower and leading “shareholder” in the international financial institutions and the United Nations, has a particular responsibility and an interest to help move the development project forward. I do not need to remind the members of this committee that nowhere is this needed more than in sub-Saharan Africa.

In my remaining time, I will comment briefly on progress in Africa, as reflected in the report of the Commission, then on several of the Commission’s key recommendations, and finally on the nature and kind of support the United States should signal for Africa’s development at the upcoming G–8 Summit.

A TIMELY REPORT, IN THE RIGHT SPIRIT

The spirit of the report and the depth of its analysis should be warmly welcomed. The report emphasizes the mutual responsibility—of Africans and their governments to build sound and accountable government institutions, and of the rich world to provide greater opportunities and more aid. It incorporates lessons of the last 15 years on the need for help from outside to come in the form of solidarity and partnership across the board, with respect to trade and peacekeeping as well as additional aid, and for aid to be not merely higher in quantity, but “better”: More predictable, untied, in the form of debt relief and grants, and most of all supportive of capable and committed governments’ own priorities.

The report is timely because it builds on a decade of considerable success, in at least some countries in Africa, in many arenas: Unprecedented (by historic standards in the West and in Asia) increases in educational opportunities and access to basic health care, newfound macroeconomic stability, and in such countries as Mozambique, Ghana, and Uganda, steady per capita growth. These classic development successes have been accompanied by, and reinforced on, the security and political fronts. Though conflicts persist, many have been resolved thanks to leadership within Africa, and today Africa has a dozen working democracies compared to just three a decade ago.

COMMENTS ON SOME KEY RECOMMENDATIONS

The package approach. The report emphasizes the need for Africans to attack their problems on multiple fronts at once: Trade, investment in people, infrastructure, and the nitty gritty of improving government budget management and accountability. This provides a rationale for the proposed major increase in aid for Africa. Yet even the more competent governments in Africa have limited capacity to manage simultaneously multiple new investments and social delivery programs as well as better auditing, introducing the rule of law, undertaking judicial reform and so on. Their biggest challenge may well be to set priorities in the deployment of their scarce administrative resources—which large infusions of new aid cannot easily “buy.” Fortunately, the experience of successful countries—Korea, India, Chile—is that doing a few things right, in particular to encourage local private investment,

can trigger a sustained growth process; and that avoiding privileging insiders (i.e. getting the politics reasonably right) goes a long way to ensuring that the poor capture some of the resulting growth gains.

The hard part is deciding on those initial “few things.” They have to be invented and led locally, by leadership that is savvy about local institutional and political openings (and constraints). In Ghana investing in rural roads may be the quickest route to raising girls’ education—by increasing rural incomes and reducing costs of transport to markets. In Ethiopia, education, agriculture and AIDS programs may depend more than anything else on implementing per capita block transfers to new local governments. In Mozambique, the most critical next step may be to address the regulatory and banking problems that reduce access to credit for the working poor.

Another \$50 billion in annual aid transfers. The Commission’s proposed increases in aid are trivial in terms of the rich world’s wealth, and are well below amounts other countries received at critical moments in their development. South Korea received nearly \$100 per person (in today’s dollars) in annual aid between 1955 and 1972. Botswana, the world’s single fastest growing country between 1965 and 1995, received annual aid flows averaging \$127 per person. (It did so by combining rapid expansion of diamond exports with exceptionally good governance.) By contrast, annual assistance to sub-Saharan Africa today averages about \$28 per person—not nearly enough to build a foundation for sustained growth and development.

However, it is not clear that the Commissioners grappled fully with the question of at what speed the large increases proposed can be used effectively. (The proposal is to increase aid flows by \$25 billion annually between now and 2010, and then assuming reasonable results, to add another \$25 billion annually. This would eventually triple total annual aid inflows to sub-Saharan Africa from the current level of about \$25 billion from all sources. The emphasis on the need for recipient governments to be accountable if aid is to be effective is highly welcome and sensible. One problem is that that emphasis is already heavily reflected in donor allocations across countries within Africa. In the best-performing countries, aid, as a proportion of GDP, is currently more than 20 percent of gross national income in Malawi, Mozambique, and Ethiopia, and more than 15 percent in Uganda, Tanzania, and Rwanda (in both cases, among others). It is about 12 percent of GNI in Ghana. In most countries, aid finances virtually all new public investment. In the seven countries in sub-Saharan Africa now eligible for assistance under the Millennium Challenge Account (MCA), aid is currently between 6 percent (Lesotho) and 25 percent (Mozambique) of GNI, and is likely to increase further as they benefit from the MCA.

There are risks in rapid infusions of new aid. These risks include reducing the receiving country’s ability to compete in export markets (if aid puts upward pressure on exchange rates or induces people to leave productive private businesses to work in government and aid-financed public programs), overwhelming fragile preventive health efforts and road maintenance programs as attention shifts to new investments, and in the worst case, creating new pressures for corruption and patronage as procurement and expenditure management break down. My concern is not with the amount recommended in itself, but with the timing, with our limited understanding of the risks in the aid community, and with the resulting need for much greater attention to minimizing and managing those risks.

In addition, the report does not make explicit the logic of different amounts of aid for different countries, depending on country governance. Some countries have the leadership and competence to use aid well; others have honest and reformist leadership but limited capacity; still others have leadership that is unwilling and in the worst cases deeply corrupt. The Millennium Challenge Account, for example, promises ample aid to those countries most likely to use aid well. (The report does note the logic of different types of aid for different countries, depending on their governance, making the point for example that countries performing well, in terms of governance and macroeconomic stability, should be able to benefit from direct donor support for their own expenditures across the board (“budget support”).)

The regionalism challenge. The economy of all of sub-Saharan Africa, including South Africa, is slightly smaller than the economy of Chicago. Imagine Chicago with more than 40 “mayors” and Ministers of Education and public works, more than 40 tariff regimes and customs rules and barriers, and restrictions on movement of workers from one neighborhood to another. The Commission puts welcome emphasis on the role of such African organizations as NEPAD and the African Union—in defining regional priorities, in managing peacekeeping operations, and so on. In its recommendations on trade, the Commission does not shy from pushing for reduction of the tariff and other barriers which inhibit trade within Africa. It may not go far enough, however, in emphasizing the potential benefits to Africa of developing regional and subregional centers of excellence—for agricultural research, university

training, policy advice and review among peer governments—among other reasons as a mechanism to encourage a return of the African diaspora to the continent and discourage the ongoing hemorrhage of Africans’ most skilled and educated people to the rich world. The report sets out the need for as much as \$20 billion a year in new infrastructure investments in the region, especially to encourage exploitation of export potential; much of this new infrastructure investment will have to be done across borders, and will require the kind of difficult coordination and negotiations that among our U.S. States helped bring to fruition the U.S. Federal Highway System.

THE UNITED STATES CONTRIBUTION AT THE G-8 SUMMIT

Peace and security in Africa. The Commission emphasized the importance of peace and security in Africa, and the critical need for donors to support the emerging African peace and security infrastructure, particularly by strengthening the African Union (AU). However, the report does not directly address the broader challenge of building state institutions in weak and fragile states (those states that have not yet “failed” but are at risk of doing so). On this broader challenge, the United States could take several immediate steps, while urging its G-8 participants to follow suit.¹

First, the administration and Congress should work together to fully support and finance the new Office for Reconstruction and Stabilization within the State Department. This office is charged with coordinating U.S. efforts to address the threats posed by weak and failing states, and seize quickly the windows of opportunity to support their recovery and stabilization. Its creation stems from a forward-looking 2004 legislative initiative of Senators Lugar and Biden. I want to commend their leadership in this important and heretofore neglected area.

Second, the United States could take increased leadership with its G-8 partners in building up the African peace and security architecture of the AU and the respective regional and subregional entities that will, ultimately, be responsible for responding to, and hopefully preventing, the next Darfur, Rwanda, or Congo. As a first step, the United States should maintain and increase its level of support for the Global Peace Operations Initiative, a G-8 plan to train 75,000 peacekeepers, a majority of them African, by the year 2010. I understand that Congress approved just over \$100 million for this program in fiscal year 2005, and that the administration has requested another \$114 million for fiscal year 2006. These sums should be seen as only a downpayment. I urge the administration to work with Congress to increase support for this initiative, and to work with our G-8 partners to follow through on their commitments as well, in a coordinated, coherent, and timely manner.

Malaria and AIDS vaccines. A good portion of aid to Africa—certainly on the order of \$5 billion a year—could best be spent outside Africa, where absorption constraints will not bind.² How? Africa and other poor regions constitute poor markets, and because of their poverty, private companies, including in the United States, have little incentive to create the technologies that are relevant specifically to them. African countries are poor because of limited technological opportunities (for rain-fed agriculture in Africa’s soil conditions, for example), but in turn these opportunities are difficult to create because of the region’s low income. The research that led to the Green Revolution in Asia was almost wholly publicly funded. It yielded among the highest economic returns of any development investment.

In health, the problem is particularly acute, as lives are literally at stake. An estimated 90 percent of all research undertaken by rich country pharmaceutical firms is on diseases prevalent in the rich world—that affect less than 10 percent of the world’s population. Rich country governments can address this problem in a simple yet powerful way. They can make a legally binding promise to reward the creation of new technologies, be it via “prizes” or via agreements to purchase a fixed amount of the resulting product or process. With such a promise, the rich world would guarantee a minimum financial return to research undertaken by private firms for the benefit of developing countries.

The financial and legal outline of this kind of advance market mechanism, at an estimated cost of \$3 billion, has recently been developed for the case of a malaria

¹Commission on Weak States and U.S. National Security, “On the Brink: Weak States and U.S. National Security,” Washington, DC, Center for Global Development, 2004. Available at: <http://www.cgdev.org/weakstates>.

²See also Jagdish Bhagwati, “A Chance to Lift the ‘Aid Curse,’” *The Wall Street Journal*, March 22, 2005.

vaccine.³ The United Kingdom has proposed creation of such a mechanism on a pilot basis for the immediate guaranteed purchase of undersupplied immunizations, and to create a similar advance market for an AIDS as well as a malaria vaccine. The Bush administration could signal its support at the G-8 Summit for the United Kingdom proposal by indicating its willingness to explore with Congress how to provide United States financial support for such a mechanism, and by urging that such explorations be made in the other G-8 countries and reported on at next year's summit.

Debt relief. The Commission on Africa recommends 100-percent debt relief for all "low-income countries" in Africa. My colleagues and I have elsewhere proposed that countries with per capita income below \$500 (many of which are in Africa) receive 100-percent debt relief, including from multilateral as well as bilateral debts, and that they receive only grant transfers from the World Bank and the African Development Bank—until their income grows beyond \$500.⁴ The United States could bring this simple and straightforward proposal to the G-8 Summit. Agreement on it would resolve the still prickly controversy between the United States and Europe on use of IDA resources for grants, while reflecting the widespread congressional and public support in the United States for debt relief programs. The United States could also support highly limited sales of IMF gold to cover the IMF debt write-down, and could propose limited use of gold or contributions from donors to ensure that the IMF could assist the poorest countries that have had debt relief to manage weather, commodity price, and other shocks, over a limited time period.⁵

Strengthening AGOA and locking in aid to support trade adjustment and address preference erosion. The Commission includes an excellent set of recommendations for changes in the trade regimes of African countries themselves, to encourage more trade within the region, and in the advanced economies. The United States will already be looked to for continued leadership on pushing forward the multilateral Doha round. At the center, we have recommended that in addition: (1) The Congress extend current AGOA preferences for at least a decade, and (2) eliminate the complicated and burdensome rules of origin treatment.⁶ AGOA has contributed to increases in apparel and other exports (and in jobs, for example from 10,000 to almost 40,000 in Kenya in apparel) from some African countries (though with recent worrying signs of a leveling off with the end of the quota protection under the Multi Fibre Agreement). Its effectiveness, however, is limited since it is perceived as easily revocable for any one country on the part of the United States, and because of its complexity. (The proposed "Trade Act of 2005" introduced by Senators Baucus, Feinstein, Santorum, and Smith would address these points in part.) In addition, the United States, as a longtime leader in trade liberalization and trade capacity-building and adjustment help, could propose at the G-8 Summit that simple guidelines be developed, under the rubric of the WTO, for assistance to Africa tied to reduced fiscal income as tariffs decline, and to temporary adjustment problems with job declines in sectors affected by preference erosion.

Aid to Africa: More multilateral; more evaluation of results; more emphasis on regional infrastructure and capacity building. At the G-8 Summit the United States should emphasize the importance of improving the quality of aid to Africa. In addition to the ideas included in the Commission report, emphasis is needed in three areas.

First, the G-8 should agree to maximize new donor contributions through multilateral channels, which are less subject to political and other sources of volatility and less burdensome on recipient countries than the multiplicity of programs, rules, protocols and negotiations implied by the many different bilateral programs, including those of the United States. Multilateral agencies include, of course, the World Bank, and in the critical fight against AIDS in Africa, the Global Fund to Fight Aids, TB, and Malaria. Second, as the champion of aid effectiveness and results-

³The proposal and its legal, financial, and budget implications are set out in Ruth Levine, Michael Kremer, and Alice Albright, "Making Markets for Vaccines: Ideas to Action," Washington, DC, Center for Global Development, 2005. Available at: <http://www.cgdev.org/publications/vaccine/>.

⁴See Nancy Birdsall and John Williamson, "Gold for Debt: What's New and What Next?," CGD Note, 2005. Available at: http://www.cgdev.org/docs/CGD%20Note_IMF%20Gold.pdf; and Steve Radelet, "Grants or Loans? How Should the World Bank Distribute Funds to the World's Poorest Countries?," CGD Note, forthcoming.

⁵Nancy Birdsall and John Williamson, "Delivering on Debt Relief," Washington, DC, Center for Global Development, 2002. Available at: <http://www.cgdev.org/Publications/index.cfm?PubID=42>; see also Nancy Birdsall and Brian Deese, "Delivering on Debt Relief," CGD Policy Brief, 2002. Available at: <http://www.cgdev.org/Publications/?PubID=31>.

⁶William R. Cline, "Trading Up: Strengthening AGOA's Development Potential," CGD Policy Brief, 2003. Available at: <http://www.cdev.org/Publications/index.cfm?PubID=88>.

based aid, the United States should begin discussion with its G-8 partners on the creation of a completely independent evaluation system for assessing and reporting publicly on the effectiveness of aid-funded programs in Africa—funded by all sources. Independent evaluation of aid programs has been a constant recommendation of various independent and congressionally mandated commissions over the last decade. Becoming serious and systematic about such evaluation is particularly critical if the case is to be made for sustaining the increases in transfers to Africa that the Commission envisions beyond the next several years. Third, the United States should focus any additional aid to Africa on support for regional centers of excellence and for major investments in cross-border infrastructure since these are areas where the United States has particular strength.

The CHAIRMAN. We thank you very much, Ms. Birdsall, we appreciate that comprehensive report, and likewise specific suggestions.

We'll now have questions. We'll have a 10-minute round, and then after we've completed that, perhaps a second 10-minute round. Let me begin the questioning by asking you, Senator Kassebaum Baker, from your experience as a person in government, quite a part from your membership in this Commission, just consider for a moment most of the intervention by the administration. I credit President Clinton and former First Lady, now Senator Hillary Clinton, for initiatives at the White House that led to a consideration that became AGOA. I also recall considerable debate we had last year on its extension. I take Ms. Birdsall's point seriously. It should be extended for 10 years. Obviously, one reason for fighting for it last year was the uncertainty that faced all these new enterprises in Africa, but the Congress doesn't often work in 10-year periods of time. Uncertainty may be a factor in business. It is in politics, too.

We have the AIDS situation, which President Bush's administration pushed very, very hard, but there has been a difficult parliamentary struggle. First of all, you've got the idea, and then you struggle to implement the moneys. Some would feel the promise of the \$15 billion, by \$3 billion a year, hasn't been received, although we're certainly moving in that direction. Likewise, there has been some rivalry, although I think subdued, with the United Nations activities in the same area. There have been problems trying to come to grips with all of the constituencies that are interested in African issues, quite apart from its priority of Africa, vis-a-vis other things going on in the world.

Senator Kassebaum Baker, as you take a look at this, what reaction, if any, has the administration had to this report, thus far? Maybe this is too early to raise that question. Maybe they're still studying it, trying to think it through. What can we anticipate in the instructions that President Bush may give to the delegates as they approach the G-8 meeting? What sort of support has there been for the initiative of Prime Minister Blair or any of the points that you have made today? In other words, what is the political framework that faces us as we try to implement whatever comes out of G-8?

Senator KASSEBAUM BAKER. Thank you, Mr. Chairman.

As you well know, it isn't easy, and I think we're all realists in knowing that, as you say, the argument can come each year on whether some things are going to be reauthorized or appropriated. Regarding this report, I want to emphasize again, we were all independent of our governments. And some of us didn't agree with all

aspects of the report, either. But it was a consensus that was put together. As far as knowing what—I tend to believe in my conversations with some of the participants that will be representing us and working with President Bush for the G-8, that they feel it's very important to lend support to Prime Minister Blair's efforts on Africa. President Bush feels the same way, as I mentioned, in wanting to see success there in, I think, as far as specific things, I'm not sure. Last year they addressed some initiatives at the Sea Island meeting in Georgia. I think that on the whole those will be reiterated, and support for those would continue. Other than that, I hesitate to say.

The CHAIRMAN. So, the jury is still out in terms of the specifics.

Senator KASSEBAUM BAKER. Yes, I do think so, in terms of the specifics, and I'm not sure that I would know what they were. I would just add that I think, though, what is important is, what can be helpful are hearings such as this, and a voice such as yours, where one, we are laying out the many positive things that are being done, is also to take a look at it as if you would, as maybe Senator Martinez and Senator Feingold in the subcommittee structure, of what you might believe is some important message to come from this. I mentioned that maybe it's a good idea to pick a couple out, to lend emphasis to, so that it enhances the debate. Now, whether that reaches the level of the G-8 taking any action, I doubt, but I think that just that could lend some support to a momentum for some direction, whether it's in peace and security, whether it's better coordination. Of course, I can remember way back when I was on the committee, I used to argue that for a long, long time, and it never seems to take hold. Everybody talks about it, but nobody wants to be in charge of coordination. And how we get at that, I'm not sure, unless the point is reached that we recognize it is so crucial to the success of any effort. And that includes the donor countries working together. It seems to me it improves the effectiveness of what moneys go if we can make sure we are not overlapping, that where there needs to be something addressed, some one group can fill there, what the host country thinks, and I've talked this over with some of the administration, and I think everybody's puzzling exactly what could be done. All I say is that I know Prime Minister Blair hopes it will be at the top of the agenda, but we can easily be overtaken by events, and so one never knows.

Not a very successful answer, Mr. Chairman.

The CHAIRMAN. Well, it's very helpful. I raise it to you because you have experience. You've been a fighter for these issues when you were on this side of the table, as well today, and it is tough going. One reason we're having the hearing is because we're applauding the work that the Commission has done. It's an important report before we get to the G-8. The administration or anybody else may not pay that much attention, but, at least, we try to highlight it in our own ways. The subcommittee likewise will be following through, as will the full committee.

One way we will be working is an agenda I already had. I wanted to ask Mr. Thiam about this, and likewise, Ms. Birdsall. The question is the forgiveness of debt, for example, the impact of the multinational development banks as they pertain, not just to Afri-

can countries, but to other countries as well. The committee has been deeply in the weeds in this issue, examining not only the World Bank, but likewise the other banks, for the very good reason that there have been frequently inattentive or corrupt governments, or huge debts, so the people of these countries suffer twice.

First of all, they didn't get the benefit of the loans and such things, and second, they have all the subsequent debt. And then third, we come and say, well, it's time to wipe the slate clean again, and we're back to zero. This is probably inevitable, but we're trying now to ask even the World Bank, the most responsible of these, under previous leadership, and now with Mr. Wolfowitz—what about this? What kind of mechanisms are there for transparency, recognizing sovereignty? This is a delicate issue in African states. We've not talked a great deal today about our public diplomacy, but how do African states take a look at the United States wading in and looking down into the crevices of all of these loans? Some governments may say, "It's none of your business, we're dealing with the World Bank, and they've loaned us money for a dam. Now maybe the dam got built, and maybe it didn't, maybe it flooded all sorts of people's farms and so forth, but that's not your concern. It's our concern." Have we taken charge? Can you give us any guidance in this area? This is a relevant issue, I think, not only for the G-8, but because of the ongoing situation there.

Mr. THIAM. Thank you, Mr. Chairman.

I think it's an extremely important, sensitive, and complex issue. I think that to understand it, you ought to distinguish country by country, because it's very hard to take a position that would be valid for all countries. You ought to look at different categories of countries. I believe some countries have reached a quality of governance that is such that one could give them the aid in a global manner, letting them determine their own priorities. However, today, only a relatively small number of countries in Africa are in that position. I think we could draw a list of those countries. I think there should be a reasonable consensus on who they are. I think these countries should be allowed to go forward, and aid should be mostly delivered to them as what we call budgetary support, which allows the government to spend freely on its own priorities.

I think the other kind of easy case is really the very, very poor performers, where I think nobody would suggest any significant increase in aid because there is no capability there to put that aid to a productive use. The really difficult are the third category, the ones who are in the middle, neither very, very well governed, neither terribly governed. And I think part of the answer is what Nancy Birdsall said, it's really to diversify the channels by which the aid is delivered to those countries, and try to go for private/public partnerships and reach those populations directly. But in regard to Nancy's concern about debt relief, I really believe debt relief should be total. I think the one case I knew, which was Côte d'Ivoire when I was in government, 50 percent of the budget had to go to debt service, so once you understand that in government most of your expenditures are salaries, on the other half all you're doing is paying salaries, and you're supposed to balance investment with the rest, and the rest is 4 or 5 percent, so, and many, many

countries are in the same situation, so having any kind of meaningful development without a high level of debt forgiveness I think is hard to imagine. Debt forgiveness shouldn't mean that the door is closed now on the future of those countries, and countries should still be allowed to borrow more money.

Just one comment on that, that's something that I really feel strongly about, it's about fiscal reform in most African countries. What's happening in many countries, independent governments took over after the colonial administration when government revenue was primarily based on customs. And what that has done is build a huge corruption machine. We all know how many custom administration reform programs have been implemented all over Africa, and most of them have failed. I think it is very important, politically, that the burden rests on the citizens, and that progressively, African countries rebalance the way they raise government revenue from this kind of very regressive, custom-based system to a much more efficient taxation which could be low, but based on the democratic economy, e.g. land tax. Then when the citizens realize that it is their money that the government is spending, they will be much more encouraged to actually get involved politically, and exert much more control on the leaders and hold them accountable. Actually, I think that issue of tax reform and fiscal reform in Africa is an important one.

The CHAIRMAN. I thank you for that response. I just comment that this committee takes seriously the need to authorize money, and to support appropriations for money. We're likely to be more credible as the multinational bank situation is cleared up, because we have to authorize our contributions. We're not the only country contributing, but we are a major factor, and, therefore, we expect at least some accountability. You've pointed out only a small number of the countries, but, at least, the responsibility of the money being used well gives us some credibility with our constituents, so that we may say in essence, the money is getting where it is intended. There is some responsibility and transparency, and so the reforms, both on our side and on the African side, are important, and that's one of the things we wanted to illuminate in our hearing.

I want to recognize now, Senator Feingold, for his questions.

Senator FEINGOLD. Thank you, Mr. Chairman.

I'd like to first invite the Commissioners to comment on just what they mean when they talk about good governance. How inclusive is this concept? Are we talking about accountability and transparency with regard to how donor dollars are spent? Or are we also talking about genuinely democratic governance—tolerance of dissent, and respect for the rule of law? Where does respect for basic human rights fit into the Commission's vision of good governance, and is there consensus within the Commission, within Africa, and within the broader donor community about what this term "good governance" really means?

Senator KASSEBAUM BAKER.

Senator KASSEBAUM BAKER. Thank you, Senator Feingold. I was actually going to say that Mr. Thiam might want to answer that first. For myself, I regard good governance as being an independent judiciary, and an independent parliament and a free press. I think

that's crucial. And I think, actually, if you're from donor countries, for instance, because you've got the means within a country to exercise a voice that would be effective in monitoring that.

But I would like to, perhaps, yield to my colleague who I think has the experience in Côte d'Ivoire.

Mr. THIAM. Thank you, thank you Senator Feingold.

I would agree with that—I mean, an independent judiciary and free press and an effective parliament is important. One issue, I think, that is extremely important also is minority rights. In a fragmented, very diverse environment, majority rule simply does not work. The idea that if you have 50 percent plus one vote, you get 100 percent of the power just cannot work, and that is something that I think many African constitutions haven't handled very effectively or very well.

I use an analogy with Europe to get the message across. Imagine that you would have to elect the President of the European Union on a one-man, one-vote basis. That would never work, because the Portuguese will tell you, "Well, he's been elected by a combination of French, British, and German, and I don't recognize myself in this man." Now you look at the heterogeneity that you have in many African countries, it is very high. The one-man, one-vote system in many, many places just leads to very, very serious issues, unless the rights of minorities are explicitly protected in the constitution. I really believe that encouraging African constitutions to move in that direction will go a long way toward resolving current issues.

Senator FEINGOLD. If the Commission's recommendations were implemented, as I understand it, African governments would receive a substantial increase in foreign assistance, that they would have substantial flexibility to use. Does empowering the state to this degree risk weakening the relative power of African civil society? And if a stronger civil society is the key to demand-driven good governance, does this assistance actually, possibly risk undercutting some of the Commission's core goals? What can and should be done within the framework of the Commission's recommendation, to ensure that aid helps to actually strengthen civil society?

Senator Kassebaum Baker.

Senator KASSEBAUM BAKER. I have some, perhaps, reserved views on giving, who's going to monitor and who's going to give and who's going to receive the aid. I personally have some problems just saying education money should go to the government. I personally believe it works better if it is a partnership of the government with private fund foundations or NGOs or our own financing facilities like World Bank.

I think you need to be specific, if we're indeed engaged in aid of that sort. Large amounts of money, I think, aren't productive, or effectively used unless there is a goal and a network with which it's delivered. I don't think it can be sustained if, indeed, you're looking at money that, say, would be going to Uganda, unless you've got a working group there that includes the civil society, that includes the others that work, but somebody who is in charge, in the government, who has firmly been involved in working out the plans to sustain it, whether it's a health minister, for instance, or someone like that. I think just giving it to the government to

say, "This is for education," and I'm making it sound too simple, but in my mind that doesn't work.

Senator FEINGOLD. Thank you, Senator. Mr. Thiam, do you want to comment on that? Okay.

The Commission report emphasizes the importance of conflict prevention, and of course, I wholeheartedly agree. What kind of increased spending on diplomatic presence might be necessary for the United States to meaningfully implement this recommendation? Senator, I know you and I have both had the experience, and I'm sure the chairman has, of visiting seriously understaffed, sometimes seriously underfinanced U.S. diplomatic posts in Africa, I think we need to be more serious about our presence in order to engage in the kind of conflict prevention that could help avert crisis and keep things on track. Do you agree, and how should this need be balanced with a call for more assistance resources?

Senator KASSEBAUM BAKER. Well, I do agree, I think now being in Tokyo in the U.S. Embassy, I certainly value the work of the Foreign Service, and I personally believe that the presence there can be very valuable, if you have an active Embassy and Foreign Service officers who are out in the community. I hate, because of our fears, that we become more withdrawn because it's absolutely essential to know what's going on, and to be engaged in the country as a whole, and I really think Dr. Birdsall and Mr. Thiam would agree with that, that you can't know what's going on if you're not out there and you can't rely on just people coming to you and telling you, "This is what we think." You get a sense of what's going on, and it's very important to be engaged that way. It's become harder because of the dangers that have been posed, and we're never sure, but on the other hand, I think it's important. As I say, I wish we would look at some new initiatives, perhaps, that we could be engaged in trying to get some control over the small arms market. Africa's flooded with small arms, and it's a real concern to Africans.

Senator FEINGOLD. Do you want to comment, Mr. Thiam?

Mr. THIAM. Just quickly, I believe it's very important to increase that presence, and we've given some numbers in the reports, and figures on the costs of these crises in terms of lost lives and lost production and aid, actually, that has to be mobilized to rebuilding, and we're talking billions of dollars in each case. Whereas, the kind of preventative intervention we are talking about is much cheaper, and objectively you're talking putting tens of millions of dollars, or even billions, and I think that's money that could be very well spent in intelligence, mediation, in prevention to head off these crises.

Senator FEINGOLD. Ms. Birdsall, did you want to comment?

Ms. BIRDSALL. Yes, if I may, on the specific issue, I would certainly endorse the idea that it's relatively inexpensive compared to other inputs to have as substantial presence as possible in our Embassies. I think, however, at the same time that the critical issue for weak and fragile states in Africa, those who are emerging from conflict, and those who are interagency approach to be more effective. We do not really have an overall coherent strategic view in terms of how to deal with both rapid response to opportunities to be helpful, when there's an opening, when a new reformist govern-

ment comes in, and response when there are rising risks. And that has to be a combination of more strength at the Embassy level, on the ground, but more interaction of the NSC, USAID, Millennium Challenge Corporation, the Pentagon, the Office of Reconstruction and Stabilization at the State Department, et cetera, et cetera.

The center issued a report last year on weak and fragile states, not only in Africa, and one of our major recommendations was there be a rethinking of how the U.S. Government could be more effective and more strategic in dealing with more than 50 states in the world which are weak in some respect.

I wonder if I could just say a word, going back to Senator Lugar's question about the debt, and make two comments. The first is that, as you all know, there has been a long and fractious, and in some respects silly, debate between the United States and the Europeans over the issue of debt and grant for the future. I think Senator Lugar called it "inside baseball." There is an opportunity now to rise above that, there's tremendous overall consensus, frankly, about the fundamental issue. There's tremendous support on all sides in the United States and in Europe, so this is an area where it is possible for the administration at the G-8 Summit to push our partners to some sort of a real deal, a conclusion that's visible and which countries, which are eligible, have already been deemed eligible for the HIPC program of the World Bank and the IMF. They have already been pronounced as having reasonably good governance and good economic management. Those countries, if they are also very poor, and have a lot of multilateral debt, it just will wipe the slate clean to write off that debt, finally, completely. And their Ministers of Finance will then have an incentive both to increase revenue collection from reasonable taxes, and to have control over the use of those revenues to set their own priorities. Now they have the problem that the taxes they collect go for debt service, and what they get in return is not revenue that is easily allocated, they get hundreds of different projects, hundreds of different missions from the World Bank, from the United States and from U.N. agencies. So, if they are clearly having good management, then we can—they and we can see a kind of accountability in their use of their own revenue, once their debt has been eliminated. I think in this respect, the remarks of the Senators, both—all of you—on the question of whether it's working, the United States could also take leadership in defining some kind of independent approach to evaluation of these different donor efforts, including debt relief, so that we can tell the taxpayers in the United States and elsewhere, what has worked and what hasn't worked. But to do that requires real leadership, because we don't have that kind of independent entity at the moment.

The CHAIRMAN. Thank you very much, Senator Feingold. The Chair recognizes Senator Obama. Let me just mention that Senator Martinez has briefly left us for a vote in the Energy Committee markup. He apologizes for missing this particular round, but it's a pleasure to have Senator Obama on hand.

Senator OBAMA. Thank you very much, Mr. Chairman, I apologize for being tardy, but I had a chance to read everybody's statements. This is an especially welcome opportunity for me, not only

because, obviously, my father was from Africa, but my mom was from Kansas, so it's a great combination.

Senator KASSEBAUM BAKER. It's a great combination. [Laughter.]

Senator OBAMA. I've been an admirer for many years, so I appreciate the opportunity to speak with you.

Let me preface my remarks just by indicating how impressed I am by the work of the Commission, as well as the willingness of the Blair government to spend its political capital on this, I think it's absolutely critical, and all of you are to be commended.

And I'm pleased that there is a recognition that what is happening in Africa is unique, in some respects. You take a look at a country, like my father's country, Kenya. In 1961 when I was born, the levels of development in Kenya were probably on par with South Korea, maybe even slightly ahead of South Korea. Obviously that's not something that could be said today, and this indicates lost decades of opportunity for men and women and children on the continent.

It's also important to note that when we're talking about issues like HIV/AIDS or crushing poverty, those aren't restricted to Africa. To the extent that our overall United States foreign policy thinks in terms of how we're going to be addressing some of these long-term global challenges, I think Africa inevitably is helped. At the same time it's appropriate for us to focus, in particular, on Africa because if we can figure out things that work there, then some of those lessons can be taken to other countries.

A couple of areas that I just wanted to explore with you that have already been touched on. The issue of security—I'm wondering, and I don't know which one of you wants to address this—whether there are particular recommendations or structures, whether that's the African Union, involvement with NATO, particular approaches that the Commission thinks are appropriate in thinking about security and regional conflict in Africa. And the reason I say this, it's already been noted in the Commission report and some of the statements that have been made earlier—we can not foster any meaningful development as we're seeing in portions of Iraq right now, in the absence of basic security. And this is obviously a delicate topic, because the question of whether international security forces are involved in a country's internal conflicts, particularly when it's a Western country, coming into an African country is always sensitive, but I just don't see how we end up moving aggressively on these goals without slipping backward, if we don't have some basic security infrastructure in place. So, I'm wondering, Mr. Thiam, if maybe that's something you want to address or are there other mechanisms that you think need to be a part of this process?

Mr. THIAM. Thank you, Senator. With your permission I'll address the question, and if Senator Kassebaum Baker would like to comment, too, because we together worked on that specific issue as Commissioners, peace and security. If you'll allow me, maybe, I will tell you why I decided to work on this issue in the Commission. It's because, in December 1999, I got a very nice letter from the World Economic Forum telling me we're nominating a dream cabinet every year, and you are one of the 12 Ministers in the world nominated, and you should come to get your award in January 2000. I

never made it, because there was a military coup in between, so that's just made me more sensitive.

Senator OBAMA. It underscored the fact that you needed to address these problems.

Mr. THIAM. So, that was relatively unique, more seriously, I think what we're saying is really that we have to work with the African Union, and also recognize that it is a less than perfect organization today, but it's a reflection of some of the weaknesses that we've been commenting on regarding African states, but it is the only organization we have. It is the closest to the issues, and I think it's the best able to intervene, so the capability of the AU to intervene when the fighting starts and there is a violent conflict underway, I think, is critical. What went on before is interesting, there have been a lot of assessments of what the AU has been doing, but I think there is certainly a recognition now in the AU that we need it to move from the noninterference principle, to a nonindifference principle, and on Africa-initiated, Africa-supported need for intervention, and I think we need to strengthen its capabilities, logistically providing transport and all kinds of support so that interventions are more effective.

The other way we can make progress is on the arms trade. I don't believe that there is one machine gun produced or manufactured in Africa, so this is a big, big, big issue around the arms trade, and the trade around small arms. And there's one specific area there which is the brokerage—sorry, it's my English, I'm French-speaking originally.

Senator OBAMA. No, no, no. I promise you, your English is better than my French.

Mr. THIAM. I believe the United States has a very strict legislation in that respect, to control the brokerage of arms, but that is not the case on the international level, and there is a clear gap there that needs to be filled. So, we've recommended an arms trade treaty, and we think that can be a very effective way to deal with that. And there is also a whole series of measures around conflict goods. People can sell their natural resources and use the revenues to finance a rebellion or a conflict somewhere, all that—I work for an insurance company—all that can be controlled today very effectively by the international financial system, so I think there is much the United States can do to make life more difficult for people who want to start an armed conflict anywhere in Africa. Today you can start a civil war anywhere in Africa for \$5 or \$10 million.

Senator OBAMA. I would be very interested to hear your recommendations on this subject.

I'm wondering about something that, Senator, you may want to touch on this as well. Is your assessment, based on your interactions with some of the countries that are participating in the African Union, that there's sufficient commitment from the member states to welcome significant investment in the African Union, along with coordination with NATO, for example, on training, or other strategies? Are we at a point in time where the organization is solid and stable and the members are invested enough that we should be making a larger investment?

Senator KASSEBAUM BAKER. Well, sometimes, as you know Senator Obama, you have to take risks, and I think this is one that

we have to take. It seems to me it holds the potential, I would say it has support of the African nations, I think that's not in question. There is some, probably, tension between NEPAD, which of course, is part of the African Union, but I think it still has to show that there's a strength, I think they've come together recently in Darfur, although limited, I think, it shows that they were standing up and taking some necessary steps forward, and I happen to believe it is going to work, and I think we need to give it the support, because I don't see anything else there that holds quite the same opportunity in the way that it does.

Senator OBAMA. I have a couple of other questions. My mother actually did a lot of international work focused on women. I understand that a measure of how well we do with respect to development strategies is how well we're educating women, increasing their literacy, and allowing them to enter into the commercial sphere. I'm wondering if that was something that was noted by the Commission?

Senator KASSEBAUM BAKER. It is, and I will just say that all three of us addressed that and feel strongly. I, myself, would like to see more radio utilized by women, in programs that could talk about health care, and education, and you mentioned, education as such is an inexpensive way to talk about how to take care of children, and nutrition education, but a women's radio network that can reach a lot of people, because their interests are rooted in community and family, and really in many countries, they're mainly engaged in agriculture.

Senator OBAMA. Right, that's an interesting point.

Senator KASSEBAUM BAKER. I think it is something that I believe has real potential to, with little money, encourage the voices of women to be a part of the process.

Senator OBAMA. Mr. Chairman, I know my time is up, are we going to have a second round?

The CHAIRMAN. Yes.

Senator OBAMA. I'll follow up on some questions then.

The CHAIRMAN. Thank you very much, Senator Obama.

Let me return to something that was touched upon, but not explored in our earlier questions, and that is a point that you outlined, Ms. Birdsall, about the vaccines. You pointed out, correctly, that many American pharmaceutical companies that deal with these endemic diseases are not really sure where the market is. How will they get paid for all of the inoculations and shots and whatever is required? And, so on the one hand, the world looks at this and says, this is not the way life is supposed to be. If there are life-saving devices, surely somebody ought to be willing to come to the rescue. But on the other hand private firms have said, "Well, not necessarily us."

Now, you've outlined an idea here which I think is an important one, and hopefully will be a part of the discussion at the G-8, and that is, is there some sort of advanced package, or some promise at the end of the rainbow? If you do the research and you have millions, tens of millions of orders for this, to save lives in Africa and elsewhere, there is some value in doing the years of research, including maybe tens of millions of dollars or more that's required to do this. For the moment, organizations like the Gates Foundation

have entered into this, mercifully, and this is one of the remarkable things about our world—that private wealth has created these large entities that are nongovernmental, that can go wherever needs may be found. One thing we’ve tried to do in this committee is to applaud, specifically, the Gates Foundation and their work, and even to think now about some type of antidote for HIV/AIDS, which has sort of been beyond the pale thus far of successful research. It will take a lot of money, and they’re providing a lot of money.

As you have outlined this idea, is there any receptivity, given the fact that there’s going to be an international meeting that involves the United States, but also involves other large organizations on an international basis? What if the G-8 countries said, “Well, we’re willing to accept our part of this situation”? How do you form an organization to handle the amounts of money that are required to provide this fund that induces the tens of millions of research on the part of somebody? How do you assign who does the research? Do you wait for volunteers? I’m just eager to hear. You must have given some thought to this, or somebody has. It is a tremendously important idea. Otherwise we’re going to be back to the Gates Foundation, and they will probably get somewhere at some point, and then the question will be, who pays for all the serum, or those who administer, and so forth? Can you enlighten us any more?

Ms. BIRDSALL. Right, I’d be delighted to say a little bit more, and let me encourage, if not yourself, then your staff, to look at the report that I referred to, which is footnoted in my testimony, because it does a better job than I could do, frankly.

But the idea is fundamentally that a number of sponsors—and sponsors could include the Gates Foundation, which by the way, helped finance much of this work I’m referring to—sponsors would be governments, foundations and could be international organizations like the World Bank that might have some financing available. So sponsors would enter into contracts with willing pharmaceutical firms from anywhere in the world. So you don’t really need an entity, luckily, you need a legal arrangement that pulls the money together, or the promises with those pharmaceutical firms willing to enter into it. And in the case of the malaria vaccine, which we outline in that report, essentially those pharmaceutical firms would be guaranteed a purchase of an acceptable vaccine, which countries would actually have to buy, demand, but the purchase price would be guaranteed to them.

For example, for every immunized person, \$15.00. And that guaranteed price would last for a specific number of purchases, so there would be approximately \$3 billion out there from the sponsors to go to one or more firms which might develop a vaccine, and then perhaps, a second firm, a better vaccine. Then, part of their legal agreement would be that once 200 million doses in this example had been bought, they would reduce the price, indefinitely, going forward, and promise production, indefinitely going forward, at \$1 per immunized person. So, just as you outlined, the concept is to create a market where a market doesn’t exist.

The CHAIRMAN. Well, it’s an extraordinary idea, and I really appreciate you bringing it to our attention, as well as the report you’ve cited. It’s an idea that has not received a great deal of pub-

licity, and yet is monumental. And as we're discussing what has to happen in Africa, we've all focused on the security to begin with. There have to be stable states, and that will take some doing. It really comes down to this public health situation in which, as we have heard in testimony from our ambassadorial nominees, you must deal with malaria and with HIV/AIDS. Well, usually they're prepped for that, they've done their homework. But, when somebody demonstrates that a huge percentage of the population of many African states is already infected, as well as the whole group of affected people that are parents, as opposed to children or grandparents, or teachers and productive individuals. There are some states, even as we talk about this, that are being decimated.

Ms. BIRDSALL. I didn't answer your question about the receptivity to it, and I would like to mention that there has been just in the past 3 or 4 months a lot of discussion of both this long-term malaria/AIDS vaccine effort, but also of a pilot that the United Kingdom is anxious to start, which would be not for the R&D for a new vaccine, but would be for a guaranteed purchase contracts for existing drugs and immunization products, which are not being produced in adequate supply. And the idea there is to bring down the price by guaranteeing the purchases to firms going forward so you can get a better deal, in effect. So, one approach for the United States at Gleneagles would be to agree to some form of this pilot scheme for existing immunization products, and to ask the partners in the G-8 to study carefully a more ambitious idea and come back the following year with their, hopefully, commitments to actually moving forward.

The CHAIRMAN. Mr. Thiam, do you have a comment about the Africa priority at the G-8? When I was visiting over in the United Kingdom last summer, already then the British Government anticipated for the G-8, the whole Africa emphasis. It came some time back, which, of course, gave you an opportunity on this Commission to study this. Now Tony Blair is back after the election, he is still the Prime Minister, but it's been suggested that all sorts of things may happen prior to the G-8 meeting.

To what extent in your judgment, visiting with the Prime Minister or others, is this emphasis on his part such a paramount consideration that he is determined to try to get his colleagues, maybe our President and others, to say that this is a topic on which we can leave the G-8 at Gleneagles without a formula? In other words, are we really going to press to a conclusion, do you believe, in this situation?

Mr. THIAM. I really believe so. There is every indication in the talks, and just the fact that we're here today discussing this issue, I think is very, very important and very positive. One thing the Commissioners strongly believe in is the role of public opinion and the public in the developed countries in these debates to, and there is a very significant opportunity—through NGOs and various organizations to really reach out to as many people as possible, and talk and explain and communicate. I always say, it's not enough to describe the tragedies, because I think everybody's aware of that, there is a history of images of famine and war and hunger and disease, but it is more important to convince that something can be

done. I think that's where the battle should be fought, to really convince that this is a tragedy, but it's actually preventable.

Nancy was talking about the children dying of dehydration, advocate, and I think for many countries there's a very large public opinion movement leading to Gleneagles, but we don't know what may happen between now and then that will determine, I think, as Commissioners continue pushing the direction and we're very happy to receive your support in doing that.

The CHAIRMAN. You'll be doing your part, and hopefully we'll do ours too, by providing feedback.

Senator Feingold.

Senator FEINGOLD. Mr. Chairman, I have a couple of more questions for the Commissioners, and then one for Ms. Birdsall.

As Commissioners, you know a demographic analysis of sub-Saharan Africa shows that the region's massive youth bulge continues to grow, as African populations become increasingly dominated by large youth populations, states face tough questions about whether African economies will be able to generate jobs for these youths, and about whether African realities will be able to meet the raised expectations of urbanized populations with access to the same media messages that our own children see.

How do the Commission's recommended strategies emphasize the importance of focusing on youth, and how prominent were youth actually in your consultation process?

Senator KASSEBAUM BAKER. To be perfectly honest, I don't, as recognition of demographic change, but I don't know that we focused that much on youth, as such, other than education and, I think, a role in the economic outlook for the future. I personally think it's terribly important that young people are educated to know there is a job out there. It seems to me in a many young people want to go into international affairs, or the government, and there are only so many government jobs. We're not helping that much, I think, to train them into skills and jobs, and therefore they're not there. That's why, I think for me the important thing is to have them understand there is a light at the end of the tunnel, to use that old expression, because in these fragile societies, I would just urge that the committee not forget idly the work that needs to be done in a fragile society as well. Because otherwise, take a look at the DRC. If it falls apart again, we have turmoil in that region again, and it is a very fragile balance, because young people have nowhere to go. There are no jobs, and they are dragged off to serve in these armies, 13- and 14-year-old boys, and I've seen them, and you have too. And there is nothing out there. And that's why I feel so strongly about trying to find means of building something in order to develop these skills, and I like the center of excellence in training in the regions, and it's also like our old Voc-Tech programs, training in skills that can be taken into work in the community. I think it's very important, not only in Africa, but the demographic change in other areas—Latin America is one, and in the Pacific region, Southeast Asia where the societies are young, and the jobs for so many are just lacking, and I think it's one of the big issues we face, and it's long term and it really should begin now.

The CHAIRMAN. Mr. Thiam.

Mr. THIAM. If I may just respond to that, I think it is the number one issue in Africa, absolutely. When I was a child, the population of my country was 4 million, it is now 16 million. Many African countries have gone through similar experience, their population quadrupling over 30 years, a nation multiplied by four. There is no amount of economic growth that can allow you to accommodate that, going back to my experience of the soldier who arrested me. I looked at him and I said, "How old are you?" And he told me he was born in 1982; he was 17. It's really absolutely vital that we're able to create those jobs, and the answer to that is private investment in the private sector. I take a company like mine; we've created 4,000 jobs in India in 2 years, and Africa needs to get its share of these jobs. It sounds illusory when you talk about conflict and civil war, but I mean, it's all the more pressing to deal with both these issues, and to stop that, and to bring that situation to an end so that quality investment can take place because all of my experience with companies shows me that providing the right environment—companies will invest—there's a lot of money out there that is ready to go in, provided the conditions are right, but time is of the essence because today, money is going elsewhere, and the gap between Africa and the rest of the world is only increasing. So, we must absolutely address this issue.

Senator FEINGOLD. The Commission also emphasized the importance of a coordinated multilateral effort to help realize Africa's vast potential, and in some ways the report seems to assume, I think, more unanimity and motive and perspective than may actually exist. China is, I noticed, in my trips to Africa, a tremendously important actor in Africa. But China's view of investing is Sudanese oil resources right now, and the United States view of governance and human rights issues are quite different. Donors will make different calculations about whose interests in African states and African populations should be paramount in policy making.

In light of these realities, do you think that the kind of coordinated, unified effort you proposed can actually succeed?

Senator KASSEBAUM BAKER. I'll leave that to Mr. Thiam.

Mr. THIAM. Thank you. Yes, I think it can. I think Africans, and African leaders, have historic responsibility, of course, it will not succeed unless we have the quality of leadership that can make it succeed, so the first answer has to be either what kind of leadership are we able to produce in Africa, and then I think if we have that, then I think it can happen and we can succeed.

Senator FEINGOLD. You mean leadership of an African country.

Mr. THIAM. Yes.

Senator FEINGOLD. A leader who is capable of handling what might be differentiating the motives of the United States versus China in terms of their objectives in Africa.

Mr. THIAM. Do what a leader is supposed to do, which is to really further the interests of his people without creating any major damage to anybody else, and the ability to discern what is the long-term interest of the country is crucial and there's no substitute for it.

Senator FEINGOLD. Let me ask one more question, Ms. Birdsall. I'm often struck by how frequently I hear reference to the Millennium Development Goals when I'm abroad, little we discuss these

goals here. Will you comment on the administration's support for the Millennium Development Goals and explain what progress the United States has made in achieving our commitments on these goals? Are we on track with regard to our own efforts to meet the Millennium targets for 2015? What does this tell us about the will that exists here to engage in the kind of energized, robust development effort outlined in the Commission report?

Ms. BIRDSALL. That's a very tough question. You know, what is notable, you're right, is that in the United States there has not been the attention to the words Millennium Development Goals, and I think that's because of the greater concern in the United States about the implications for the size of aid budgets, the Millennium Development Goals are seen, maybe too much, in the administration, and perhaps in Congress as about money, and there's an allergy—perhaps a healthy one—to either the executive branch, or the legislative branch making any commitments about money, so the words are not popular politically, that's true. And this is unfortunate, I think it might be time for our government to carve out some position that is about the Millennium Development Goals in their entirety, because the goals essentially reflect the concept of a partnership of mutual responsibility, a compact between the rich world and the poor world, which is exactly the approach taken in the Africa Commission Report.

On actual progress in the United States, I'd like to call your attention to an annual effort at my center which ranks the rich countries in their commitment to development, defined across the warming and its problems—which Tony Blair is also concerned about and will raise, I'm sure, in Gleneagles—security issues, technology development and friendliness, trade of course, migration, and I've missed one. In any event, it looks across the board at seven components of U.S., and other countries' approaches to the development challenge, and the United States ranks, in the last year's ranking, in the middle, or maybe a little higher, something like 7th out of 20 or 21. Essentially because, although United States trade policy in many ways is not great, it's better than that in Europe and Japan in terms of our open borders, same with migration. We rank very poorly in terms of our aid effort as a proportion of our overall economic wealth. I would say we also ranked somewhat middling in terms of our aid effort on the quality side. The U.S. programs are seen as part of the problem of fragmentation and lack of coordination across the donors imposing high costs on recipient countries, instead of being part of the solution.

The CHAIRMAN. Thank you very much, Senator Feingold.

Senator Obama.

Senator OBAMA. Thank you, Mr. Chairman. Let me pick up on something that was mentioned earlier, and that is the issue of regional cooperation. And I thought you had, Ms. Birdsall, a wonderful reminder that if you combine economies of the continent, they are slightly smaller than the city of Chicago, which says something. Now, Chicago and Illinois are famous for having too many governments, by the way of mayors and townships and all kinds of stuff.

With respect to Africa, if we concentrate resources in ways that give us economies of scale, I'm wondering—and any of the three of you, I'd be interested in your opinions—as the Commission was

doing its work, was there some sense, strategically, that we should focus our resources on some key regional powers? What is happening with those powers as anchors to overall development strategies? I'm thinking that if Nigeria had its act together and South Africa is the lynchpin of the southernmost portion of the continent, and whether it's Kenya, Uganda, a couple of the stronger countries on the east, that creating some spaces in which transparency and economic growth are taking place, would affect other parts of the region. I'm wondering, is that something—that's something that has been discussed, talked about; does that make sense?

Ms. BIRDSALL. Do you want me to say something about that? I think it's a critical question. We do know that some of the conflicts in some parts of Africa are exacerbated because of what's called the "net neighborhood effect," and that could be offset if there were these anchors.

Let me say a word, in particular, about Nigeria, because South Africa is already quite an effective anchor, including for a regional, a subregional group in the southern part of the continent that is working reasonably well. But on Nigeria, I think it's an interesting example of the potential for the United States to take some leadership. Nigeria has now had for several years, under the second Obasanjo regime, a reforming cabinet. In particular, the Minister of Finance and the head of the Central Bank, are both working very hard with very effective teams to deal with corruption problems. The Nigerian Government, in the last year, has saved a substantial portion of the windfall it has received because of the high oil price, and there is a problem of debt in Nigeria which is creating an internal political problem in which the Parliament is resisting some of the reforms because of its agitation over the long history of the way debt was accumulated in Nigeria. Nigeria actually only borrowed about \$3 or \$4 billion during its early democratic government in the eighties, but the military government subsequently didn't pay, and as a result, the interest on that debt, and \$3 or \$4 billion has now accumulated to almost \$30 billion because of arrears and penalties, and this debt is owed mostly to Europe—France, Germany, the United Kingdom, a little bit still to the United States and Japan, so there's a lot of—

Senator OBAMA. So were they operating this on a credit card? That sounds familiar—

Ms. BIRDSALL. They weren't borrowing more, they just stopped paying back, so the cost of that debt ballooned because of interest and penalties, as some of us might know, if you don't pay your credit cards, right, they were having a credit card problem. So here's a case where the United States, including possibly at Gleneagles, could signal that it would support a risky, it would be risky, as Senator Kassebaum referred in an earlier comment to the logic of taking risks when there are opportunities. We could take leadership on the Europeans, in particular, moving ahead and saying, okay, we will write off this debt, in fact, the Nigerians could offer to use some of the debt at a reduced rate, and there is discussion of that going on between the Nigerians and some of the debtors.

So this is one where—in our security interest—as well as in terms of improving management in Nigeria, exploiting an oppor-

tunity to create an anchor, and by the way, of course, Obasanjo has shown great responsibility already in terms of the situation in Sierra Leone and Togo elsewhere on helping out when there are neighborhood conflicts. Here's an opportunity for the OECD countries, the advanced countries, with some risk, admittedly, because this—but to shore up a reforming government, and to ensure that, at least in the next election, the efforts of Obasanjo's government to undertake economic and political and social reforms are not undermined because the popular vote goes against their inability to have dealt with the debt.

Senator OBAMA. Senator.

Senator KASSEBAUM BAKER. No, it was another subject, thank you.

Mr. THIAM. I would just like to build on that, because I strongly support what Nancy Birdsall has just said, but I think it's not an either/or. You do have to support the Nigerias, the South Africas and to help regional powerhouses. But I think it's like a chain. You are as weak as your weakest link, and you, as I say, the point is often made that we share the same geographic space, so if a teacher in the classroom says, "Well, I'm only going to focus on my good pupils," the point is, there is a contagious disease in the classroom, it's going to spread, and kill all the good pupils. So ultimately, you must take care of all the pupils and not just focus on the best ones.

Senator OBAMA. Absolutely, I guess the question has to do with some of the debates we had when we were discussing the President's Millennium Challenge Accounts. That is, there are going to be some states, that, because of a variety of reasons are able to take on more, and we want to invest more in those states. Then there are others in which moving away from traditional aid programs that provide for basic public health that those may be the most important things that we can do in certain other countries, and I'm just wondering whether internally within the Commission you envision prioritizing and thinking about capacity within these discrete countries. There may be some benefit to making sizable investments or taking bigger risks with certain countries than others.

Mr. THIAM. I agree with that. I think we haven't published a prioritized list of countries, but we certainly support the approach and have an idea of which countries should come first.

Senator OBAMA. Senator, was there a comment that you just wanted to pick up on?

Senator KASSEBAUM BAKER. Before we closed, I wanted to go back to the question, perhaps, that Senator Feingold raised about whether, with the Commission, and the Commissioners, could we bring people together? I would just like to say that I do believe, and it was recognized by the Commissioners that while we might have separate ways of dealing with some of the issues, clearly the issues that were laid out were ones of which we all knew were problems for the continent of Africa. And I think the term "compact" is a useful one in the sense that these were concerns that all donors, all major donors in the G-8 share, but there was also an acknowledgement that there would be different ways that we might move toward helping achieve that. I think the three of us have addressed here the fact that the greater coordination we can achieve, even with our different paths, knowing what we're doing and how we

can make them work effectively within a country address is something that would be a major achievement, I think, to success in seeing fruition in reaching the success of the compact.

Senator OBAMA. Mr. Chairman, I know we're running out of time, I'm going to have to leave, I don't know if you're planning an additional round. If you don't mind, maybe—

The CHAIRMAN. Go ahead, Senator, because we will probably not have another round, the votes, now I'm advised, will commence about noon.

Senator OBAMA. Okay.

The CHAIRMAN. And then we'll be locked into that situation.

Senator OBAMA. I hope the chairman finds this a useful question. My final question is: What specific steps do you think the United States and this committee can be taking to advance these goals? We have an administration that, I think, is sincere in wanting to pursue development in Africa, but seems to be allergic to multilateral efforts. You don't need to editorialize on that, but I will—they have their Millennium Challenge Accounts and a particular way that they want to move, and I don't think their goals are contrary to what's in the Commission, but my sense is they seem to be steering the United States onto a particular policy path.

What do you think would be the two or three most important steps that the United States could take, and maybe, Senator, you could particularly address the role that this committee, having served on it, could take in encouraging the sort of collaboration and coordination that you just discussed?

Senator KASSEBAUM BAKER. Well, thank you, that is an important question, and I know the chairman, as he said, was a real leader on African issues when I was the subcommittee chair and ranking member, I had both roles to play, but, and so it has had a history in this committee I think, of an interest in Africa on both sides of the aisle. I share a desire to see us be more collaborative, I think it's important for us when we're trying to meet some large efforts that we bring to bear our expertise in the arena with others, so what is done has greater rewards at the end of the day because it has been working in collaboration and conjunction with others.

I think Nancy Birdsall made an excellent example of how many different agencies are all there on the ground, and again a lack, and I think the question is, how do you bring about that coordination? Whose responsibility is it? And within one's own country, and government, as well as among.

I guess I don't know whether this is a role the committee wants to undertake to look at that, and how you further it, I suggested in my remarks that we focus on a couple of things, and we would each have, I suppose, our own priorities, but mine would be working with infrastructure and that was a recommendation that was in the Commission that a public/private partnership be formed in a separate type of trust fund initiative for infrastructure. And this is infrastructure that I think would cross regions, so again, you're pulling other countries together so you can enhance your transportation, but I'm sure others would point to other areas, and security issues, and that is one that I think, actually, we are doing in good collaboration with other countries.

I think for this committee if there is the interest that just taking a couple of the issues that are in the report, and maybe the buyback initiatives, or how one gets a handle on recommending what to do about small arms in Africa. Those kinds of things, maybe, are conducive, and I would suggest education. A lot of money and interest is involved in education now, is it being coordinated as effectively as it could be to help? So, I think there are all kinds of things that the committee could do, and I know, Mr. Chairman, I'm very appreciative, I think all three of us are, for this chance to sort of explore these issues before the committee. This gives us a chance to have a good hearing on the report, and I think these kinds of things help keep the issues alive, because there are so many issues we face today, that I think for most people it's awfully hard to focus on the further distance. We see Darfur and we think, "Well, we've been through this before, we've seen these pictures on TV before." And there's a certain sense of, what can we do to help? And I think that's what would be very positive, is if at the G-8 all the countries would say we can do something positive, it may not be meeting the Millennium Challenge Goals, but what's important is, showing that something is done in a concrete way that's positive, that provides an incentive for others, then, to move forward. And by others, I mean African governments themselves.

That's my own personal view. But I think it reflects, pretty much what the Commissioners felt, even though, knowing that our own governments might be taking some different actions that ultimately the goals were the same, in the areas that were addressed in the report.

The CHAIRMAN. Thank you very much, Senator Kassebaum. I want to recognize now Senator Martinez, who has returned from his duties elsewhere, as we mentioned. We're delighted you're back.

Senator MARTINEZ. Thank you very much, sir, and I know Senator Kassebaum Baker understands the many demands on our day as we run from one hallway to another. I'm still trying to find my way, which makes it increasingly challenging to try to do that, but anyway, I have a number of questions, and I am sure that some of these may have been covered, so please forgive me, but I thought I would just try to go at them, and if it's repetitious, please advise, but I wanted to ask Mr. Thiam how the report has been received in Africa, both at the governmental level, and in civil society, and in general, if you have any observations you might share with me on that.

Mr. THIAM. I think, although the report has been well-received because the strength of the African representation of the Commission was important to Africans, out of eight Commissioners and coming from a variety of countries. So it was significant amount of time in consultations in West Africa, Central Africa, which involved civil society and which were actually quite productive. I do think that there is a lot of skepticism. I think people would say, "Well, the report makes sense, you're dealing with real issues," and so on. Some people even say, "Okay, it is hard-hitting dealing with things like corruption," and so on and so forth. But everybody's waiting now to see what is going to happen, and that's why this phase we're going through is so important. We need to come from the G-8 with something concrete coming out of that, because I always say

that in Africa, I think the cost barrier is higher than in other places because we've just failed too many times, and a failure this time would be, again, another tragedy, and just reinforce the feeling that there is no hope.

Senator MARTINEZ. I think it's important that so many of the participants, including a person I consider a friend, was part of the Commission, and so many other Africans were participants, which I think would enhance their credibility as being something that's generated by and for Africans, and so I think that's an important aspect of it, and I also believe that if we're going to make progress on this whole area of the solution as I think the Senator alluded, is a solution that has to be African, and there has to be buy in into the report, even before, or regardless of what may take place when the G-8 come together, because that's when we want to bring in some, obviously tangible, needed benefits, but I think that there's going to have to be some recognition that if the answers are think is so important, that there be the understanding of the report in that fashion.

Senator, I wonder, as you mentioned in your remarks, that the aid, the size of aid or the amounts of aid—at the end of the day—may not be the most important, because of social issues and so forth. How much aid do you think is appropriate in terms of increases, or the Millennium Challenge Account, are we doing our part in your estimation, obviously there's been some efforts on AIDS and other things, how do you view where we are at this point, and where we should be?

Senator KASSEBAUM BAKER. Well, Senator Martinez, I think we have done some important things, the Millennium Challenge Account, and with HIV/AIDS, I think the HIV/AIDS particularly has been an extremely productive combination of public/private partnership, as I mentioned.

What I said is that I don't know that it's the number and the amount of money so much, as the delivery system. And I feel that we have frequently not encouraged as much collaboration with others, and particularly the host country and those within it to make sure that there is their buy in, as you say, to what's being done. Are we doing something from here that then may or may not be something that is going to be sustained in country? And I think that that's an important part of the equation.

If you go back to the history of so many things, many of these cycles we've been through before, infrastructure, and then it was something else, and now it's back to infrastructure, and, I think, if we are going to see it work, it isn't whether it's going to be \$25 billion or \$2 billion, it's going to be the commitment to sustaining. We can't say this is our goal, and a lofty goal, and walk away and next year repeat the goal. I would much rather start with something much smaller and see it succeed, and build on it, than a lofty goal which is just so many words, ultimately. And that's why I feel so passionately about taking a few things and showing how they could succeed, with some restructured planning, rather than sort of embrace something too large. Does that answer your—

Senator MARTINEZ. It does, and I think it's an approach that I would have to concur is probably appropriate, rather than get too big on the idea and too little on the implementation. I think you're

talking, I think you're correct in terms of solid achievement that can be measurable, there can be success to build on and continue to build on in a steady fashion.

Ms. Birdsall, I'm intrigued with your testimony that had to do with debt forgiveness and the cycle of debt, as the chairman alluded to, borrowing that ends up in the wrong places, followed by debt that cannot be paid, and then apply to forgiveness of debt, only to then begin the cycle of borrowing all over again. How can we effectively break the cycle—I can buy into the notion that you mentioned of a \$500 income level forgiveness, which I presume probably would be healthy anywhere in the world if that was the situation, but then how do we go from there toward a grant system, and preclude the further borrowing?

Ms. BIRDSALL. I think that's exactly the right question, donor system that new transfers to countries that have shown good management, and therefore have had their debt relieved, in other words, the international community has made great progress in the last 10 years in shaping the program called the HIPC program, the Heavily Indebted Poor Country Initiative, which forgives both multilateral, past multilateral and bilateral debt, so how can that progress be locked in to prevent, in the future, another round, and there are really two ways. One is for the poorest countries who clearly cannot, they need resources to get the ball rolling, to invest in the prerequisites of growth, in education, in health, in creating a healthy business environment and so on. And even if they can pay back, until they get over \$500 per capita, why not allow them to use any additional resources they have to reinvest.

So that the first part is to lock in an agreement that going forward, resources go in grant form, which most bilateral donors are doing already. It's basically the regional development banks, the World Bank and the IMF that are still sometimes making loans. And this administration has actually taken a very strong position on that, it's been a long and contentious battle over IDA resources going in grant funds with the Europeans, but essentially that battle has been resolved now, for all practical purposes, it just requires clarity on what the rule is, it's a little bit muddy and confused now. The second part going forward is to ensure that new aid is effective, that's more important than anything else. I think there wouldn't be concern about whether it's loans or grants, and that these countries could use the aid effectively to get onto a growth path. So there, we get right back into some of the other issues of the role of the United States in supporting a coordinated, cooperative approach, the amounts that the United States itself provides, and the uses of those resources within the countries.

Senator MARTINEZ. One of the things that I believe is so important in the path to development, obviously stable government and rule of law, but it's also the judiciary, and you mentioned the role of the independent judiciary, a functioning judiciary. It seems to me that that's a precondition to investment, foreign investment, which ultimately is the hope to take the place of aid, but it would be the engine of development, really, until you can kick into that next step of development, which is people wish to invest in your society. It seems to me important that some project be initiated in terms of establishment of the rule of law, and establishment of, I

don't mean just the rule of law, I mean a judicial system, rules of commerce that would be transparent and understood, and the ability to enforce them in a judicial system, whether it be with assistance from international organizations or otherwise, is there any specific recommendations in the report concerning this area?

Senator KASSEBAUM BAKER. We mentioned this as being important, I happen to know the American Bar Association has had various programs in several countries on the continent, Nigeria, particularly, on and off over the years—

Senator MARTINEZ. I'm specifically thinking of that, Senator, that the projects that the American Bar has undertaken whether in the Eastern European nations when they were first—

Senator KASSEBAUM BAKER. The CEELI program.

Senator MARTINEZ. Right.

Senator KASSEBAUM BAKER. And that's been very effective in Eastern Europe, and they've started a similar initiative in Africa. I can't speak to what it's doing right now, can you?

Mr. THIAM. There is a similar program in West Africa called OHADA. I think it's a very interesting idea, which is to take, on the regional level, where judges that are in the regional court are less susceptible to local pressures and local considerations and corruption.

Senator MARTINEZ. It would seem to me to be a good idea, regional courts are regional.

Mr. THIAM. Exactly, and that's working quite well, for arbitration issues and so on, I think that could be duplicated in other regions, so—

Ms. BIRDSALL. There is a tremendous amount of support for these kinds of programs from the World Bank, and at least, I know in the case of Latin America, from the Interamerican Development Bank, and I would guess that the African Development Bank is also heavily engaged, I think under the leadership of Paul Wolfowitz at the World Bank, there could be strong signals from the Congress, even, that maintaining and improving the investments there, in measuring the levels of governance by many different criteria—rule of law, free press, property rights, friendly business environment, all of these ingredients that we itself is very useful in clarifying what help is needed in what settings, and in also clarifying which countries can absorb more resources more quickly, going back to the point that you referred to, Senator Kassebaum Baker.

Senator MARTINEZ. I realize my time is up, and I appreciate the Chair's indulgence, I see the hour of noon has arrived, so I appreciate the panel being here, and the wonderful report and the time you're taking with all of this.

The CHAIRMAN. Well, thank you very much, Senator Martinez. I appreciate especially your leadership and that of Senator Feingold in the subcommittee, because clearly much of the followthrough on this will lie on your shoulders, but you'll have some assistance from all of us. Let me just mention briefly that Paul Wolfowitz has been mentioned several times as the President of the World Bank. He has called me and indicated his interest in Africa, and his interest in taking a trip to Africa at an early point in his new responsibilities. He has, in fact, even run through a potential itinerary, asking

for my judgment about these various countries. I think that's important, and so it may very well be that he will ask for the assistance of this committee and our staff in trying to think through some of the issues that regard the World Bank and the loans and their responsibilities, and maybe more strategically, the entirety of the agenda we've been discussing this morning, so that's a helpful sign. Among other things I know he will look at, and we have not had a chance to explore to date, is the question of oil. You take a look at the continent, there are a lot of assets in Africa, collectively. Extraordinary exploitation may occur. We have had other testimony of citizens of China and India and others working—some would say—for the last acre that might have any drilling, potentially. As they think of their needs, and how all that fits together, it would be an interesting question to explore how Africans will use their own resources. This is not, necessarily, a deficit region in terms of opportunities. That will have to wait for another hearing but it may be a part of the consideration at the G-8 or in other circumstances.

I just want to observe, finally, that the President asked for some \$33 billion total in the so-called "150 Account." That's the account that deals with foreign assistance, generally. This committee authorized that request, all \$33 billion, but by the time we finished the budget process on the floor, we were down to \$2.3 billion less than this. The appropriators are now working with that recommendation in coming up with the so-called 302(b) allocations.

Now, it's our hope, I think, in this committee, having voted for the \$33 billion, that the full amount can be considered by the appropriators. The outcome, to say the least, is uncertain. We have the seriousness of the problem ahead of us to date, and we also know that in the real world of congressional situations, with two houses, and many committees, that sometimes our own enthusiasm and idealism is not necessarily reciprocated by others. Yet we offer the witnesses the assurance of our own concern, as well as that of those who are listening to this conference today.

We thank you all for your generous allocation of time, both to the Commission report, as well as to the analysis of what has occurred. We thank all Senators, and the hearing is adjourned.

[Whereupon, at 12 p.m., the committee was adjourned.]

