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GOVERNANCE, DEMOCRACY, HUMAN RIGHTS, AND THE MILLENNIUM CHALLENGE CORPORATION IN AFRICA: THE FISCAL YEAR 2012 PROPOSED BUDGET

HEARING

BEFORE THE

SUBCOMMITTEE ON AFRICA, GLOBAL HEALTH, AND HUMAN RIGHTS

OF THE

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GOVERNANCE, DEMOCRACY, HUMAN RIGHTS, AND THE MILLENNIUM CHALLENGE CORPORATION IN AFRICA: THE FISCAL YEAR 2012 PROPOSED BUDGET

TUESDAY, MAY 10, 2011

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON AFRICA, GLOBAL HEALTH,
AND HUMAN RIGHTS
COMMITTEE ON FOREIGN AFFAIRS,
Washington, DC.

The subcommittee met, pursuant to notice, at 2:10 p.m., in room 2172, Rayburn House Office Building, Hon. Christopher H. Smith (chairman of the subcommittee) presiding.

Mr. SMITH. Good afternoon to everybody. Welcome. Thank you for being here, especially to our very distinguished witnesses.

We are holding today's hearing for the purpose of examining the administration's proposed level of funding for governance, democracy, human rights, and the Millennium Challenge Corporation programs in Africa for the upcoming fiscal year and to determine our overall strategies for Africa programming as we move forward.

A large percentage of U.S. assistance to Africa is for global health programs. Due to the size of the global health budget and the number of important issues specific to global health, this subcommittee will hold a separate hearing at a later date on the 2012 request for global health funding.

As we are all aware, our Nation is in severe economic distress. Unemployment hovers around 9 percent, even as gasoline and food prices continue to rise. Our Nation is engaged in two wars. Meanwhile, our national deficit is measured in the trillions of dollars, $14.3 trillion as of this morning, and en route to $25.1 trillion by 2021, according to the Congressional Budget Office. It is for this reason that this House recently passed a plan to begin the process of significantly reducing our deficit.

Recent surveys have shown that many Americans have the widespread impression that U.S. Government funding for foreign operations is much higher than it really is. In actuality, our spending for foreign assistance is less than 1 percent of our budget. It may seem like more because of the frequent, unanticipated emergencies to which we respond out of our national generosity of spirit.

The administration's proposed global bilateral budget for 2012 is $25.8 billion and the Africa allocation is $7.8 billion, representing 29 percent of the overall bilateral aid request. This bilateral aid request includes funding allocated for economic support funds, devel-

opment assistance, and State Department-administrated international security assistance. However, it does not include aid administered by agencies other than USAID and the State Department or multilateral aid. Africa represents 40 percent of the Development Assistance account, 10 percent of the Economic Support Fund, and 4 percent of the State Department administered International Security Assistance budget.

Over the past decade, American bilateral aid to sub-Saharan Africa grew from $1.1 billion in Fiscal Year 2002 to $8.8 billion in 2010. The largest increases were due to significant growth in global health spending under the Bush administration and lesser but additional growth in development aid and some security programs.

There will have to be some efficiencies made and certainly some genuine priorities in funding in our overall foreign assistance program. In this subcommittee, our concern is that African reductions in funding are not so significant that they prevent us from conducting programs that have saved lives and provided the most basic necessities for millions of African citizens and supported our national security efforts in the region as well.

It is not because of the generosity of spirit alone that we conduct foreign assistance programs in Africa, although that would, in and of itself, justify our abiding commitment. The United States, however, has genuinely significant national interests on the continent as well.

In the first quarter of this year, we watched unrest in North Africa cause oil prices to rise steadily. We face the prospect of $5 for a gallon of gasoline not only when oil supplies are interrupted but also on the fear of potential interruption. The U.S. gets nearly one-fifth of our oil from West Africa; and with an increasing number of oil fields in Uganda, Ghana, Sierra Leone, Sao Tome and Principe, and other locations on the continent, Africa has become too important a petroleum source to merely hope that supplies will not be interrupted.

Energy security has long been a concern of the U.S. Government because of the importance of oil to our and much of the world's way of life. Failed states provide safe havens for terrorists and now pirates, who threaten commerce and lives. Somalia and Sudan have long been well known as sites for al-Qaeda and other terrorist organizations to train and harbor their minions, as well as modern-day pirates operating on the seas.

East Africa is home to Islamic fundamentalists, some of whom perpetrated attacks on U.S. Embassies in Kenya and Tanzania in 1998 that claimed American lives and many more African lives.

I would note parenthetically that I chaired the hearings in this room in 1998. We heard from Admiral Crowe and Assistant Secretary Carpenter from Diplomatic Security about how ill-prepared we were and how many at our Embassies had thought they could never strike here. Instead, they did; and thousands of people were killed and many more were wounded.

I would also note parenthetically that, out of that, we wrote what was known as the Embassy Security Act, the Meg Donovan and Admiral Nance Foreign Relations Act of 2000—and I was a sponsor of that—that provided authorization for about $6 billion to beef up our Embassies. But the lesson was learned in Tanzania at Dar

Salem and in Nairobi when our Embassies were so brutally hit by the terrorists.

And as we watch government after government fall suddenly or crumple under the pressure of popular uprisings, there is concern that Islamic militants could seize power and create enemy states where allies now exist. Failed states or even weak states could become bases for international criminal cartels. International drug traffickers are increasingly using African countries as transshipment points. In fact, since 2003, West Africa has been the source of 99 percent of all drugs seized in Africa, and those seizures have increased by a factor of five during that period.

The United Nations has dubbed Guinea-Bissau, one of the world's poorest countries, as Africa's first narco state. Now Mozambique, considered a rising economy on the continent, has become a drug transshipment point as well. The war on drugs has now shifted from Central and South America and Asia, and that fact cannot be ignored.

The very air we breathe is partially created by the world's rain forests. While the role of rain forests and oxygen generation has been, at times, exaggerated, they are realistically estimated to be responsible for the production of some 20 percent of Earth's oxygen. Cutting down the rain forest in Africa is not merely a local problem for African countries, it is a global issue for us all. Certainly, we know storms in West Africa contribute to hurricanes in our hemisphere, so mitigating the negative impact of climate change in Africa is our problem, too.

The rise of food prices in recent years is a global problem. Scarcity of food produced in Africa means the worldwide shortage also causes our food prices to rise. Even if we produce enough for ourselves, the market for food is not limited to one country alone. The demand for staples such as rice, wheat, and corn affects everyone, and the lack of money to buy such agricultural products in Africa means African farmers have their market opportunities limited.

A point has been made that nearly 80 percent of the strategic minerals that the United States needs originate in Africa. An estimated 97 percent of the world's platinum is from Africa, as well as 90 percent of the cobalt, 80 percent of the chromium, 40 percent of the manganese, half of the world's gold reserves, and as much as one-third of all uranium. In recent years, the mineral coltan, largely coming from Africa, has enabled the development of computers, cell phones, and other electronic devices. Africans should enjoy more of the largesse of those sales.

The world would be hard pressed to construct jet aircraft, automobiles, catalytic converters, or computers, cell phones and iPods without the minerals found in Africa and, in some cases, almost nowhere else.

Modern life worldwide depends on a functional African continent, and our foreign assistance program must be aimed first and foremost at meeting basic humanitarian needs. We must help the Africans to help themselves, but in so doing we also help ourselves.

Our testimony this afternoon will be presented by three witnesses: Assistant Secretary of State for African Affairs, Johnnie Carson; Senior Deputy Assistant Administrator for the U.S. Agency for International Development's Africa Bureau, Sharon Cromer;

and the Millennium Challenge Corporation's Vice President for Compact Implementation, Patrick Fine.

Before we hear from our distinguished witnesses, I would like to yield to my good friend and colleague, Don Payne, for any opening comments that he might have.

Mr. PAYNE. Thank you very much, Mr. Chairman; and thank you for convening this hearing and for your continued interest and attention to Africa.

Let me welcome the guests who will be testifying, all of which have distinguished curriculum vitae.

The objective of today's hearing is to review the President's budget request for Africa, including bilateral and regional priorities for foreign assistance. I look forward to learning about and reviewing the administration's program and resource priorities in sub-Saharan Africa and North Africa as well as the basis for projections for these requested funds.

The total bilateral foreign assistance request for Africa for Fiscal Year 2012 is $7.8 billion, nearly three-quarters of which is dedicated to global health, which, as the chairman said, will be covered in a separate budget hearing later this month. Today, we will cover major priorities, including Feed the Future, humanitarian assistance, democracy and governance programs, security assistance, and economic development programs.

While we discuss the budget for Africa and are keenly aware of the effects the economic downturn has had on our own country—and we are all keenly aware of that as we proceed now in the Congress—we know that this downturn also has affected the rest of the world. The recent economic turmoil makes our efforts to strengthen African economies, trade, access to emerging markets, together with investment in good governance and democracy, even more important.

We know that the world is deeply interconnected, and instability in one country will affect the security and well-being of those around the world. The recent revolutions in North Africa and the Middle East remind us that food security and good governance, for example, are not only humanitarian issues but affect the stability of an entire region. This is a lean budget for lean times, to use Secretary Clinton's word, but we must make sure that security, democracy, and good governance remains a priority.

According to U.N. population projections, Africa is projected to undergo the greatest population increase of any world region in the coming decade. People across the continent are demanding governments that serve them and provide for better access to world economies in order to provide growth and opportunity. In this context, we must be prepared for the destabilizing and complex interaction between population changes, rising food costs, and climate change.

I am heartened to see that the President's Fiscal Year 2012 budget provides for increased investment in both agriculture and climate change; and I look forward to your accounts there on the panel of how you intend to use the requested funds to help strengthen the continent's resilience to climate disaster, as well as the slower, equally pernicious challenges of soil erosion and changing weather patterns.

I also look forward to hearing how the budget will be used to strengthen Africa's agriculture production as well as regional markets and infrastructure to ensure that sufficient food reaches the local population.

While Africa faces great challenges on the continent, we also find the greatest potential for growth. In countries like Tanzania, only 22 percent of arable land is farmed because of inefficiencies in the market. I am interested in hearing how the Feed the Future initiative will address these issues.

In addition to these priorities, we must continue to work to stabilize countries that have recently underwent serious political and humanitarian crises and to prevent further crises.

In this tough economic climate, we must remember that investing in conflict prevention will serve us in the long term. As we all know, a stitch in time saves nine, as my grandmother used to say. By defraying humanitarian costs, military costs and lost economic development will, of course, increase.

It is estimated that every dollar invested in preventing conflict from turning deadly saves us from spending $60 in crisis response after violence erupts. We must remain vigilant about recognizing the percolating signs of political unrest and nipping them in the bud before a full-scale conflict erupts. We must strengthen our investment in good governance, democracy, and conflict prevention.

I look forward to hearing from you how this budget increases our Government's ability to help prevent and mitigate crises, specifically the important role of the Complex Crisis Fund, or the CCF.

The recent uprisings in Egypt and Tunisia, where professional militaries were able to play a pacifying role, reinforces the importance of security sector strengthening and rule of law. I am pleased to see the request for a new account, the Global Security Contingency Fund, to enhance foreign militaries and provide justice sectors and stabilization assistance, and I am curious to learn how that account will be managed operationally.

Human rights activists have long raised concerns that some African governments receiving U.S. security and counterterrorism assistance are involved in human rights abuses. I want to know what steps we are planning to take to ensure that U.S. security assistance programs do not abet human rights abuses on the continent.

On the same note, I am surprised to see that countries such as Niger and Guinea, which are undergoing fragile transitions from military to civilian rule governments, face steep aid cuts. I am eager to hear how the administration's choice of 13 aid priority recipient countries match such priorities as preventing, mitigating, and resolving armed conflict.

And, finally, we must continue to focus on encouraging good governance, sustainable investments, and strong partnerships with African countries. The Millennium Challenge Corporation, the MCC, created through bipartisan consensus under President Bush's leadership in an effort to introduce a new approach to foreign economic assistance, works toward all of these goals. It creates powerful incentives for countries to uphold democratic and free market principles and to invest responsibly in their citizens. By upholding standardized principles of effectiveness, the MCC ensures that U.S.

tax dollars are used efficiently and that partner countries advance toward economic growth.

The MCC's compact investments compel countries to make sustainable and substantial reforms. For example, due to the incentive of the compact agreement, Ghana passed landmark legislation that will improve access to improved seed varieties, certified fertilizers and pest-free plants, and ensure that it is better equipped to provide long-term food security for the country.

The MCC also encourages reform beyond partnership countries. It is clear that eligible criteria and focus on policy performance creates powerful incentives for reform. Mozambique's government, due to its continued focus on MCC eligibility, developed an action plan to expand access to childhood vaccinations, increase primary school attendance for girls, and strengthen natural resource management practices.

Mr. Fine, I look forward to hearing how the MCC plans to expand on its good track record and how it will work to ensure that GDP growth in Africa will mitigate poverty levels. I also look forward to hearing how the MCC proposes to address democracy, governance, and human rights concerns that emerge in partner countries after the compacts are signed.

With economic pressure underlying our Fiscal Year 2012 budget debate, I remain a firm advocate for continued investment in good governance, peace building, humanitarian assistance, food security, and economic development in Africa. I am deeply concerned that many of the calls for cuts in international spending are based on a belief that the United States, as the chairman mentioned, spends far more than it actually does on foreign aid. A poll conducted by World Public Opinion and managed by the University of Maryland shows that Americans vastly overestimate the percentage of the Federal budget allocated to foreign aid, as has been mentioned before, with a median estimate of 25 percent of what the average American feels we spend on foreign aid, according to the World Public Opinion.

When asked how much they think we should appropriate, percent-wise the median response is 10 percent, a response that has remained unchanged for the past 15 years, straight line. In reality, of course, as has already been mentioned by the chairman, our foreign assistance account is less than 1 percent of the Federal budget. The budget for Africa represents a mere fraction of that investment, which yields great returns.

The President's Fiscal Year 2012 foreign affairs budget request for Africa reflects tough choices and significant savings in difficult economic times. In an interconnected world characterized by grave turmoil and uncertainty, this budget request represents the resources needed to protect Americans and America's national security interests in Africa. A stable, well-governed, and developed Africa will be a strong partner to the United States in trade, in business, and in national security.

Thank you, Mr. Chairman.

Mr. SMITH. Thank you very much, Mr. Payne.

Ms. Buerkle.

Ms. BUERKLE. Thank you, Mr. Chairman.

I just thank you for holding this hearing today. Thank you for the ranking member's comments. And I just look forward to hearing the testimony of our three witnesses here today, and I thank you for being here.

I yield back. Thank you, sir.

Mr. SMITH. Ms. Bass.

Ms. BASS. Thank you, Chairman Smith and Ranking Member Payne. I also want to thank our witnesses for taking the time out for your testimony today.

As a member of the Budget Committee, I do believe that tough fiscal times call for tough fiscal decisions that stretch us to critically examine our values. Having said that, I do believe that our foreign assistance in Africa delivers lifesaving humanitarian assistance, provides crucial health interventions, and creates partnerships with Africans to improve democracy, governance, and education outcomes.

The international affairs budget is critical to the U.S. economic engagement with the world, especially at a time when there is wide recognition of the need to boost U.S. exports to create jobs. Nearly half of American exports now go to the developing world, and the U.S. must continue to invest overseas.

Investment in Africa is a mutual partnership. In the last 10 years, smart American investment in Africa has shown marked returns. The United States has played an instrumental role in ending conflicts as well as decreasing the instances of death from malaria and other preventable diseases. This relationship has created jobs for American firms and workers who have benefited from marked growth in Africa. While Africa's future must be driven by Africans, the United States should play a major role by investing in our African partners to ensure economic and democratic outcomes that lead to worldwide stability and prosperity.

Thank you very much. I yield back.

Mr. SMITH. Thank you very much.

We now have the privilege of welcoming our three very distinguished witnesses to the subcommittee, beginning with Ambassador Johnnie Carson, who was sworn in as Assistant Secretary of State for the Bureau of African Affairs on May 7, 2009. Prior to this, he was the National Intelligence Officer for Africa at the National Intelligence Council after serving as the Senior Vice President of the National Defense University here in Washington from 2003 to 2006.

Ambassador Carson's 37-year Foreign Service career includes ambassadorships to Kenya, 1999 to 2003; Zimbabwe from 1995 to 1997; and Uganda from 1991 to 1994; and Principal Deputy Assistant Secretary for the Bureau of African Affairs from 1997 to 1999. Earlier in his career, he served as staff director for this committee, from 1979 to 1982.

Ambassador Carson is the recipient of several Superior Honor Awards from the Department of State and a Meritorious Service Award from the Secretary of State, Madeleine Albright. The Centers for Disease Control presented Ambassador Carson its highest award, "Champion of Prevention Award," for his leadership in directing the U.S. Government's HIV/AIDS prevention efforts in Kenya.

Sharon Cromer is currently the Senior Deputy Assistant Administrator in the Africa Bureau at USAID, a position she has held since May 2010. She is a senior USAID Foreign Service officer, with more than 20 years of experience in the international humanity and development assistance area. From 1986 to 1997, she was assigned to missions in Pakistan, Cote d'Ivoire, and Senegal. Following these consecutive tours, she assumed the role of Deputy Director of USAID's mission in Indonesia. Ms. Cromer subsequently was USAID's Mission Director in Ghana and later Mission Director in Nigeria.

Upon her return to Washington in 2009, Ms. Cromer served as Assistant Administrator for the Bureau for Democracy Conflict and Humanitarian Assistance on a temporary basis before assuming the position of Deputy Assistant Administrator in the Bureau of Management.

Patrick Fine is Vice President for Compact Implementation for the Millennium Challenge Corporation. Previously, Mr. Fine served as a senior vice president at the Academy for Educational Development and director of the Global Education Center, where he oversaw education development programs in countries in Africa, Latin America, and in Asia.

Prior to working at AED, Mr. Fine served at USAID as the Senior Deputy Assistant Administrator in the African Bureau and a member of the Senior Foreign Service for the United States. Mr. Fine served as USAID Mission Director in Afghanistan in 2004 to 2005, where he oversaw rapid expansion of U.S. assistance for reconstruction and development. His areas of expertise include international education, private sector and livelihood development, development finance, donor coordination, decentralization, community development, and fostering public/private partnerships.

A very fine panel of extraordinary men and women; and I would now like to turn the time to you, Ambassador Carson, for such time as you would consume.

STATEMENT OF THE HONORABLE JOHNNIE CARSON, ASSISTANT SECRETARY OF STATE, BUREAU OF AFRICAN AFFAIRS, U.S. DEPARTMENT OF STATE

Mr. CARSON. Chairman Smith, Ranking Member Payne, and other members of the committee, I would like to thank all of you for inviting me to testify today on the President's Fiscal Year 2012 budget request for sub-Saharan Africa.

As this is my first appearance before the subcommittee since the 112th Congress began, I would like to express my very deep and sincere appreciation to Chairman Smith and Congressman Payne in particular for their past support of the African Affairs Bureau and for their many years of dedicated service and leadership of this subcommittee.

The President's 2012 request for Africa reflects our core U.S. priorities and interests in the continent. I would like to highlight those priorities and some of the major policy challenges and opportunities that we face in Africa today.

We remain committed to five overarching policy priorities: Strengthening democratic institutions and the rule of law; encouraging long-term development and growth, including food security;

enhancing access to quality health care and education; assisting in the prevention, mitigation, and resolution of conflicts; and working with African nations and leaders to address transnational challenges, including terrorism, maritime security, climate change, narcotrafficking, and trafficking in persons.

The Fiscal Year 2012 request of $7.8 billion represents a 10 percent overall increase from the Fiscal Year 2010 enacted total of $7 billion. This increase is due in large measure to increases requested for each of the President's special initiatives. The request for global climate change has increased by 141 percent, Feed the Future by 20 percent, and global health by 12.6 percent. Our requests for discretionary funds to support non-initiative programs is $1.8 billion. They include programs focused on enhancing democracy and governance, economic growth, conflict resolution, and transnational issues.

The United States has many challenges and commitments around the globe, but it is important for us not to lose sight of our growing national interests in sub-Saharan Africa. Sub-Saharan Africa is a region where the United States has benefited from longstanding partnerships and friendships and enjoys some of the highest approval ratings in the world. The ties between Americans and Africans are deep and historic. With few exceptions, Africa is not a place where we see anti-American demonstrations and rhetoric. That is indicative of the prevailing appreciation for our country's longstanding commitment to democracy and human rights and for our steadfast support in addressing Africa's many challenges and problems.

The spread of democracy in Africa over the past two decades and the vibrancy of pro-democracy activism across the continent is further evidence that most Africans share our fundamental political values. In the international arena, we might not see eye to eye with Africans on every issue, but, overall, most governments there have been cooperative as we deal with a variety of global challenges.

Our economic interests in Africa are clear and compelling. Approximately 14 percent of U.S. oil imports come from that region, making it a strategic part of our energy security portfolio. Imports from Nigeria alone are about 9 percent of our total oil imports and almost the same volume as those from Saudi Arabia.

With promising exploration and development in a number of countries, sub-Saharan Africa's significance for global oil and gas will only increase in the coming years. Africa's enormous share of the world's mineral reserves and a rapidly growing population—which is expected to increase by 20 percent over the next two decades—will make the countries of sub-Saharan Africa a major market for American businesses.

Helping African countries, no matter how small and poor, realize their full potential and succeed as economically viable democracies is in our national interest. If fledgling democracies are allowed to fail and undemocratic regimes are allowed to endure unchallenged, then people will lose confidence in democracy and free market economic principles, and we will find ourselves on the defensive in the global competition for influence, ideas, and friends.

Many sub-Saharan African countries face enormous challenges to their survival as functioning states, and we must continue to help them meet those challenges so that they can better help us as we deal with a wide range of global issues such as narcotrafficking, piracy, illegal immigration, climate change, and the spread of infectious diseases.

With our limited resources and personnel, we are managing a long list of near- and long-term problems that have a direct impact on U.S. security, political, economic, and humanitarian interests. Over the last year, we have been actively engaged in Sudan, Somalia, Cote d'Ivoire, Nigeria, the eastern Congo, Uganda, and Guinea-Conakry. Working with our African partners and members of the international community, we have made progress, but political and security challenges remain ahead in all of those countries as well as others in the continent.

Beyond these fast-moving issues which dominate the headlines, our Government is trying to address a number of slower moving but nonetheless high-impact challenges. The greatest of these is the continued prevalence of HIV/AIDS and other infectious diseases which have tragic consequences for economic livelihoods and the social welfare of Africans across the continent. It is estimated that some 22.5 million Africans are living with HIV/AIDS, about two-thirds of the world's total. Millions more suffer and die regularly from malaria, tuberculosis, and other debilitating but preventable endemic diseases. Women and children suffer disproportionately. I realize you will discuss this and other health aspects of the Fiscal Year 2012 budget request in a separate future hearing, but it is important to underscore the problems and challenges of public health in sub-Saharan Africa.

Although a handful of African countries have demonstrated improved rates of macroeconomic performance and growth compared to previous decades, the overall poverty and social indicators for much of the continent are sobering. Ethiopia's per capita GPD, for example, is only $344 a year. Life expectancy in Nigeria, Africa's most populous country, is only 48 years. Basic infrastructure is lacking in many countries struggling to keep up with their growing populations. As of last year, southern Sudan, which is expected to become independent on July 9 of this year, had only 50 kilometers of paved road. And food security remains an ongoing concern across much of the continent.

I have already alluded to some of the many security challenges in Africa. There are others, such as the presence of terrorist groups and drug traffickers in the Sahara and the ascendence of drug trafficking in such countries as Guinea-Bissau and Mozambique. Our preferred approach to all of these challenges is to work through African security and judicial institutions and develop their capacity, rather than rely on direct and potentially costly U.S. intervention and involvement. This approach may be slow and imperfect, but we believe it is the only truly sustainable one for the African context, and it is the most cost-effective approach for the United States.

When Africans take ownership of their own security responsibilities, we are more likely to have the requisite trust and political buy-in of key players than if quick-fix solutions are imposed from the outside; and this buy-in is what can lead to more durable and

sustainable outcomes. To put it differently, the more proactive we are in encouraging and supporting African-led security initiatives and solutions, the less likely we will need to intervene directly ourselves down the road.

Africa's complex challenges demand considerable time, attention, and resources, but we must also be attentive to the significant gains and progress that have occurred in many African countries over the past decade and which are continuing. Liberia and Sierra Leone, for example, require our engagement and support to help sustain their largely successful post-conflict transitions. Helping Africa's most democratic countries—such as Senegal, Mali, Ghana, Benin, Botswana, Cape Verde, Mauritius, Tanzania, and South Africa—continue with their political and economic reforms is vital for demonstrating the sincerity of our commitment to democracy and good governance, as well as encouraging other countries to follow their model.

In recent years, regional organizations such as the African Union and the Economic Community of West Africa and the East African Community have demonstrated a growing commitment in censuring unconstitutional changes of power, promoting economic integration, and addressing regional security problems. It is in our interest to see that these organizations continue to build capacity and become more assertive across the continent.

I have worked on Africa for most of my professional career, and whenever I review the budget numbers I am still amazed at how our Government manages to do so much with so little. Roughly speaking, one can easily fit the land masses of the United States, China, and Western Europe into sub-Saharan Africa. After southern Sudan becomes independent on July 9, sub-Saharan Africa will have 49 states.

We have 44 Embassies, five consulates, and several regional platforms used by U.S. Government agencies spread across sub-Saharan Africa. Those of you who have been out to the region know most of these missions are thinly staffed with an ambassador and only a handful of reporting officers and supporting personnel.

In closing, I would like to state simply that every dollar that we invest in helping Africans to address their problems and better capitalize on their opportunities may not satisfy our high expectations for rapid and quick economic growth, development, health, security, and political stability, but they sure can go a long way in preventing situations from getting worse and costing us even more money in the future.

And as my colleagues from USAID and the Millennium Challenge Corporation will detail in their testimonies, many of our efforts do in fact have a very positive and significant impact on improving the lives of Africans. It is through these programs and our vigorous diplomacy that the United States will remain a critical and key player in Africa and protect and advance our long-term interests on the continent.

Mr. Chairman, Ranking Member, and other distinguished members, thank you. I will be happy to address specific questions at the conclusion of the others' testimony.

[The prepared statement of Mr. Carson follows:]

Assistant Secretary Johnnie Carson
10 May 2011
Subcommittee on Africa, Global Health, and Human Rights
House Foreign Affairs Committee

I would like to thank you, Chairman Smith, Ranking Member Payne, and all the members of the Committee for inviting my colleagues and me to testify today on the President's FY 2012 budget request for Sub-Saharan Africa. As this is my first appearance before this Subcommittee since the 112th Congress began, I would be remiss, Chairman Smith and Congressman Payne, if I didn't note your years of dedicated service on, and leadership of, this Subcommittee. The President's FY 2012 request for Sub-Saharan Africa reflects our core U.S. priorities and interests in Africa. I would like to highlight those priorities, interests, and some of the major policy challenges and opportunities we face on the continent.

We remain committed to five overarching policy priorities: 1) strengthening democratic institutions and the rule of law; 2) encouraging long-term development and growth, including food security; 3) enhancing access to quality health care and education; 4) assisting in the prevention, mitigation, and resolution of conflicts; and 5) working with Africans to address transnational challenges, including terrorism, maritime security, climate change, narcotics trafficking, and trafficking in persons.

The FY 2012 request of $7.8 billion represents a 10 percent ($732.7 million) overall increase from the FY 2010 enacted total of $7.0 billion. This increase is due in large measure to increases requested for each of the Presidential Initiatives. The request for Global Climate Change has increased by 141 percent ($73.8 million), Feed the Future by 20 percent ($85 million), and Global Health by 12.6 percent ($601 million). Our request for discretionary funds to support non-initiative programs is $1.8 billion. They include programs focused on enhancing democracy and governance, economic growth, conflict resolution, and transnational issues.

The United States has many challenges and commitments around the globe, but it is important for us not to lose sight of our growing national interests in Sub-Saharan Africa. Sub-Saharan Africa is a region where the United States has benefited from longstanding partnerships and friendships and enjoys some of the highest approval ratings in the world. The ties between Americans and Africans are deep and historic. With few exceptions, Africa is not a place where we see anti-American demonstrations and rhetoric. That is indicative of the prevailing appreciation for our country's longstanding commitment to democracy and human rights, and for our steadfast support in addressing Africa's many challenges and during times of trouble. The spread of democracy in Africa over the past two decades and the vibrancy of pro-democracy activism across the continent is further evidence that most Africans share our political values.

In the international arena, we might not see eye-to-eye with Africans on every issue, but, overall, most governments there have been cooperative as we deal with a variety of global challenges such as international terrorism, Iran, and piracy. We saw one recent example of this

when Gabon, Nigeria, and South Africa voted in support of the U.N. Security Council resolution authorizing the use of force to avert a humanitarian catastrophe in Libya.

Our economic interests in Africa are clear and compelling. Approximately 14 percent of U.S. oil imports come from the region, making it a strategic part of our energy security portfolio. Imports from Nigeria alone are about 9 percent of our total oil imports and almost the same volume as those from Saudi Arabia. With promising exploration and development in countries such as Ghana, Uganda, Liberia, and Tanzania, Sub-Saharan Africa's significance for global oil and gas markets will only increase in the coming years. Africa's enormous share of the world's mineral reserves is vital for sustaining continued growth of the global economy. And, most importantly, Sub-Saharan Africa's growing population makes it a market where U.S. firms will need to be players if they are to remain globally competitive. The region's share of the world population today is approximately 12 percent, and it is estimated to grow to 20 percent over the next two decades.

Helping African countries, no matter how small and poor, realize their full potential and succeed as economically viable democracies is in our national interest. If fledgling democracies are allowed to fail and undemocratic regimes are allowed to endure unchallenged, then people will lose confidence in democracy and free market economic principles, and we will find ourselves on the defensive in the global competition for influence and ideas. Many Sub-Saharan African countries face enormous challenges to their survival as functioning states, and we must continue to help them meet those challenges so they can better help us as we deal with our own. In the coming years, African cooperation will be increasingly essential in managing a wide range of global issues such as smuggling, piracy, migration, climate change, infectious disease, and food production.

With our limited resources and personnel, we are managing a long list of near and long-term challenges that have a direct impact on U.S. security, political, economic, and humanitarian interests. In Sudan, the six-year-old North-South peace agreement is at an extremely delicate moment with independence for the South just three months away. Diplomatic efforts on Darfur are accelerating, but a solution is still far away. The situation in Somalia remains especially volatile and poses security threats throughout East Africa and in the Indian Ocean. We may also be on the precipice of a humanitarian catastrophe there as food supplies once again run low. Despite successful elections in April, Nigeria still has many persistent governance challenges. Decades of corrupt and ineffective leadership have left the country's infrastructure broken and the population deeply impoverished, alienated, and vulnerable to outbreaks of violence. We have encouraged President Jonathan to appoint highly capable and reputable cabinet members from across the country to address Nigeria's ongoing challenges.

The political crisis in Cote d'Ivoire has abated now that Alassane Ouattara has been able to assume his full powers as elected president, but residual fighting involving armed supporters of former President Gbagbo continues in parts of the capital, and President Ouattara faces the enormous challenge of reunifying the country, reviving the economy, rebuilding a professional army, and disarming militias. Illegal armed groups continue to destabilize the eastern region of the Democratic Republic of Congo (DRC), and women and children are most vulnerable. That country is scheduled to have presidential and parliamentary elections in November that will

serve as a bellwether for its post-conflict transition. Uganda and its neighbors are struggling to eliminate the Lord's Resistance Army, which continues to attack civilian populations in northern DRC and the Central African Republic. In Zimbabwe, President Mugabe and his ruling ZANU-PF party continue to obstruct the democratic process and mismanage the economy, creating a persistent and long-term threat to the country's overall stability.

Beyond these fast-moving issues which dominate the headlines, our government is trying to address a number of slower moving but nonetheless high-impact challenges. The greatest of these is the prevalence of HIV/AIDS and other infectious diseases which have tragic consequences for economic livelihoods and social welfare of Africans across the continent. It is estimated that some 22.5 million Africans are living with HIV/AIDS, about two-thirds of the world's total. Millions more suffer and die regularly from malaria and other debilitating but preventable endemic diseases. Women and children suffer disproportionately. I realize you will discuss this and other health aspects of the FY 2012 budget request in a separate future hearing.

Although a handful of African countries have demonstrated improved rates of macroeconomic growth compared to previous decades, the overall poverty and social indicators for much of the continent are sobering. Ethiopia's per capita GDP, for example, is $344. Life expectancy in Nigeria is 48. Basic infrastructure is lacking in many countries struggling to keep up with their growing populations, especially in urban areas. As of last year, Southern Sudan had only 50 kilometers of paved road. And food security remains an ongoing concern across much of the continent.

I have already alluded to some of the many security challenges in Africa. There are others such as the presence of terrorist groups and drug traffickers in the Sahara, and the ascendance of drug trafficking in countries such as Guinea Bissau and Mozambique. Our preferred approach to all of these challenges is to work through African security and judicial institutions and develop their capacity rather than rely on direct and potentially costly U.S. involvement. This approach may be slow and imperfect, but we believe it is the only truly sustainable one for the African context, and it is the most cost-effective approach for the United States. When Africans take ownership of their own security responsibilities, we are more likely to have the requisite trust and political buy-in of key players than if quick-fix solutions are imposed by outsiders. And this buy-in is what can lead to more durable outcomes. To put it differently, the more proactive we are in encouraging and supporting African-led security initiatives, the less likely we will need to intervene directly down the road.

Africa's complex challenges demand considerable time, attention, and resources, but we must also be attentive to the significant gains and progress that have occurred in many countries over the past decade, and ensure they continue. Liberia and Sierra Leone, for example, require our engagement and support to help sustain their largely successful post-conflict transitions. Helping Africa's most democratic countries—such as Senegal, Mali, Ghana, Benin, Botswana, Cape Verde, Mauritius, Tanzania, and South Africa—continue with political and economic reforms is vital for demonstrating the sincerity of our commitment to democracy and encouraging other countries to follow their model. In recent years, regional organizations such as the African Union, Economic Community of West African States, East African Community, and the Southern African Development Community have demonstrated a growing commitment

to, for example, censuring unconstitutional seizures of power, promoting economic integration, and addressing regional security problems. It is in our interest to see that these organizations continue to build capacity and become more assertive across the continent.

I have worked on Africa for my entire career of more than forty years, yet, whenever I review the budget numbers, I am still amazed at how our government manages to do so much with so little. Roughly speaking, one can easily fit the landmasses of the United States, China, and Western Europe in Sub-Saharan Africa. After Southern Sudan becomes independent in July, Sub-Saharan Africa will have 49 states. We have 44 embassies, five consulates, and several regional platforms used by various U.S. government agencies. Those of you who have been out to the region know most of these missions are thinly staffed with an ambassador and a handful of reporting officers and support personnel.

In closing, I would like to state simply that while it is challenging, with limited resources, to satisfy our high expectations for economic growth, development, health, security, and political stability, every dollar that we invest in helping Africans to address their own problems and better capitalize on their opportunities goes a long way in preventing situations from getting worse and costing even more in lives and money down the road. And, as my colleagues from USAID and the Millennium Challenge Corporation will detail in their testimonies, many of our efforts do in fact have a very positive and significant impact on the lives of Africans. It is through these programs and our vigorous diplomacy that the United States will remain a player in Africa and protect and advance our interests there.

Mr. Chairman, Ranking Member, and distinguished Committee members, thank you. I will be happy to address your more specific questions and concerns.

Mr. SMITH. Ambassador Carson, thank you very much.

Ms. Cromer.

STATEMENT OF MS. SHARON CROMER, SENIOR DEPUTY ASSISTANT ADMINISTRATOR, BUREAU FOR AFRICA, U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

Ms. CROMER. Good afternoon, Chairman Smith, Ranking Member Payne, distinguished members of the subcommittee. Thank you for inviting me to speak today. Mr. Chairman and Mr. Payne, it is always an honor for the Agency to have an opportunity to share our work with such great supporters of Africa.

This year, USAID celebrates 50 years of the generosity of the American people who believe that we can make the world a better place if we use our wealth and expertise to invest smartly.

Where can we make a difference? That question drives everything we do. We are becoming more selective in how we choose the countries and sectors where we will invest our resources. Under USAID Forward, we are moving toward practices that are most effective at achieving development results that are measurable and real and that create conditions where our assistance is no longer needed.

In all of our areas of work we are seeking to put in place more effective, more modern, and more efficient strategies to get better results and better outcomes. At the same time, we are constantly in search of science and technology innovations that will accelerate economic growth and improve health. Promising innovations in vaccines, clean energy, and information technologies can produce especially dramatic results in Africa, where even small-scale or low-cost technologies can leapfrog traditional development hurdles and yield exponential development gains.

Today, I will discuss our priorities in Africa, the major Presidential initiatives that focus on food security, global health, and climate change.

Over the last decade, dozens of African countries embraced democracy; and, today, nine of Africa's 48 states are regarded by Freedom House as full democracies. This is a significant achievement, and the United States' sustained efforts to support democracy through diplomacy and development have played a key role.

The number of conflicts in Africa has also been sharply reduced. USAID will continue our work until that number is zero, employing a range of conflict mitigation, peace, and reconciliation and early warning and prevention mechanisms in Africa, especially in the Democratic Republic of Congo, Ethiopia, Somalia, and Sudan.

Africa's economies have made measurable strides, embracing reforms and adopting pro-business policies. Prior to the onset of the global financial crisis in 2008, Africa enjoyed nearly a decade of economic growth, averaging 5.3 percent a year. This kind of growth is essential to reducing poverty. USAID envisions a world where market-led development replaces foreign assistance, so our priority is to foster broad-based growth that will accelerate gains and leverage private sector investment.

Feed the Future affirms this commitment to advance prosperity by improving the most basic human condition, the need for a reliable source of food and the means to purchase it. Agricultural

growth is highly effective in reducing poverty, especially in Africa, where the majority of rural poor depend on agriculture for their livelihoods.

The United States' bipartisan commitment to help is a signature of American leadership. Yet this year more than 350,000 women worldwide will die in pregnancy or childbirth, and 8 million children will die of preventable diseases. Half of these deaths will occur in Africa.

Our global work in HIV/AIDS has provided care to 9.4 million people and prevented a quarter million newborns from contracting the disease.

As part of our women's health programs, we have supported 25 fistula centers in Africa and funded training, treatment, and counseling. The Global Health Initiative will accelerate progress toward even more ambitious goals that will improve millions of lives.

Africa is a continent most vulnerable to climate change, and we are committed to forging a truly global solution to this emerging challenge. The Global Climate Change Initiative is helping countries adapt to this challenge while addressing the sectors where the effects of climate change will be most pronounced—food security, health, and stability.

For USAID to accomplish its goals, we must get the most out of every taxpayer dollar. USAID partners with other donors for greater impact, as we did with the British in Nigeria to ensure that elections were free and credible. We are proud of our efforts with the State Department to support the successful referendum on independence in southern Sudan. We are also engaging with regional organizations like the African Union to support democracy and trade.

Our efforts reap dividends for both Africa and the United States. Disease and conflict know no borders, and undeveloped markets limit the potential of global economic growth.

At the same time, we cannot turn our backs on the great need we see in Africa. The American people have demonstrated their commitment to responding to the needs of others through outpourings of donations to families in Japan and Haiti. Assistance is an American value.

As USAID looks ahead to the next 50 years, we are very much looking forward to a continued conversation with our partners in Congress on challenges and opportunities in Africa.

Thank you, Mr. Chairman, Ranking Member Payne, and members of the subcommittee. I will be happy to respond to any questions.

[The prepared statement of Ms. Cromer follows:]

Testimony by U.S. Agency for International Development
Senior Deputy Assistant Administrator for Africa Sharon Cromer
House Foreign Affairs Committee
Subcommittee on Africa, Global Health and Human Rights Hearing
Governance, Democracy, Human Rights, and the Millennium Challenge Corporation in Africa:
The FY2012 Proposed Budget
May 10, 2011

Good afternoon Chairman Smith, Mr. Payne, and members of the Subcommittee. Thank you for inviting me to speak with you today about our investments in Africa. Mr. Chairman and Mr. Payne, it is always an honor and pleasure for the Agency to have the opportunity to discuss our work with such great supporters of Africa.

This year, USAID celebrates 50 years of the generosity of the American people, who believe that we can make the world a better and safer place if we use our wealth, expertise, and values to invest smartly. Africa matters to the American people. Our histories and cultures are inextricably linked, and our partnership is based on our mutual desire for peace, security, democracy, good governance, good health, educated people, and economic growth and prosperity for all.

Throughout USAID's 50 years, we have confronted some of the greatest development challenges in Africa, and our work has made a difference through crucial interventions in humanitarian assistance, health, education, economic growth, and infrastructure. The United States has been instrumental in bringing many African conflicts to an end, laying the foundation for governance transformations and creating partnerships that consolidate democratic gains. We have moved beyond ending wars to understanding how to prevent the conflicts and political instability that threaten our own national security. Emerging and persistent challenges like corruption, disease, environmental degradation, poverty, illicit trade, and extremism, combined with unemployment and a ballooning youth population, require sustained and smart U.S. investments in development.

Our efforts reap dividends for both Africa and the United States. Disease and conflict know no borders, and undeveloped markets limit the potential of global economic growth. As the United States supports the development of African businesses that will generate the kinds of jobs necessary for real economic growth and political stability, American firms and American workers stand to benefit from the large untapped markets and increasing opportunities Africa presents. We also cannot turn our backs on those in need; the American people demonstrated their overwhelming commitment to help those in crisis through outpourings of donations after the earthquake and tsunami in Japan, the earthquake in Haiti, and other recent disasters. Assistance is an American value.

USAID's assistance focuses on improving health, helping to address transnational threats and challenges, strengthening democratic institutions and protecting democratic gains, fostering broad-based and sustainable economic growth, and preventing, mitigating, and resolving armed conflict. To get the kinds of outcomes we seek, USAID has several new tools at its disposal. The Obama Administration's Policy Directive on Global Development is guiding the U.S. Government to take stock of its efforts contributing to development outcomes, and to focus and

improve the impacts of our interventions. Combined with Secretary Clinton's leadership in the Quadrennial Diplomacy and Development Review and Administrator Shah's own efforts to fundamentally reform how USAID does business through USAID Forward, the United States is significantly improving the impact and efficiency of its work in Africa.

Where can we make a difference? That question drives everything we do. We are becoming more selective in how we choose the countries and sectors where we will invest our resources. Under USAID Forward, we are moving toward practices that are most effective at achieving development results that are measurable and real and that create the conditions where our assistance is no longer needed. In all of our areas of work, we are seeking to put in place more effective, more modern, and more efficient strategies to get better results and better outcomes. At the same time, we are constantly in search of science and technology innovations that will accelerate economic growth and improve health. Promising innovations in vaccines, clean energy, and information technologies can produce especially dramatic results in Africa, where even small-scale or low-cost technologies can leapfrog traditional development hurdles and yield exponential development gains.

USAID is focusing on President Obama's three major initiatives—Feed the Future, which aims to address hunger and unlock the enormous potential of African agriculture as a driver of prosperity; the Global Health Initiative, which will save millions of lives while building sustainable health systems; and Global Climate Change, which helps mitigate the potentially dire consequences of climate change on African ecosystems, food production, and economic development. USAID is also working to strengthen the principles and practices of democracy and good governance to create the conditions for peace and development in Africa by promoting the rule of law, free and fair elections, a politically active civil society, and transparent, accountable, and participatory governance. In addition to our bilateral support to African countries, we are engaging heavily with regional organizations like the East African Community, which can work effectively across borders, easing the restrictions on trade and investment and encouraging growth throughout Africa. As part of USAID Forward, we are also expanding our work with local organizations to build home-grown capacity and institutionalize our efforts to strengthen relations between the people and their governments to support lasting, sustainable civil society organizations, government institutions, and health care and education providers that can exist long after USAID support has run its course.

The total FY 2012 budget request for Africa is $7.8 billion, representing a 10 percent ($732.7 million) increase over the FY 2010 enacted total. Roughly 65.9 percent ($5.1 billion) of that consists of bilateral assistance for 13 priority countries (the Democratic Republic of Congo, Ethiopia, Ghana, Kenya, Liberia, Mali, Mozambique, Nigeria, Somalia, South Africa, Sudan, Tanzania, and Zimbabwe) that are critical to national security and economic trade.

The request for Sudan represents an increase of 21 percent ($90.5 million) over the FY 2010 enacted total, which would go toward enhancing security, governance capacity and economic growth throughout southern Sudan's transition to independence. In January 2011, 3.8 million southern Sudan voted in a referendum on self-determination, which was provided by the 2005 Comprehensive Peace Agreement that ended one of Africa's longest and bloodiest conflicts.

Nearly 99 percent of voters chose secession. This is a new chapter in history, opening the door to sustainable peace and development throughout north and south Sudan.

Seventy-seven percent of the request would go toward the President's initiatives, in which we will build on substantial investments:

- Feed the Future: $507.3 million
- Global Health Initiative: $5.4 billion
- Global Climate Change Initiative: $126 million

These initiatives are integrated, focused, and led by each country's specific needs and opportunities. We have worked closely with focus countries to develop rigorous strategies and balance difficult trade-offs with a clear-eyed assessment of where we can most effectively achieve dramatic, meaningful results for the developing world.

An effective government—one that represents the interests of the people and is accountable and transparent—is the best insurance for making development progress sustainable. In African countries, long-term improvements in health, education, economic growth, and the environment ultimately require responsive and representative governments that can promote and consolidate gains. In contrast, weak governance dampens economic activity, increases the risk of civil unrest, and can create fertile ground for terrorists.

Since 1998, dozens of African countries embraced democratic rule. Today, nine of Africa's 48 states are regarded by Freedom House as full democracies while 23 others are regarded as partial democracies. This is a remarkable achievement given that 30 years ago military dictatorships and one-party states dominated the continent, and we believe our sustained efforts to support democracy both diplomatically and through our assistance programs have played a key role in this success.

The number of conflicts that preoccupied Africa and the international community over the past decade has been sharply reduced. African leaders recognize the negative impact of violent conflicts on their region and many of them demonstrate a willingness to assume greater responsibility for preventing and responding to conflicts. USAID employs a range of conflict mitigation and peace and reconciliation activities in Africa. In FY 2010, support to conflict mitigation and reconciliation in the region totaled approximately $63 million, with the majority of funding to the Democratic Republic of Congo, Ethiopia, Somalia, and Sudan. USAID also supports conflict early warning and prevention mechanisms in Kenya and through the Economic Community of West African States, the East African Inter-Governmental Authority on Development, and the African Union to analyze conflict trends and position resources to mitigate violence before it starts. The participation of African states in sub-regional peacekeeping missions and the African Union's commitment to the establishment of five standby brigades across the continent attest to this fact. The African Union's principled stand in opposition to violent coups is another positive development, and USAID has been strengthening its coordination with the African Union with programming focused on conflict prevention, democracy and governance, food security, and health.

A number of obstacles hinder the consolidation of democratic political systems in Africa: entrenched political leaders, a lack of systems that provide for checks and balances, the high incidence of conflict due to resources, endemic corruption, legal restrictions on civil society, ethnic grievances, and a lack of a democratic political culture. A recent spate of coups, ethnic conflict, suppression of civil society, and political stalemates between opposing factions suggest a trend of democratic backsliding across all regions of Africa. However, we also see 15 emerging markets which are attracting private capital, commercial investments, and nascent bond markets. USAID has reached out to many private sector actors to assist our work and see it expanding in the coming years.

Africa's economies have also made measurable strides. African governments have liberalized their economies, embraced market reforms and adopted pro-business policies. Prior to the onset of the global financial crisis in 2008, Africa enjoyed nearly a decade of steady economic growth, averaging over 5.3 percent a year. Although much of this growth was driven by oil and gas exports, and the rise in mineral and commodity prices, significant policy changes by African governments, an upsurge in agricultural exports, and the expansion of Africa's entrepreneurial middle class also played a major role in this turnaround. USAID's priority is fostering this sustainable, broad-based economic growth—one of the fundamental forces that will eventually transform the developing world, accelerate development, and eradicate poverty. We envision a world where private sector investment drives sustainable growth and market-led development replaces foreign assistance.

Feed the Future affirms the United States' commitment to advance global stability and prosperity by improving the most basic of human conditions: the need that families have for a reliable source of quality food and the means to purchase it. Agricultural growth is highly effective in reducing poverty—especially in Africa, where the majority of rural poor depend on agriculture for their livelihoods. To ensure our investments are effective, we are prioritizing and focusing our resources on a core set of countries where food security objectives can best be realized.

Feed the Future has two key objectives: creating inclusive growth in the agricultural sector and improving nutrition. Women are the backbone of the economy in Africa, so gender concerns are integrated in all our efforts and we are helping partners strengthen their capacity to consider gender throughout all stages of the agricultural production, processing, and marketing. Women are also the key to improving nutrition, so we are investing in cost-effective nutrition programs that focus on women and young children. Feed the Future's country-owned plans are developed within the continent-wide efforts known as the Comprehensive Africa Agriculture Development Program (CAADP). Up to 20 potential focus countries worldwide have been identified based on the level of need, opportunity for partnership and regional collaboration, potential for agriculture-led growth, and resource availability. Twelve of these countries are in Africa (Ethiopia, Ghana, Kenya, Liberia, Mali, Malawi, Mozambique, Rwanda, Senegal, Tanzania, Uganda, and Zambia).

The U.S. government's long-standing bipartisan efforts in global health are a signature of American leadership in the world. Our health programs not only show America at her best, but also deliver results. Investments in global health strengthen fragile or failing states, promote social and economic progress, and support the rise of capable partners who can help to solve

regional and global problems. The President's Emergency Plan for AIDS Relief has prevented more than a quarter million newborns from contracting HIV/AIDS and provided care to over 9.4 million people. In 2000 malaria killed nearly a million people each year in sub-Saharan Africa, but by 2009, that number had dropped nearly 20 percent, and the $30 billion a year in productivity lost due to the disease has also begun to fall. Of the eight President's Malaria Initiative (PMI) focus countries in Africa where baseline and follow-up health surveys have been conducted, all have reported substantial reductions in child mortality, ranging from 16 to 36 percent. Malaria prevention and control measures have been a major factor in these reductions. Fistula remains a major problem in many African countries. We have supported 25 fistula centers in nine African countries and funded the training of medical personnel, treating and counseling of thousands of women with fistula, and preventing and managing the condition. In Ethiopia, for instance, central USAID-supported fistula repair centers are complemented by "pre-repair" centers, which provide nourishment and physical therapy to patients, and teams that mobilize and educate communities on fistula prevention, identification, and repair.

But despite these successes urgent challenges remain. This year, more than 350,000 women will die in pregnancy or childbirth and 8 million children will die of preventable diseases before their fifth birthday; approximately half of these deaths will occur in Africa, and undernutrition is a leading contributing factor. Through the Global Health Initiative (GHI), the United States in partnership with host countries and other donors will accelerate progress toward ambitious health goals which will improve the lives of millions. Funding is targeted to the highest priorities—infectious diseases, maternal and child health, and family planning—while helping developing countries build their capacity to help their own people. In FY 2010, we expanded malaria control into two critical countries, the Democratic Republic of Congo and Nigeria, which have a combined population of 200 million and where 50 percent of the African malaria burden lies. And we will continue to strengthen the capacity of local partners to deliver highly effective malaria prevention and treatment measures. We have prioritized funding in areas that have maximum impact on the health of women and children to achieve dramatic, meaningful results for the American people's investment in the developing world.

The United States is resolute in its commitment to forge a truly global solution to climate change, and established the Global Climate Change (GCC) initiative to help countries assess their vulnerability to climate change and begin to adapt to these changes. Africa's share of global greenhouse gas emissions is currently small—sub-Saharan Africa has only about 6 percent of global emissions, while encompassing about 12 percent of the world's population. In many parts of the continent, however, emissions are rising rapidly—and there is enormous untapped potential to control their growth. But if emissions are relatively modest, climate impacts on Africa are unfortunately not commensurately limited. Africa is one of the most vulnerable continents to global climate change and climate vulnerability. The FY 2012 request includes $126 million for GCC in Africa, which will focus on three areas—adaptation, energy, and landscapes—while addressing each of the sectors where the effects of climate change will be the most pronounced: food security, health, and stability.

Of the total request for FY 2012, $53 million is planned to go toward adaptation—helping countries increase their resilience to changing climatic conditions. Activities will include assisting countries in improving science, building government systems, and identifying activities

that can make people, places, and livelihoods less vulnerable over the long term. The FY 2012 request also includes $25 million for clean energy programs. No country has developed without a parallel increase in the use of energy, which is why developing economies are projected to account for over 80 percent of the growth in emissions by 2030. These countries can and should play a major role in reducing emissions of greenhouse gases. We intend to help attract investment in clean technologies to reduce these emissions while supporting robust and sustainable growth. Finally, the FY 2012 GCC request includes $48 million for sustainable landscapes, which mitigate emissions caused by land degradation, deforestation, and desertification. USAID is working to change the economic circumstances that drive emissions, improve land management, conserve important carbon "sinks" in forests, promote reforestation and afforestation, and promote improved agricultural and agroforestry methods to increase carbon sequestration.

Our key priorities require a cooperative approach, so regional integration will be key to achieving the objectives of each of these initiatives. USAID works closely with African regional institutions, which play a vital role in bringing together member states to address challenges that cross boundaries, such as food security, health, and climate change. USAID, working with the Departments of State and Defense, has increased its support to regional integration efforts by closely working with the African Union, the East African Community, ECOWAS, and other regional groupings to ensure that common security and economic issues can be the platforms to creating peace and security in the region.

For USAID to accomplish its goals, we must get the most out of every taxpayer dollar spent—that is why we are committed to making crucial reforms that are already having an effect on our work in Africa. USAID is partnering with other donors for greater impact, as we are doing with the United Kingdom's Department for International Development in Nigeria to jointly program our resources to ensure the elections were free and credible. We are also proud of our joint efforts with the State Department toward the successful referendum on independence for southern Sudan last January. Smart USAID investments are paying off in Tanzania and Ghana as well, where Feed the Future is leveraging the private sector and working to truly transform food production and the economies of our African partners. In Kenya, through PEPFAR, USAID coupled HIV/AIDS treatment to maternal and child health services, which extended the availability of reproductive health services from just two of the country's regions to all eight—and at no additional cost.

Africa's future is driven by Africans, but the United States has a continued commitment to a partnership grounded in mutual responsibility and respect. We have a moral imperative to help to solve the planet's biggest development challenges, and a very real role in safeguarding the United States' national security and economic opportunities. As we continue to work with our partners toward our shared goals over the coming months, I very much look forward to a continued conversation on USAID in Africa.

Thank you, Mr. Chairman, Mr. Payne, and members of the Subcommittee. I look forward to responding to any questions you might have.

Mr. SMITH. Ms. Cromer, we thank you very much.

Now we go to Mr. Fine.

STATEMENT OF MR. PATRICK FINE, VICE PRESIDENT FOR COMPACT IMPLEMENTATION, DEPARTMENT OF COMPACT OPERATIONS, MILLENNIUM CHALLENGE CORPORATION

Mr. FINE. Chairman Smith, Ranking Member Payne, and Ms. Bass, I would like to begin by thanking you for the leadership that you are providing to advance American interests in Africa. Like my colleagues, I have spent much of my adult life living in Africa, and I know firsthand that America matters to Africa and that Africa matters to us.

It is great to be with USAID and with the Department of State to discuss U.S. assistance to Africa and the unique role that the Millennium Challenge Corporation plays in advancing American interests by reducing poverty and promoting good governance in Africa.

If there are no objections, I will summarize my remarks and submit a full statement for the record.

Mr. SMITH. Without objection, so ordered.

Mr. FINE. Africa is home to more impoverished nations than any other region of the world. Appropriately, most of MCC's partner countries are in Africa, where two-thirds of our funds are dedicated. Although countries in conflict like Cote d'Ivoire grab the headlines, I have witnessed the remarkable progress in over 30 years that I have been living in and working in Africa, and I have seen the vital role that U.S. assistance has played in increasing access to education, combating disease, promoting human rights, and strengthening market economies.

President Obama laid out a clear vision for development that articulates the strategic, economic, and moral imperatives that explain why development assistance is vital to U.S. national security. The President's global development policy recognizes that protecting our interests and advancing our ideals requires economic and diplomatic tools, such as the MCC, USAID, and the State Department.

MCC is a specialized instrument that works with poor but well-governed countries. Our programs build capacity, including trade capacity, and strengthen relationships with important emerging economies.

As you know, MCC only works with countries selected using publicly available third-party indicators that measure the extent to which a country is ruling justly, investing in its people, and providing economic freedom. Making selectivity a core feature of our business model creates an amazingly powerful set of incentives for good policy performance. This is often called the "MCC effect," and we have seen governments undertake reforms to become eligible for MCC assistance. More importantly, countries make these reforms before we put any money on the table. They make them to retain the assistance programs already being implemented and now, as the first generation of compacts complete, to become eligible for a second compact.

Within the context of the U.S. Government's overall diplomatic relationship with a country and working especially closely with the

Department of State and USAID, we continually work with our partner countries on policies and practices needed to ensure the sustainability of our investments. At a macro level, this means engaging civil society, respecting the rule of law, confronting corruption, and valuing human rights. At the investment level, we condition assistance on sector-level reforms, making it clear that, if commitments are not met, we reserve the right to suspend or cancel a compact. In fact, we have a record of doing just that.

Secretary of State Clinton has described development resting on a three-legged stool made up of government, the private sector, and civil society. Each leg must be strong, and they all must be balanced to support the difficult work and political will that goes into bringing about the kind of change that expands opportunities and reduces poverty.

The MCC selection process creates direct incentives for governments to adopt policies that promote economic growth, and our emphasis on country ownership and placing responsibility for program implementation on our partner countries strengthens the other legs of the stool.

We actively encourage participation from civil society groups in our programs. They must be consulted during compact development, and they must be represented on the local governing boards our partner countries establish to oversee the programs. We also make concerted efforts to promote private-sector participation. The reason is simple. MCC programs reduce constraints to economic growth, but it is the private sector—whether we are talking about small-scale commercial farmers or the truckers who are transporting goods on improved roads or large-scale follow-on investments in manufacturing or retail—that create jobs and income that reduce poverty and put a country on the path away from aid dependency.

In return for scarce U.S. taxpayer dollars, we advance U.S. economic and security interests. The emerging economies of sub-Saharan Africa are the growth markets of the 21st century. Between 2000 and 2008, GDP per capita income in sub-Saharan Africa grew by 54 percent when adjusted for purchasing power parity, which is a lot faster than we thought it was going to grow when I was living in Uganda back in the early '90s.

Our competitors see these opportunities, and they are investing heavily. The World Bank expects international capital flows to the region to be higher than anywhere else in the world. America's development assistance helps unlock the potential in these markets, it fosters the personal and business relationships that grow into mature trade relationships, and it promotes our security interests.

President Obama has requested $1.125 billion for MCC for Fiscal Year 2012. We are currently developing programs with Zambia, Cape Verde, and Ghana. By supporting funding for MCC, Congress will reaffirm America's commitment to investing in countries that are committed to their own development.

Look at our track record in terms of the results that benefit the poor and in terms of the incentives for good policy performance that create the business environment to allow countries to increasingly finance their own development, and you will see this taxpayer money is well spent.

With that, Chairman Smith, I would like again to state my appreciation for your continued support of results-based foreign assistance. And we look forward to continuing our strong working relationship with you, Congressman Payne, and other members of the subcommittee.

I would be happy to answer any questions that you have.

[The prepared statement of Mr. Fine follows:]

Testimony of Patrick C. Fine before the U. S. House of Representatives Committee on Foreign Affairs Subcommittee on Africa, Global Health, and Human Rights

May 10, 2011

MILLENNIUM
CHALLENGE CORPORATION
UNITED STATES OF AMERICA

Good morning Chairman Smith, Congressman Payne, and all the members of the Subcommittee. I am pleased to join my colleagues from the Department of State and USAID to discuss U.S. assistance to Africa and the unique role that the Millennium Challenge Corporation plays in advancing American interests by reducing poverty and promoting good governance in Africa. If there are no objections, I will summarize my remarks and submit my full statement for the record.

Africa is home to more impoverished nations than any other region in the world. Appropriately, most of MCC's partner countries are in Africa—where two-thirds of our funds are dedicated. Although countries in conflict like Cote d'Ivoire grab the headlines, I have witnessed remarkable progress in the over thirty years that I have been living and working in Africa, and I've seen the vital role that U.S. assistance has played in increasing access to education, combating disease, promoting human rights, and strengthening market economies.

President Obama laid out a clear vision for development that articulates the strategic, economic and moral imperatives that explain why development assistance is vital to U.S. national security. The President's Global Development Policy recognizes that protecting our interests and advancing our ideals requires economic and diplomatic tools such as the MCC, USAID and the State Department.

The MCC is a specialized instrument that works with poor but well-governed countries. Our programs build capacity, including trade capacity, and strengthen relationships with important emerging economies.

As you know, MCC only works with countries selected using publicly available, third-party indicators that measure the extent to which a country is ruling justly, investing in its people, and providing economic freedom. Making selectivity a core feature of our business model creates an amazingly powerful set of incentives for good policy performance. This is often called the "MCC Effect," and we have seen governments undertake reforms to become eligible for MCC assistance. More importantly, countries make these reforms before we put *any* money on the table; to retain other assistance programs already in implementation; and now—as the first generation of compacts complete—to become eligible for a second compact.

Within the context of the U.S. Government's overall diplomatic relationship with a country, and working especially closely with the Department of State and USAID, we continually work with our partner countries on policies and practices needed to ensure the sustainability of our investments. At a macro level this means engaging civil society, respecting the rule of law, confronting corruption, and valuing human rights. At the investment level, we condition assistance on sector level reforms, making it clear that if commitments are not met, we reserve the right to suspend or cancel a compact. In fact, we have a record of doing just that.

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In return for scarce U.S. taxpayer dollars, we advance U.S. economic and security interests. The emerging economies of sub-Saharan Africa are the growth markets of the 21st century. Between 2000 and 2008, GDP per capita income in sub-Saharan Africa grew by 54 percent when adjusted for purchasing power parity.

Our competitors see these opportunities and they are investing heavily. The World Bank expects international capital flows to the region to be higher than anywhere else in the world—4.9 percent this year and 5.2 percent in 2012. America's development assistance helps unlock the potential in these markets, fosters personal and business relationships that grow into mature trade relationships, and promotes our security interests.

Look at the track record of MCC in terms of results that benefit the poor, and in terms of the incentives for good policy performance that create the business environment to allow countries to increasingly finance their own development, and you'll see this taxpayer money is well spent.

America's Interest in African Development

Africa remains the world's poorest continent. Rising food prices have increased hardship for poor households and in some countries, such as Cote d'Ivoire, Zimbabwe and the Democratic Republic of the Congo, armed conflict, bad leadership and corruption deny millions of good, hardworking people the opportunity to build better lives.

Meanwhile, Africa also is presented with unprecedented opportunities. Bill Gates noted in a recent speech that half of American exports go to developing markets. As the population and economy of these countries grow, so will that number. Mr. Gates calls development "the smartest way our government spends money."

By investing in poor but well-governed countries in Africa and around the world, MCC is building capacity and strengthening relationships with these emerging economies. We must be mindful that we are not the only country with an interest in doing so. If we cut back on our development efforts, we will leave a vacuum in these nations that someone else will fill, ceding valuable opportunities to build trade relationships, create American jobs, and promote American interests.

MCC also is helping to make Americans safer and more secure by promoting stability and developing strong partners in key regions around the world. Defense Secretary Robert Gates has been one of the most persuasive advocates for financing development work. In recent remarks, Secretary Gates stated:

> *"...[I]n military planning, what we call phase zero is, how do you prevent conflict? How do you create conditions so we don't have to send soldiers? And the way you do that is through development. Development contributes to stability. It contributes to better governance. And if you are able to do those things and you're able to do them in a focused and sustainable way, then it may be unnecessary for you to send soldiers. ...Development is a lot cheaper than sending soldiers."*

That is one reason why President Obama, like President Bush, has made development—together with defense and diplomacy—a critical pillar of our national security.

MCC's Work in Africa

As I said, MCC works with the world's best-governed poor countries, and through our highly competitive country selection process, a large portion of our investment portfolio has been dedicated to Africa.

Of the 23 MCC Compacts signed to date, 13 have been with African countries: Benin, Burkina Faso, Cape Verde, Ghana, Lesotho, Madagascar, Mali, Malawi, Mozambique, Morocco, Namibia, Senegal, and Tanzania. Of the 21 countries in MCC's Threshold Program, 12 have been in Africa: Burkina Faso, Guyana, Kenya, Liberia, Malawi, Mozambique, Niger, Rwanda, São Tomé and Principe, Tanzania, Uganda and Zambia.

Nearly sixty percent of our compact countries are located in Africa, and projects in those nations receive two-thirds of our funds.

When the President last year unveiled his new Global Development Policy that I spoke of, he made clear that the United States is "changing the way we do business" in development. Laying out a set of principles and practices that are at the core of MCC's model, he called for all U.S. Government agencies to embrace a focus on results, selectivity, country ownership and transparency.

In his budget request for Fiscal Year 2012, President Obama requested $1.125 billion for MCC, signaling once again that the agency's distinctive model will continue to play an important role in the effort to cultivate opportunity and prosperity in poor countries around the world. President Obama's Fiscal Year 2012 Budget request would enable MCC to sign compacts with Georgia and Ghana, as well as fully fund a compact with Indonesia.

MCC, like other U.S. Government agencies, is operating in a constrained budget environment. MCC holds itself accountable to the American people to ensure that every taxpayer dollar generates the best possible return on investment. As good stewards of American taxpayer resources, every day we ask ourselves the tough, fundamental questions about the effectiveness and efficiency of our approach to development and our operations.

For example, MCC recently took action to prohibit state-owned enterprises from bidding on MCC contracts. MCC's original procurement guidelines included no guidance on this matter, and many—including some members of this committee—rightly expressed concern. MCC's aim is to ensure a level playing field for commercial firms that bid on MCC-funded contracts. Because state-owned enterprises have built-in advantages such as access to preferential credit terms, we took this step to ensure private companies—including American companies—get a fair opportunity to compete for MCC-funded contracts.

MCC's estimated budget requirements for proposed compacts are based on several factors, including policy performance on MCC's indicators, total population, population living below national poverty lines, absorptive capacity, and, specific to Africa in the case of Ghana, performance in previous compact implementation. Final compact amounts will be based on funding availability and on the scope of agreed-upon projects.

After seven years of operations, MCC has committed $8.2 billion to reducing poverty in 23 countries, $4.2 billion of which has been contracted and $2.2 billion of which has been disbursed.

For this investment of $8.2 billion in taxpayer money, we expect to generate $12.3 billion in increased incomes for 172 million people over the coming years.

Two of the three countries selected as eligible for a second MCC Compact are African countries, Cape Verde and Ghana. Ghana was selected as eligible for compact assistance in January 2011 by the MCC Board and has just begun the rigorous process of developing an MCC Compact. It was selected because of its continued strong policy performance, status as an important emerging market, strategic importance both globally and regionally, and the successful implementation of its first compact.

The Republic of Ghana consistently performs well on MCC's indicator criteria and is generally viewed as one of Africa's most stable policy performers. Since 2004, Ghana has scored among the top low-income countries on the Control of Corruption indicator. In a region where constitutional transfers of power are often disputed, Ghana has a record of peaceful democratic elections and the transfer of power to opposition parties. In 2009, Ghana ranked better than almost two-thirds of all countries on Transparency International's Corruption Perceptions Index, and is preparing for transparent management of potential oil revenues.

MCC's Selective, Targeted Approach to Development Assistance

One of the most distinctive features of MCC is our broad-based, bipartisan support. The MCC approach to development—with our focus on economic growth, sustainability, country ownership, transparency and accountability—has been embraced by Democrats and Republicans in Congress; Presidents Obama and Bush; Secretaries Clinton, Rice and Powell; and leading voices from the right and the left, from the Heritage Foundation and the American Enterprise Institute to the Brookings Institution and the Center for American Progress.

Why has MCC won the support of policymakers and analysts across the political spectrum? Because of our innovative, reform-minded mission and business model. MCC's mission is to reduce poverty through

economic growth in a select number of well-governed countries. MCC selects country partners carefully to ensure the highest returns on our investments and creates strong incentives to advance democratic, market-based principles.

MCC takes the idea of that three-legged stool needed to sustain economic development and stability in any nation very seriously, and as I have said our programs integrate development of each of the three legs—government, private sector and civil society. These legs must be strong and balanced if the stool is to support the weight of society.

First, the government. Part of MCC's accountability model is the ability and willingness to say "no"—no to countries that do not meet MCC's high standards for eligibility, and no to proposed investments that do not have promising returns for economic growth and poverty reduction. In determining eligibility for funding, MCC evaluates whether a country has created a policy environment for sustained economic growth through 17 independent, transparent policy indicators that measure a country's commitment to ruling justly, economic freedom, and investing in its own people. This has given rise to the "MCC Effect," in which we see countries make positive reforms in the hope of becoming eligible for MCC assistance. For example, before investing in Lesotho, we worked with the government to change a law that treated adult women as minors, so that women could be full participants in the economy. Meanwhile, the principle of country ownership strengthens and builds capacity of governments by requiring them to establish institutions capable of carrying out infrastructure projects and implementing other programs.

Second, the private sector. Inherent in MCC's model is the idea that the key to sustainable development is encouraging private investment—and therefore reducing dependence on foreign aid—in developing countries. That is why engagement in the private sector is central to our philosophy. We select and design projects based on the likelihood that they will lead to private sector activity, and we engage private businesses at every step of the process to gather input and encourage them to partner with us. For example, in Ghana, our work to improve irrigation led a company called VegPro to lease a 1,070-hectare farm. This investment will offer new employment opportunities for people in the region. It will also give Ghanaian farmers access to the European markets as VegPro will be signing purchase agreements with farmers and their organizations.

Finally, civil society plays an equally vital role in development and we work hard to strengthen this sector, as well. During compact development, we require our companies to gather input from civil society groups, forcing them to consult and collaborate with groups who might otherwise be disregarded. In addition, the local Millennium Challenge Account, or MCA, boards that implement our projects in-country are required to include members who represent civil society groups.

By adopting this approach, MCC's goal is to foster balanced growth in each developing country and create an accountable, responsive government; an active private sector; and an engaged watchdog and partner in civil society. Signing up to work with MCC means a country is committing itself to tackle the tough policy reforms necessary to create an environment in which the private sector can thrive, citizens can hold their governments accountable, and U.S. taxpayers can see they are getting a good return on their investment. Our goal is to help poor countries rise out of poverty and achieve self-sufficiency, as well as to create stable trading and investment partners for the United States, which will strengthen the American economy and make our nation more secure.

MCC is Delivering Results

MCC's focus on economic growth, sustainability, country ownership, transparency, and accountability is working. All development partners, both donors and host countries, are interested in achieving results. What distinguishes MCC is our commitment to technically rigorous, systematic, and transparent methods of projecting, tracking, and evaluating the impact of our programs. MCC's results exist along a continuum—from policy changes countries make to become compact eligible ("the MCC Effect"), to interim outputs and outcomes as compacts mature, to our ultimate goal: income increases over the long term.

We expect MCC's current investments to benefit roughly 40 million people in our partner countries in Africa—and we expect incomes in those countries to rise by over $8.8 billion over the life of those investments.

Even before these income gains are achieved, MCC and our country partners have tangible results to show. To date, MCC investments in new or improved irrigation and technical assistance have facilitated the adoption of new agricultural practices on 82,510 hectares of land. Our funded programs have trained over 150,000 farmers in techniques that help them produce higher-quality, higher-value crops. We have provided funding for $66 million in agricultural loans, and have financed assistance for over 3,800 private enterprises involved in agriculture-related business. We have supported construction of more than 890 kilometers of roads that link markets and encourage trade, and have another 2,400 kilometers under construction. These interventions aim to increase incomes through market-driven agriculture. MCC tracks these results closely because they are the drivers of the income gains we and our partners aim to achieve.

While these results are important indicators of success, they do not tell the whole story. We are pleased that our program outputs are on track, but we hold ourselves to a higher standard: are MCC investments increasing incomes? That is why we use independent third-party evaluators to track the results of MCC investments even after the compact ends. We are eagerly awaiting these results from our first completed compacts, but preliminary data from the field is promising.

For example, in Honduras, which was the first country to complete an MCC Compact last September, we have preliminary data from our agriculture program implementer showing that farmers who received assistance from MCC saw their annual net income rise 88 percent, from $1,880 per hectare of land cultivated using new practices to $3,550 per hectare.

I want to stress that this is preliminary data, and we will know much more when the work of our independent evaluators is completed. But it is consistent with the output- and policy-based results that we have seen and the personal stories I have heard directly from farmers and entrepreneurs with whom I have visited.

MCC and the African Growth and Opportunity Act

Next month, Zambia will host a forum to discuss the impact and future of the African Growth and Opportunity Act (AGOA), which was passed by Congress and signed into law by President Clinton in 2000.

The goal of AGOA was to create opportunities for economic growth in Africa by expanding opportunities for exports from qualifying countries to the United States. Total AGOA imports have risen from about $8

billion in 2001 to more than $44 billion last year. Excluding energy-related goods, AGOA imports last year rose to $4 billion, an increase of 18 percent over last year and nearly three times the amount in 2001. This increase is encouraging but it is not good enough.

MCC is focused on creating investment- and trade-ready environments in Africa that will help our partner countries take full advantage of AGOA-related opportunities. As recently as 2008, MCC was the largest U.S. Government source of trade-related funding for sub-Saharan Africa. MCC is placing greater focus on demand-driven strategies that connect beneficiaries to global markets. And our partner countries are already undertaking reforms to attract investment, so they have a natural head start on laying the groundwork to take advantage of AGOA.

For example, Tanzania is putting its MCC funding to work rehabilitating trunk roads that will connect the seaport of Tanga with the city of Horohoro at the Kenyan border. This investment will boost trade between Tanzania and Kenya, reducing transportation costs between these two markets and improving access to Kenya's major port of Mombasa.

In Cape Verde, MCC's investments were used to modernize the Port of Praia, which handles half of the island nation's cargo. The funds were used to establish a cargo village for storage, construct an access road, and improve security. The improvements to the port, combined with the concurrent privatization of port services, will maximize its operational capacity and productivity, promoting growth in the commerce and tourism industries.

MCC investments are also opening doors for increased trade in the landlocked country of Mali. Mali's one major airport has one of the shortest and oldest runways in West Africa. As a consequence, the volume of goods that can be safely transported in and out of the country is severely limited. Mali's MCC Compact includes rehabilitation and extension of the runway, construction of a new terminal, and a number of other airport infrastructure projects. These improvements, together with management system improvements and private sector partnerships, will improve airport security and efficiency while allowing for new small-business airport concessions that will create jobs and increase revenue. It will also allow thousands of small farmers greater access to lucrative markets.

These are just a few examples of MCC investments that are building the foundation for our African partners to take full advantage of AGOA and unlock the potential to reduce poverty through economic growth.

MCC's Subsequent Compacts Will Focus on Constraints to Investments

Entering our eighth year, MCC is beginning a new phase of innovation and partnership. As first compacts strengthen the foundation for economic growth, subsequent compacts—new MCC investments with countries that have successfully concluded their first compacts—are expected to target constraints to private investment. MCC aims to help countries like Ghana, which was reselected as a candidate country for subsequent compacts, solidify an economic growth path that attracts private investment, reducing the need for aid.

MCC's engagement with partner countries is not open-ended. MCC carefully considers the appropriate nature and duration of each country partnership based on the country's policy and implementation performance, as well as the opportunities for an impact on growth and poverty reduction. A defining characteristic of MCC's model of aid effectiveness is selectivity, both in the countries we work with and the investments we make. MCC's business model emphasizes selectivity and our mandate to partner with countries where investments will have the greatest potential returns in terms of poverty reduction and economic growth, and where U.S. taxpayer resources can be used most efficiently and effectively.

While a single compact alone cannot address all binding constraints to a country's growth or transform an entire economy, especially in Africa where many of our partners start at a much lower GDP, a subsequent compact in a country that continues to perform well has the potential to help countries change their growth path away from aid dependence and toward greater reliance on private sector investment and internally generated revenue. For the poorest countries, even the ones with the right policies in place, it may take decades of sustained growth to lift citizens out of poverty. For low-income countries like Tanzania, where the annual per capita income is $500, economists estimate that it could take over 20 years to double per capita income even if the country sustains annual per capita growth of four percent (a historically high rate).

This does not mean, however, that MCC engagement should last anywhere near that long. On the contrary, MCC's role is targeted and selective, and only the best performers will be eligible for continued, limited engagement. MCC's Board is particularly discerning when determining eligibility for follow-on partnerships. In addition to good policy performance, countries must show meaningful progress toward achieving first compact results before being considered for a subsequent compact. Of the 10 countries that will successfully conclude first compacts by the end of 2012, MCC's Board has thus far only selected three as eligible for a subsequent compact. Cape Verde was selected in Fiscal Year 2010 and Georgia and Ghana in Fiscal Year 2011.

In our approach to subsequent compact design, MCC focuses increasingly on specific constraints to investment and private sector engagement; by removing such constraints, MCC helps to expand opportunities for U.S. businesses in emerging markets. This is in line with the President's Global Development Policy directive to foster the next generation of emerging markets by encouraging broad-based economic growth and democratic governance.

MCC supports this effort by reaching out to the private sector, by grounding our investment choices in a constraints analysis that identifies specific obstacles to private sector-led growth, by introducing financial instruments designed to enhance access to capital, and by promoting innovative project content in areas of potential growth, such as alternative energy, applied technology and financial inclusiveness.

The potential to leverage MCC funding with a direct impact on investment growth serves as one of the screens for evaluation of second compact programming, in addition to MCC's mandate to promote poverty reduction through economic growth. By helping these countries solidify the progress they have made and become better integrated in the global market system, the United States is opening new investment opportunities for American firms, as well.

MCC Believes Corruption Erodes Private Sector Growth

I would like to discuss another critical topic, which is how MCC deals with corruption in potential or current partner countries. Because corruption has the power to completely undermine private sector growth—as well as any investment MCC or other donors make in developing countries—we take this issue very seriously.

MCC's approach to fighting corruption begins before we even select a country for eligibility. MCC's corruption indicator is a key part of country eligibility decisions. In fact, it is the only "hard hurdle" in the eligibility system. Our scrutiny does not stop after selection. Corruption is closely monitored as a country develops a compact and proceeds into compact implementation. MCC has a publicly available anti-fraud and corruption policy that outlines precautions that we take and describes ways of responding to any instances of corruption in a compact program. We are currently training our local MCA accountable entities on how to apply this policy and develop risk assessments for their own work.

In addition to protecting against corruption in our compacts, and assessing individual cases of corruption, MCC assesses broader patterns of government actions that undermine institutions of accountability: courts, anti-corruption commissions, auditors and the media. Governmental actions that undermine these institutions of accountability make individual instances of corruption more likely, enable corruption to flourish, and cultivate a culture of impunity. By emphasizing the institutional response, MCC incentivizes governments to take greater responsibility for rooting out corruption.

For example, MCC and several other donors made clear to the Government of Senegal that recent changes to their procurement code and the regulatory entity responsible for its oversight, in part due to legitimate national security concerns, were an accountability concern to us. In response, the government entered into discussions with donors, including MCC specifically, to address our concerns as they further revised the procurement code. Consequently, they have taken steps to amend the objectionable changes—including a January 2011 decree and a more recent draft decree under consideration by the Government of Senegal and various stakeholders. MCC is studying these amendments.

Working with some of the poorest countries in the world means working with countries that struggle with policy performance including corruption. MCC's challenge is to find the right way to pursue poverty reduction while staying true to our model of selectivity and accountability, and this is particularly true in the case of corruption.

MCC's Proposed Legislative Changes Would Strengthen an Already Strong Model

We hope to work with members of this Subcommittee again this year on passage of a package of legislative changes to MCC's current authorities, including allowing for concurrent compact authority and longer compacts in certain circumstances.

The proposed changes are based on lessons learned since MCC's creation in 2004 and will provide the flexibility needed to maximize the impact of MCC programs through more innovative approaches to development assistance.

Concurrent compact authority would allow MCC to sign separate compacts with a country based on the specific timing requirements of individual projects rather than as part of a package driven on a single timeline. Concurrent compacts would improve MCC's ability to manage our compact pipeline with greater predictability and serve as an added incentive for policy reforms in partner countries.

With concurrent compacts, the agency could move forward with projects that are investment-ready, instead of putting several projects at various stages of readiness into a single compact or delaying compact signing for a promising but less-developed project. As part of a larger, cohesive framework, concurrent compacts will allow for smaller, staggered agreements; speed implementation; improve project management by allowing countries to focus on managing fewer projects at a time; build management capacity with early projects; ease the current burden of managing large, complex compact programs; and foster innovation by allowing MCC to pursue new approaches and partnerships that will help to speed up the compact development process.

Additionally, while having definite time frames for MCC Compacts is an important best practice for effective foreign assistance, in some cases projects face implementation challenges that mean they cannot be completed within the mandated five-year period, particularly given MCC's emphasis on country-led implementation and MCC's high accountability standards. In these cases, MCC's options for responding to implementation challenges are limited by the five-year time frame. Allowing MCC, in exceptional circumstances, to extend the duration of our five-year compact period for up to two additional years would allow MCC and our partner countries to pursue a fuller set of options for managing challenges and achieving compact objectives.

MCC also has sought legislative changes aimed at ensuring that changes in countries' income categories do not necessarily prevent the agency from working with the best policy performing countries that also have populations living in extreme poverty. Each year, countries abruptly graduate from one income category to another with no transition period. Sudden shifts in income category, due in part to changes in currency exchange rates, pose serious issues for MCC. This impacts whether they can be candidates for MCC assistance at all, and changes both the policy performance standards against which they are measured and the levels of funding they can receive.

Conclusion

With that, Chairman Smith, I would like to again state my appreciation for your continued support of results-based foreign assistance, and we look forward to continuing our strong working relationship with you, Congressman Payne, and other members of the subcommittee.

I would be happy to answer any questions that you may have.

Mr. SMITH. Mr. Fine, thank you very much.

And for all of our witnesses, any additional comments, written testimony that you would want included in the record, it will be so ordered.

Let me just begin with a basic question to help the subcommittee gain a better understanding of some of the huge shifts in funding at both the country level as well as at the functional level.

I note that some countries will receive overall funding increases in excess of 20 percent, including Cameroon, DRC, Ghana, Malawi, Mali, Sudan, Swaziland, Tanzania, and Zimbabwe. Meanwhile, other countries will have existing developmental assistance programs cut by more than half, including Burundi and Guinea. And Sierra Leone's development assistance funding will be cut by some 27 percent, and Angola's will be cut by 13 percent. Development assistance programs would be eliminated in eight countries: Benin, Cameroon, Chad, Madagascar, Mauritania, Mauritius, Niger, and Togo. I mean, these are, the way I look at it, rather significant changes in how the money is allocated.

And on the functional level, just very briefly, looking at peace and security, counterterrorism is cut by 49 percent, but conflict mitigation and reconciliation is enhanced by 60 percent. You know, perhaps you could speak to, was the counterterrorism money not being efficacious or was it better utilized somewhere else, how were those decisions made?

And then, when we look at education, education is cut by 10 percent, basic education by 3, but higher education by 80 percent. Water supply and sanitation is cut by 27 percent. This is from 2010 to 2012 numbers.

And, you know, both Mr. Payne and I, since we have been in Congress, particularly on the water side, have believed, and I think very passionately, that waterborne microbes and disease attributable to contaminated water remains one of the leading killers of children, through diarrheal disease and other diseases. And I am just, you know, wondering out loud and asking you a very specific question, how that is justified.

And on the higher education piece, from $25 million to $5 million, it seems rather draconian, but perhaps there is—and I am sure there is a real method to how you are doing this.

So if you could speak to those functional accounts and how some of the money has been moved away from some countries in a total fashion, zero funding, others are getting significant and beefed-up allocations.

Mr. CARSON. Well, thank you, Mr. Chairman. Let me, first of all, not try to answer your question by going through and discussing point by point with respect to each country and each account. But we can, in fact, provide you with the rationale for what we have done. But let me try to provide a strategic overview of what we have done.

And that strategic overview is to essentially provide assistance sufficient to fund the President's key initiatives in global health, in Feed the Future, in climate change, and to ensure that there was adequate funding for those programs.

In addition to that, we have tried to provide assistance to Africa under the five major strategic categories that I outlined earlier:

Support for democracy and governance and strengthening of democratic institutions in Africa—there have been a number of elections that are forecast for Africa going forward. We want to make sure that we have resources to be able to commit to help in the democratic process.

Secondly, we have tried to provide assistance sufficient to help continue to support economic reform and economic development across the continent.

And, thirdly, we have tried to, as I say, put money into health care, which is a major initiative of the President.

We have also put money into the prevention and mitigation of conflict. And we have moved some money that was previously provided to countries on a bilateral basis under the security accounts into a regional account, which would give us more flexibility in using that money to address crises.

And then, finally, we have effectively focused on the need to work with Africa to deal with transnational and global challenges.

But we can give you, if it is insufficient now, a more detailed response as to why we did what we did in each of the countries that you have outlined, and you have outlined at least nine countries where you saw major changes.

Mr. SMITH. I appreciate that. And we will make it a part of the record, Mr. Ambassador. And I would agree that, like, in the DR Congo, for example, I note that you have increased the amount of money to some $86 million. And that is certainly needed; if this is going to be a free and fair election, we certainly have to do our part, along with other European and other African countries that will be assisting. So it isn't a matter of trying to find where best to put those moneys.

And I just want to raise and underscore the concern about the water and the importance of clean water, as well as the education piece that I mentioned earlier.

Let me ask you, with regard, any of you who would like to respond, on the trafficking issue, I have read the interim report that was put out April 5th by the Trafficking in Persons Office. And it shows some positive progress among numerous African countries, although some have not made any progress at all and have actually gone in the wrong direction.

And I am just wondering if you could speak to how well you work and interface with the TIP Office, whether or not you see overall progress in combating modern-day slavery, both sex slavery as well as labor trafficking. And, in your view, is it getting worse, has it ebbed, or is it getting better, in terms of our efforts, global efforts as well as indigenous African efforts, to stop it? And any country that you might want to highlight that might, you know, jump off the page in terms of, you know, a job well done that needs to be affirmed and reinforced.

Mr. CARSON. Let me say, Mr. Chairman, that the issues of trafficking in persons is a major priority of the Department of State, it is a major priority of the African Affairs Bureau. We work very, very closely with Ambassador Luis CdeBaca, who runs the G/TIP office at the State Department, and we work very closely with Under Secretary Maria Otero, whose office oversees the TIP program.

We believe that our interventions have, first of all, increased the awareness of African governments about the problems that they confront in trafficking in persons and that the criteria that we have put in place, including the tier rating system, has energized many African countries to take steps which we believe are important in addressing the challenges and problems that African countries face.

We believe that we have raised awareness. We have encouraged governments to pass legislation focusing on trafficking in persons, to appoint special representatives, to increase the number of investigations, and also to increase the number of prosecutions that have taken place.

South Africa is, in fact, a good example. We believed that, last year, as South Africa was preparing to host the soccer World Cup, that there would be a dramatic upsurge in trafficking in persons and in sex slavery. The South Africans indicated a willingness to put in place a law. That law is before their national assembly. But they did, in fact, undertake a number of activities that were designed to prevent trafficking in persons from becoming a problem, including the appointment of special law enforcement officers to deal with it, the creation of special child protection sites in and around soccer locations, and stepping up the prosecution of individuals who were responsible for trafficking.

This is a major concern of ours across the continent, and we take it seriously. And we continue to push African governments to acknowledge the problem, work against it, pass laws to ensure that people can be punished, and then to investigate, prosecute, convict, and jail those who were responsible. We think progress is being made, not nearly as rapidly as we would like, but it is being made.

Ms. CROMER. Thank you, Mr. Chairman.

From 2001 to 2009, we programmed about $145 million in 70 countries to address both sex and labor trafficking. We focused our efforts on prevention and protection.

In Africa, we are working in about four countries—the Democratic Republic of Congo, Zimbabwe, Mauritania, and Senegal—as the Ambassador said, to raise awareness, to better understand the issue, to enact domestic anti-trafficking legislation, and to address the needs of the victims. Today, we have two countries that are fully compliant Tier I countries—Nigeria and Mauritius—and 18 African countries that are in Tier II, making significant progress.

Mr. FINE. The U.S. has done more than anybody else to combat trafficking. And if you look at G/TIP and the scale, the grades, the score card that comes out now, that is a game-changer in Africa. I mean, people pay attention to it. It influences policy.

MCC works very closely with the State Department and with G/TIP. We coordinate with them almost on a daily basis. It is something we give a lot of attention to. And the MCC is a very valuable asset for the U.S. Government to create incentives for good policy performance, and it shows up in trafficking.

An example is Lesotho. Earlier this year, Lesotho passed an anti-trafficking law. And part of what motivated that behavior was the whole diplomacy that went around the MCC investment there.

Another example where MCC had a direct impact on government actions to do something about trafficking is in Senegal, where the government passed a law against child begging to do something

about the thousands of these young boys, the talibs, who were out begging, and that had become a corrupted, abusive practice. And they put seven of these corrupt, sort of false marabouts in prison.

Now, passing that law—or, it was a decree—making that decree and taking action against corrupt marabouts or imams would have been unthinkable 15 years ago. I mean, there was a lot of talk about it 10, 12 years ago, but nobody would have thought that the government could take that kind of courageous action in the face of an established and respected cultural practice that had been, over the years, corrupted. And, again, that action was, in part, a direct result of influence brought to bear by the State Department and MCC acting together, using the MCC as an asset to advance that dialogue.

So there are other countries where I see policy changes, where countries pay more attention to it than they would otherwise because of MCC. Mozambique is an example. And, Chairman, Mali is an example where not as much progress has been made as needs to be made but where we certainly have the government's attention.

Mr. SMITH. Thank you.

I would just note, in the interim report, the countries, especially Senegal, that you mentioned, as of April—and we will get the full report in June—have said that they have made significant progress in combating trafficking since the 2010 TIP report. So the interim report reads mostly in a very, very positive way about progress being made.

And I think leveraging the work that the Millennium Challenge Corporation does is just another way of getting good people within governments to realize the duty they have to combat this horrific scourge of modern-day slavery.

Let me just also ask—maybe, Ambassador Carson, to you—the African Union has complained that it is not being consulted on international operations on the continent. And that was primarily focused on Libya. Jean Ping made some very, you know, strong comments.

And I am wondering how our Government, particularly our Ambassador, interfaces at the AU with regards to these kinds of issues. If you could just speak to that.

Mr. CARSON. Yes, let me just say that we have tried to work closely with the African Union to enhance its ability to participate in peacekeeping and security activities on the continent. And the AU is now engaged very significantly in Somalia, where it has some 12,000 AMISOM peacekeepers, and are working without the support of the United Nations. They are also a part of the United Nation's Mission in the Sudan.

We, too, have noted Chairman Ping's statements about the desire of the AU to be consulted more closely on issues related to Libya. But we believe that the AU is just as committed as the United States and those in the international community to bringing about fundamental reforms in Libya that will lead to a democratic transition. I think that their methods and means may be different, but their objective of seeing a democratic transition in which we would see elections and full participation by all Libyans is probably exactly the same as ours.

We think that the AU has become a much more positive and constructive regional organization over the last decade. They are doing more to speak out and uphold the principles of democracy and human rights and to encourage economic reform. And we want to generally continue to encourage them in that direction.

Mr. SMITH. Let me ask three final questions and then yield for whatever time they would like to consume to my distinguished colleagues.

First, on AFRICOM, could you perhaps, Ambassador Carson, speak to its progress? I, frankly, would love to see it located on the African continent. But, short of that, we are hoping that, as it looks for a base home, that places like the joint base in New Jersey would be adequately looked at. And then, of course, that is something that I will pursue at a different venue. But let me just—how well is it working? Because, obviously, there is a great deal of cooperation among USAID and the humanitarian component of our foreign policy.

And if you could just briefly speak to the transnational crime issue. That is straight-lined from 2010 to 2012. Do you see a burgeoning problem of drugs, illicit drugs, as I mentioned in my opening comments? And is that sufficient to combat it?

And, finally, I do want to note and congratulate you on the Feed the Future and the nutrition component. The expectation here is that it would go up 186 percent, from $34.5 million to $99 million. I was at the Millennium Development kickoff last September at a First Ladies of Africa luncheon. And Lady Odinga and other first ladies spoke very eloquently about the need for the first 1,000 days—and I know the administration is working along those lines, as well—that if you care for and provide proper nutrition from the moment of conception during those first 1,000 days, the next 25,000 days of that child's life, then adult's life, will be significantly enhanced.

And we see the polar opposite of that in places where there is severe malnutrition. And nothing could be more stark than what happens in North and South Korea, where nutrition has been denied and, you know, young people are anywhere from three to five inches shorter in North Korea because of that stunted consequence of not having adequate nutrition.

I do believe strongly in the politics and the policies of inclusion. So I could commend you for ensuring that the child in utero, the child before birth gets that food, that nutrition, so that he or she, once born and as they go through their lives, have a greater quality of life because of that attention that was given to them as they were unborn. So thank you for that great initiative.

But if you could speak to AFRICOM, if you would, Mr. Ambassador.

Mr. CARSON. Mr. Chairman, you raise three issues of significance.

First of all, AFRICOM is 3 years old. It has gotten off to an excellent start. It continues to work closely with the Department of State and other agencies overseas. In most instances, it is in a supporting role. The military in Africa is an important and critical and valuable institution, but we recognize that it can do its best work

if it is under civilian, democratically elected, and constitutional control.

Our AFRICOM elements on the continent are helping to professionalize Africa's military, making them responsive to democratic control and making them the defenders of the nation rather than the predators of the nation. We think that AFRICOM is doing well.

I will not speak to the issue of headquarters location. I think, when it was established 3 years ago, there was much discussion about whether it should be on the continent. I think that was an issue that distracted it from doing the kind of job that we all want it to do.

I only note that the United States Government only has one of its combatant commands outside of the United States territorial geography, and that is the European Command. I think AFRICOM is in a good location. I leave it to DOD to determine whether it should be a different location.

With respect to transnational crime, we are very, very concerned about transnational crime. If we had been sitting in this room 20 years ago, we would not have been talking about the movement of narcotics through West Africa into Western Europe, we would not have been talking about narcotrafficking states. But yet, today, some 50 percent or more of the drugs that are landed in Western Europe transits through West Africa.

Most of this is cocaine coming out of Central America, going across the Atlantic, and taking advantage of porous borders, weak security institutions, and corruption to get into West Africa and then move on to Western Europe and, in some cases, even from Western Europe back into the United States.

One the reasons why we continue to focus on the need for strong democratic institutions and good governance is to be able to deal with issues related to crime and narcotrafficking. It is not just, however, a West African problem; it is also a problem in East Africa, as well, in a different kind of way, where the airports of Addis Ababa and Nairobi and the port of Mombassa are used as transshipment points for heroin coming out of Afghanistan and Pakistan. Because of the strong airline links and good airport facilities, we see heroin moving through those areas. And in southern Africa, we see particularly the emergence of a culture of synthetic drug manufacturing, again, moving out from there into the Middle East and Western Europe.

It is important that we work with African states to increase their level of awareness about the threat that transiting causes, about the threat that illegal money coming out of drugs causes, and undermining governments, and the need to improve their customs, police, and anti-drug authorities. We have worked very hard with African countries on this and will continue to do so.

You also raised a question about Feed the Future. Feed the Future is only in its second year, which means that it is still very, very much a new program and a new initiative. But the administration is determined to do everything that it possibly can to help Africa increase its agricultural production.

Both the President and the Secretary of State have spoken eloquently about the need to help Africa create the green agricultural revolution that helped to transform agriculture in Asia and Latin

America in the 1970s and 1980s. That agricultural revolution has largely eluded Africa, and because of that, Africa remains one of the food-dependent and deficit continents in the world.

And so there is a genuine need to help at the lower end to end hunger at the household and village level, and at the upper end to help Africa use agriculture as a basis for sustained economic development through major agricultural exports and the creation of agro-industry, not so much to compete against American markets but to go into places like the Middle East and South Asia, where there are burgeoning populations, little arable and agricultural resources, that, in fact, could benefit from larger agricultural exports from Africa.

Ms. CROMER. Thank you, Mr. Chairman.

I was just going to add, with regard to Feed the Future, that one of the criteria for selecting countries under Feed the Future is their own commitment to substantial proportions of their own resources going into agriculture and economic and social development.

In Africa, it was truly a country-owned, country-led effort, with countries developing the Comprehensive Africa Agriculture Development Programme, CAADP, which set forth their plans for agricultural development. And so this is not simply a U.S. initiative, this is a true partnership. And I think it is unique in that sense.

Mr. FINE. Feed the Future is a USAID initiative, but it is one where MCC works very closely with USAID to advance the objectives of food-secure nations. In fact, over 40 percent of our investments are in the agricultural area. And there are great examples of real tight coordination, meaningful coordination, and whole-of-government approach between USAID and MCC to ensure that investments in agriculture get the full synergy of U.S. engagement.

A good example is in Mali, where MCC is investing in an irrigation program and has converted thousands of hectares of bush, of unproductive bush land, into now thriving rice fields. And it is phenomenal to see the difference and to see hundreds of people who had no real livelihood before now become successful rice farmers, generating thousands of tons of rice.

Now, that infrastructure investment and some of the training of farmers has been done by MCC. We have an agreement with USAID where USAID's program is going to come in and work in the same area to do follow-on training with farmers and to work to make sure that the agricultural inputs, that the market linkages are all in place so that that investment is sustainable over a long term. So it is a good example of our organizations working together.

Mr. SMITH. Ranking Member Payne?

Mr. PAYNE. Thank you very much.

It is really very interesting to hear your responses to the questions.

And, as you have indicated, I think, Ambassador Carson, that it would be very difficult. I had a number of specific questions regarding why things are done in one country. First of all, we realize that there is a budget crunch; therefore, decisions have to be made. However it is—and I certainly will not ask you to try to go into the rationale for these. However, at some time in the future, could you give us a general view of how determinations are made?

For example, you take Chad and Mauritania, both are impoverished countries with a history of authoritarian and military intervention in politics. They were also among the 10 countries participating in the U.S.-led Trans-Sahara Counterterrorism Partnership, the TSCTP.

Now, I just wonder, are you concerned by, one, there is proposed cutting to bilateral economic and democracy-promotion assistance to these countries, but we are continuing or increasing the military assistance, and would the enemies of the U.S. make the U.S. seem to be more vulnerable to accusations of militarizing foreign aid in the Sahel, for example?

So, you know, there are a number of questions that some of the countries, like Niger, you know, there are 13 priority countries for the U.S. assistance in Africa as well as 5 foreign assistance priorities. In some cases, there are incongruencies, in my opinion. For example—I am not being critical. I know it just, like I said, a very difficult thing to try to figure out.

For example, you state that it is a U.S. foreign assistance priority to strengthen democratic institutions and prevent armed conflict. However, the State Department, not you, but the administrators, propose cutting the Governing Justly and Democratically program in Niger and Guinea. And these are in the middle of fragile transitions from military to civilian rule. Both of them are very, very, as you know, fragile. Niger has, as you know, a continued drought in one part of the country, water in another part. One part has had no rain for maybe a decade. But they are in the middle of this transition from military to civilian rule. As well as Sierra Leone, which, as you know, the horrible situation they had. They are in the post-conflict era.

So, you know, I just wonder how the administration proposal to cut aid in Fiscal Year 2012 to several African countries affects those U.S. policy priorities? And what is the expected impact of our bilateral relations with affected countries? Do, like, proposals in Fiscal Year 2012 aid cuts to transitional countries risk jeopardizing the fragile democratic gains?

So, you know, I could go all over the continent and pick out three or four more. But I just wondered, some basic kind of rationale, a simple one. You did say that you could deal with it later, and I don't want to spend a lot of time on—it doesn't seem like nitpicking. I mean, they are countries. But, you know, how the determination is made, other than I guess the big fact is that there is a scarcity of funds to do really what you want to do. And I certainly recognize that.

Mr. CARSON. Mr. Chairman, let me respond by not trying to go down in detail as to the rationale of all of these, but it is important to say several things.

One is, we are not trying to militarize our policies in Africa. That would be contrary to our desire to strengthen democratic institutions and promote democracy and good governance.

In all of the countries that you have mentioned—Mauritania, Niger, and Chad—over the last 2 years, we have worked enormously hard to promote better democratic institutions and governance in each one of those.

Two years ago, I personally was very much engaged with our partners in Senegal and in ECOWAS to help Mauritania move back away from a coup which had brought in a military leader to a government which is now recognized as one which is far better and which is oriented democratically. The same thing is true of Niger, where we first had a civilian usurpation of power, then a military coup d'etat, and then finally, just months ago, an election that returned that country to democratic rule.

We, in both the instance of Mauritania and in the instance of Niger, cut substantially our assistance programs because these governments had been taken over by military authorities. Both of them are now back under the control of civilian leaders.

We want to do as much as we can to continue the political and democratic progress that is under way in both of those countries, and don't look forward to reducing our assistance, but look forward to maintaining it and doing things that we previously were doing that had to be cut off. This is particularly true of Niger.

But at the same time that I say this, both of those countries border the Sahelian region, where there are issues of terrorism and politically inspired kidnapping. And we believe that it is important not only to work with these governments to strengthen their democracies and improve their economic performance, but also to assist them in dealing with the spread of al-Qaeda in the Islamic Maghreb, which has, in fact, become a problem to states in the region.

I didn't say anything about Chad. Chad has just had elections, as well. And we think that the Chadians have, themselves, done some very good things over the last 2 years in helping to defuse the tension along the Chadian-Sudan-Darfur border. But more needs to be done to help that country improve its civilian democratic institutions, as well as to live up to some of the economic potential that it has but has not yet realized.

Mr. PAYNE. Thank you very much.

I agree with you on Chad. Just the manner in which they welcomed Darfurians into an area that was challenged for water in the first place, and having the influx of hundreds of thousands of people. I went out to some of those camps when they first arrived there, and do have to give the Chadians credit for accepting them in and trying to help provide for them. We know that, like I said, President Deby has a little work to do, but I think, overall, in my opinion, that they tend in the right direction.

The question of elections—we have seen this trend in Zimbabwe where the strong man loses and then they want to have a coalition government. Now, you have always pushed that there should be—you know, this shouldn't be winner take all, and there should be some recognition for other political parties. But I was starting to get a little concerned when I started to hear not our administration but others in Cote d'Ivoire talking about, well, maybe there needs to be a shared government between Ouattara and Gbagbo, which would have certainly sent another bad trend. Even Kenya's shared government, to me, is not—the President tends, in my opinion, to have much more power than the Prime Minister, Odinga. And so I don't think that—and I am glad that the Ivoirian situation was resolved without the way of this—well, this Rodney King-type

thing, you know, we can all get along, because the one who is really in charge tends to exert most of the power.

Having said that, we have just seen a Nigerian election, which I think was better than the one 4 years ago but left a lot to be desired. I think the fact that Gbagbo had to be removed—because if that was going to be the trend with the 16 elections in 2011 and the number of important elections coming up in 2012—Liberia, Congo, DRC, Kenya, Senegal, Sudan—I don't know about Sudan, but those five—we really need to ensure that the whole democracy question moves forward.

Now, I know that the funds are not available—I think in the first election in the DRC, we, I think, had about a $30 million budget, something like that, I mean, an enormous budget. Now I hear we have maybe $2 million or $3 million or $4 million. So the outcomes are certainly—as you know, the DRC had to get South Africa to fly helicopters in to leave ballots in places that you couldn't get to. So I kind of wonder how these elections will turn out.

So I just wonder, how can the U.S. best work to ensure that the elections held in countries that benefit from less international attention go smoothly? Are we working with our partners in the EU or other donor and potential donor countries, Japanese or the Koreans, or other people to see how we can have them perhaps assist in the cost—you know, as we all know, democracy is very expensive. You know, you save a lot of money when you don't have to have elections, but that is not the right thing to do.

And so, is there any approach to try to encourage other countries to have the concern that we have and have had—great job being done by the NED all over the world.

Anyone could try to answer that.

Mr. CARSON. Congressman Payne, thank you very much for your question.

We have focused a great deal on strengthening democracy, and I think, over the last 2 years, our track record in support of that has been pretty good. Let me give you four quick examples and then talk a little bit about the Democratic Republic of the Congo.

Deputy USAID Assistant Administrator for Africa Sharon Cromer mentioned Nigeria. And Nigeria is important; it is most populous state in the continent. In 2007, it held deeply, deeply flawed elections where maybe 10 or 15 percent of the population actually cast a vote for the presidency. The elections in 2007 represented a continuing decline in electoral participation and credibility. In 1999, that country was returned to the civilian rule. Those elections were so-so; 2003, again, a decline; 2007, we are there.

We were determined to do as much as we possibly could, working with the Nigerian Electoral Commission, to ensure that the elections that took place in 2011 were a substantial and significant improvement over 2007 and 2003 and 1999. Working jointly with DFID, the British aid agency, we came up with some $35 million. Our assistance helped to fund local observation groups, to put in place a parallel vote tabulation system, to provide technical assistance of a global nature to the newly appointed electoral commissioner, Professor Jega, and to ensure that we were able to do things that would help ensure that election.

I went out to Nigeria myself during the first round of elections and traveled in three states to see for myself what had happened. And I am very pleased that Nigerians responded in very large numbers to an opportunity to vote in that country for the very first time in many years. It was not without technical hitches and problems, and it was not without violence after the second round, which was the Presidential round. But I can say that it was indeed a substantial and significant and clear improvement over what had gone on in 2007.

We pushed very hard, along with Nigerians in civil society and those in government, to help make this happen. Having done that, we cannot turn our backs on Nigeria. We have to make sure that we continue to work.

But Nigeria is not the only example. Niger, which has held successful elections this year as well, saw a return to civilian rule after approximately 15 months of military takeover. The former President, Tandja, the last civilian President there, overthrew the decision of the Supreme Court, overthrew the decision of his legislature, and overthrew the decision of many around him when his term had ended and he decided to stay on. There was a military coup, and, as a result, we were one of the very first to step in, pulling out our Peace Corps program, stopping our MCC program, and suspending our aid.

Our Ambassador took a very tough, early line and said this would not be acceptable. We also said that we would not, in fact, go back in unless there was a civilian government. Again, we stepped in, we played a useful role, working with Nigeriens who were committed to democracy in that country, working with some military officers who were determined, themselves, to move back into a civilian situation. And we also, I might add, cut off our assistance to the Nigerien military and to their participation in the Trans-Saharan Counterterrorism Program. They responded. Again, working with ECOWAS as well in this process, with General Abubakar, President Abubakar, who had led the transition to democracy in 1999 in Nigeria, worked very closely with him. Again, we were a part of that successful effort, again, working behind African initiatives.

The same thing can be said in Guinea-Conakry, where, for 50 years, under several different leaders, that country had not had a free and fair election. After the death of President Conte, a military junta came to power. But we worked very closely with ECOWAS, with President Blaise Compaoré from Burkina Faso, with the Moroccans, and also with the French to ensure that there was a transition in that government, as well. I, myself, went out and met the head of the military junta and worked with Blaise Compaoré, with the French and the Moroccans, and with ECOWAS to ensure the kind of transition that occurred there, again, driven largely by our concern about a military that was carrying out gross violations of human rights.

And let me say on the Ivory Coast, we have been extraordinarily engaged on this issue, as well. From the very, very beginning, we have said that we would not accept an arrangement in which the victor of the election, now-President Alassane Ouattara, would

have to share power with the person who stole the election—never been our position.

It is not very well known, but both President Obama and Secretary Clinton were both very clear from the very beginning. President Obama attempted to talk on two occasions with President Gbagbo early on in this crisis, in December and January, to encourage him to step aside. The effort was also made by Secretary of State Clinton, as well. We offered, among others, an opportunity for Gbagbo to leave and to step aside and even to come into the United States. We also sought friends of Mr. Gbagbo here in the United States to reach out to him. And, of course, he did not accept any of those offers.

But never, never on the table was a compromise in which we would subject him to having to do what Morgan Tsvangirai has done in Zimbabwe and, I might even add, what Prime Minister Raila Odinga has done in Kenya. It was clear that Alassane Ouattara won that election, and we stood beside and behind ECOWAS and the decision by ECOWAS that Alassane Ouattara had won that election, again, working very closely with ECOWAS and the leaderships in West Africa on this. But we were very strong behind Choi and ECOWAS and the U.N. on this issue of the Ivory Coast.

There are some 16 Presidential contests for Africa slated for this year across the continent. Many of them, like Nigeria and Niger, have already taken place, but there are other big ones coming up over the next 6 months. We expect Cameroon to be one; we expect Liberia to be another. But the next really big one will be in the Democratic Republic of the Congo.

We will focus as much political attention on trying to ensure that the elections in the Democratic Republic of the Congo are a step forward, not a step backward, in democracy, and that they, too, will provide not fewer but more Congolese to be able to participate in the process, have confidence in the elected leaders who come out of it, and can build on this set of elections coming this year to make greater progress in democracy but also open the door for development.

We are not stepping back from these. There is a strong commitment on our part to do as much as we can. It is important that democratic institutions be strengthened across the continent. They empower people economically and they empower them to unleash their ability to lean forward and to contribute to the growth of their societies.

Mr. PAYNE. Thank you very much. I think my time has expired.

I won't ask a question for an answer, but in concern about Abyei and a solution to Sudan—like I said, we don't have time for an answer—but I don't think that we should take the pressure off the Government of Khartoum until Abyei and all of those issues are resolved, because we can have something like we had in India and Pakistan going on for 60 years in the future.

Secondly, hopefully, we can keep an eye on Somalia. As you know, I have a lot of investment in Somalia. We have to maintain that whole peninsula for a democratic-elected person or we are going to have more chaos than we can ever dream of. If you think

piracy is something now, let the TFG go out of power and al-Shabaab take over with the support of al-Qaeda.

And finally, the issue of—I mentioned Sudan and Somalia. Just finally—and I am a pacifist, but I think that there ought to be some attention—Kony should not, after 22 years, still be able to roam around Africa. I think there ought to be a little SEALs project—we might want to get him alive, but that man should not be allowed for 20-something-plus years, to terrorize, to maim, to kill, to brutalize, and he still goes on. To me, he is the number one terrorist in the world.

So, like I said, I have already abused my time, so I won't ask for a question, but I just wanted to get that on the record.

Thank you.

Mr. CARSON. Let me respond very, very quickly, if I could, on Sudan.

We absolutely agree with you, Congressman Payne, that it is absolutely critical to resolve the remaining issues of the Comprehensive Peace Agreement. Abyei must be resolved. A political solution has to be found. If it is not resolved, it could become a festering sore that could lead to a new conflict. We don't want to see that happen.

The other issues that must be resolved are related to oil and wealth sharing, to citizenship and naturalization, also, to borders and the resolution of five border issues, and, finally, the issue of debt.

The clock is ticking very, very rapidly. Southern Sudan is slated to receive its independence on July 9. We are working as hard as we can under the leadership of Ambassador Princeton Lyman, who is the Secretary and the President's Special Envoy on Sudan, to resolve these issues. We are working with President Thabo Mbeki and the high-level panel, as well as with the U.N. and its Special Representative, Haile Menkerios. But we believe that it is absolutely critical that we do as much as we can to resolve all of these issues before July 9 so that they do not become festering problems that could in fact lead to new conflicts and disagreements and ongoing tension in the future.

On Somalia, we recognize the enormous problems that Somalia has caused. We see Somalia not only as an imploded state which has caused enormous problems for the Somali population, but we see Somalia as a cancer, in a sense, that has metastasized regionally, generating hundreds of thousands of Somali refugees traveling across the border into Kenya, across the Red Sea into Yemen. The number of Somalis leaving that country probably is in excess of 6,000 a month. It is also generating not only refugees but illegal trading, illegal arms movements.

But Somalia has become more than just a regional problem. That regional cancer has metastasized into a global one. And we see that manifested in multiple ways, but in the way that we see it most clearly is in the piracy on the high seas. Piracy is not a result of issues that are happening in the waters of Somalia, but because there is no government, there is no security force, there are no judges and no laws to punish pirates, but, more importantly, no economy to prevent or to have some other alternative.

But we see it also in terrorism, and the fact that there continue to be in Somalia remnants of the al-Qaeda East Africa cell that was responsible for the destruction of the American Embassies in Nairobi and Dar Salem in August 1998.

So Somalia is a domestic problem, a regional problem, and a global problem; and we need to continue to work on that. We have a dual-track strategy that we are focused on in which we are continuing to help AMISOM and help the TFG stand up. But we also are working with those local entities in south central Somalia that are not affiliated with TFG but are anti-al-Shabaab. We are looking for opportunities to work with them. And we are also stepping up our engagement in working with the regional authorities in Puntland and in Hargeisa and Somaliland. So we have not taken our eye off the ball in Somalia. It is a complex issue, but we are very much focused on trying to deal with it.

With respect to Uganda and Joseph Kony, we know that he has been around for a long time and over that period of time has caused a great deal of hardship not only in northern Uganda from where he comes but also in the northeastern part of the Congo, the Central African Republic, and even parts of southern Sudan from time to time.

Under legislation that was passed by the Congress last year, we have, in effect, stepped up our own engagement in activities and assistance to the Ugandan authorities to help them track Kony in the Congo and the Central African Republic. In the process, we have tried to help to strengthen not only the Ugandans but also the regional capacity in the Congo and also in the Central African Republic.

There are a lot of things—I won't go into them in detail—that we are doing to assist the Ugandans, and we will continue to work as effectively as we can with them and with others in the region to strengthen their capacity to go after this man and to deal with him. It is an enormous area, it is the size of Texas, and when you only have 2- or 3,000 people trying to do it, it is a difficult job. I think that over the last 2 years we have dispersed his forces and degraded his threat capacity, even though he continues to be a problem. We have to support the Ugandans as they continue to pursue him.

Mr. SMITH. Ms. Bass.

Ms. BASS. Thank you.

I wanted to ask one of the panelists to comment a little bit more about the transnational crime in Africa.

Reference was made to the cocaine trafficking from South America to West Africa, and I think you also mentioned Afghanistan and heroin traffic. I am assuming, but I don't know, that these South American cartels are responsible for the cocaine, and I was wondering who is it that is involved in the trafficking in Africa of the heroin from Afghanistan.

Mr. CARSON. The traffickers coming out of Central America are some of the same traffickers who have tried to penetrate the U.S. for many years. As our defenses have become stronger and tighter, those networks have moved across the Atlantic into West Africa and have begun to penetrate Europe and, as I say, in very small

quantities even come transatlantic from Europe into the United States.

We can have someone come up and give you a thorough briefing on it, but some of these are the same networks. The reason why we know this to be a fact is because we have worked with a number of African countries who have successfully made arrests of narcotraffickers from Central America——

Ms. BASS. Central or South? Central America?

Mr. CARSON. Central and South. And they have been turned over to Federal law enforcement officials, brought back to the United States where they have faced prosecution.

We have gotten excellent cooperation from the Liberians, from the Ghanaians, from the Sierra Leoneans; and there have been reported published cases of individuals as they have been busted for trying to suborn and to illegally influence or corrupt officials in West Africa. They have made arrests, and they have turned these individuals over to the United States.

In East Africa, the problem is very different. Again, there it is traffickers trying to take advantage of air links and networks into probably the two best airline hubs in the East African Community that have links with the Asian subcontinent and also with Europe.

And so it is just transiting and trafficking of a different sort, mainly through the airports and through the ports; and it is in fact again heroin and not cocaine.

Ms. BASS. In which countries in East Africa?

Mr. CARSON. The two that are used are, of course, the two that have the best airlines and the best airports and the best connections, and that is Ethiopia and Kenya. Because you have daily flights in and out of both of those airports into the Middle East, and they have excellent connections into Western Europe and on. So they are simply transit points for transshipment there. It is on a different level than what is happening in West Africa, which, obviously, West Africa is far more troubling and concerning.

Ms. BASS. So the administration has requested an increase in funding for transnational crime, and I wanted to know what type of programs does the new funding envision?

Mr. CARSON. Yes. The increase is quite substantial. There is a 352 percent increase. It jumps from, Fiscal Year 2010, funding of $2.2 million to over $10 million in the Fiscal Year 2012 request.

Ms. BASS. So I wanted to know what type of programs that funds. I see the increase but wanted to know what programs are envisioned for that funding and where?

Mr. CARSON. Well, let me say that it is training, it is investigation, it is forensics, it is enabling the capacity to increase border security, customs investigations, and techniques for detection both at airports and at seaports. Some of this is also used to create what are called "vetted" narcotics units, locally staffed and trained but with individuals who are highly skilled and who are able to operate against international syndicates that operate these rings.

Ms. BASS. Thank you.

Mr. SMITH. Just one final question, if I could, Mr. Ambassador.

Ethiopia, if I am not mistaken, if I am looking at this number right, is slated to get $608 million in the 2012 budget, pretty much current levels. And I am wondering, how does Ethiopia's 2009 law

that empowered the Meles government with new authorities over NGOs if those authorities received at least 10 percent of their funding from overseas, and that would include the Diaspora, how does that affect our funding for NGOs that promote human rights and democracy?

Mr. CARSON. This is a piece of legislation—I think it is the NGO Act—that we have talked with the Ethiopian Government about on a number of occasions. I myself have talked to officials at the highest level about this legislation; and we have said that we believe, in our own estimation, that it constrains the ability of NGOs to carry out the full range of activities that they would like to do and that it is a constraint. We hope that at some point this legislation will be reviewed.

But the Ethiopian Government does have it on the books, and they say that their desire is to create indigenously funded organizations and not organizations that are dependent on funds from the outside. Our belief is is that there should in fact be more latitude and that if organizations can secure outside funding for what are responsible civil society organizations that are not in contravention of any laws that are undermining the state that these things should be considered. But we talk about this issue with the Ethiopian Government.

Mr. SMITH. But I think it is clear that constraint is the design. That is why the law was enacted in the first place. How does that affect those organizations, particularly the human rights organizations, civil society organizations that want to promote true pluralism and really want to hold the government to account? Does that restrain our ability to fund those organizations?

Mr. CARSON. It certainly doesn't restrain our ability to talk with them, to engage with them, and that is important. There is nothing more powerful than an idea whose time has come.

Mr. SMITH. Victor Hugo.

Mr. CARSON. But let me just say that those organizations continue to operate in Ethiopia. They have not been barred. I suspect that many of them would like to have greater outside funding and assistance, but they continue to exist; they are not prohibited or barred. And, as I say, we have talked to the government about it and encouraged that there be more liberalization in this area.

Mr. SMITH. Can you assure us that our funding for NGOs that promote human rights, that that money is not being diverted to those organizations, NGOs that are compliant with the government and certainly maybe working in tandem with the government? We always know there are front groups that purport to be human rights organizations that fall far short of an internationally recognized——

Mr. CARSON. Mr. Chairman, I don't think our funding is being diverted at all. I think that which is given is in fact going to legitimate civil society groups who are doing a range of things. These are not just civil society groups promoting human rights but civil society groups that are doing other things, including microfinance and microcredit, and working in various other activities. But I am confident that our funding is being appropriately used and not being diverted.

Mr. SMITH. And just the last question, are there any other countries in sub-Saharan Africa that have a law similar to the NGO law in Ethiopia?

Mr. CARSON. I don't know, but I will find out.

Mr. SMITH. I appreciate that. Thank you.

The hearing is adjourned. Thank you very much to our distinguished witnesses.

[Whereupon, at 4:27 p.m., the subcommittee was adjourned.]

APPENDIX

Material Submitted for the Hearing Record

SUBCOMMITTEE HEARING NOTICE
COMMITTEE ON FOREIGN AFFAIRS
U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, D.C. 20515-0128

SUBCOMMITTEE ON AFRICA, GLOBAL HEALTH, AND HUMAN RIGHTS
Christopher H. Smith (R-NJ), Chairman

May 3, 2011

You are respectfully requested to attend an OPEN hearing of the Committee on Foreign Affairs, to be held in **Room 2172 of the Rayburn House Office Building (and available live, via the WEBCAST link on the Committee website at http://www.hcfa.house.gov):**

DATE: Tuesday, May 10, 2011

TIME: 2:00 p.m.

SUBJECT: Governance, Democracy, Human Rights, and the Millennium Challenge Corporation in Africa: The FY2012 Proposed Budget

WITNESSES: The Honorable Johnnie Carson
Assistant Secretary of State
Bureau of African Affairs
U.S. Department of State

Ms. Sharon Cromer
Senior Deputy Assistant Administrator
Bureau for Africa
U.S. Agency for International Development

Mr. Patrick Fine
Vice President for Compact Implementation
Department of Compact Operations
Millennium Challenge Corporation

By Direction of the Chairman

The Committee on Foreign Affairs seeks to make its facilities accessible to persons with disabilities. If you are in need of special accommodations, please call 202/225-5021 at least four business days in advance of the event, whenever practicable. Questions with regard to special accommodations in general (including availability of Committee materials in alternative formats and assistive listening devices) may be directed to the Committee.

COMMITTEE ON FOREIGN AFFAIRS

MINUTES OF SUBCOMMITTEE ON *Africa, Global Health, and, Human Rights* HEARING

Day *Tuesday* **Date** *May 10, 2011* **Room** *2172 Rayburn*

Starting Time *2:10 p.m.* **Ending Time** *4:26 p.m.*

Recesses *0* (____to ____) (____to ____) (____to ____) (____to ____) (____to ____) (____to ____)

Presiding Member(s)

Rep. Chris Smith

Check all of the following that apply:

Open Session ☑
Executive (closed) Session ☐
Televised ☑

Electronically Recorded (taped) ☑
Stenographic Record ☑

TITLE OF HEARING:

Governance, Democracy, Hamn Rights, and the Milenium Challenge Corporation in Africa: The FY2012 Proposed Budget

SUBCOMMITTEE MEMBERS PRESENT:

Rep. Chris Smith, Rep. Donald Payne, Rep. Ann Marie Buerkle, Rep. Karen Bass

NON-SUBCOMMITTEE MEMBERS PRESENT: *(Mark with an * if they are not members of full committee.)*

HEARING WITNESSES: Same as meeting notice attached? Yes ☑ **No** ☐
(If "no", please list below and include title, agency, department, or organization.)

STATEMENTS FOR THE RECORD: *(List any statements submitted for the record.)*

Written Statement from Mr. Carnahan
Statement on Presidential Initiatives in Africa, submitted by Mr. Carson
Statement on restrictive NGO laws in Africa, submitted by Mr. Carson

TIME SCHEDULED TO RECONVENE _____
or
TIME ADJOURNED *4:26 p.m.*

Sheri A. Gaetet
Subcommittee Staff Director

STATEMENT FOR THE RECORD
THE HONORABLE RUSS CARNAHAN (MO-03)
SUBCOMMITTEE ON AFRICA, GLOBAL HEALTH, AND HUMAN RIGHTS
U.S. HOUSE COMMITTEE ON FOREIGN AFFAIRS

Hearing on
Governance, Democracy, Human Rights, and the Millennium Challenge Corporation in Africa: The FY2012 Proposed Budget
Wednesday, April 13, 2011, 9:00 A.M.
2172 Rayburn House Office Building

Chairman Smith and Ranking Member Payne, thank you for holding this hearing on the Administration's FY'12 budget request for Africa.

All of us are keenly aware of the hardships Americans across this country face as our economy struggles to recover. It is our job to exercise stringent oversight of all our foreign aid spending and ensure taxpayer dollars yield the highest return on their investments. While some are determined to slash our diplomatic and foreign assistance budgets, I believe we must work to maximize the efficiency and effectiveness of these programs which are vital to our national and economic security.

As we consider the President's budget request for Africa, it is critical to bear in mind that investment in Africa not only saves lives through important humanitarian initiatives, it also translates to American job creation by expanding market opportunities for U.S. exporters. At a time when China and other global competitors are expanding their trade and engagements in Africa, the U.S. must remain committed to advancing our interests on the continent. Last year, I held an oversight hearing on the Feed the Future Initiative, and I look forward to hearing an update on how our investments are helping to advance sustainable trading partners on the continent.

Moreover, essential components of our foreign aid to Africa—good governance, democracy and human rights promotion, food security, and capacity building—are *security* issues, as evidenced by the unrest that has swept several North African nations since last December and has impacted regional stability and global commodity prices. Similarly, African countries on the verge of failed statehood threaten our interests, particularly those that become breeding groups for al Qaeda and other terrorist organizations. The U.S. must mobilize diplomatic and assistance tools to combat terrorism, as well as piracy, trafficking in illicit drugs and humans, illegal mineral trade, and sexual and gender based violence. Throughout all of these efforts, the U.S. must work in concert with the international community to leverage resources, especially in these tough economic times.

In closing, I'd like to thank the witnesses for their testimony and presence here today. I hope this hearing helps to maximize U.S. foreign assistance in Africa.

MATERIAL SUBMITTED FOR THE RECORD BY THE HONORABLE JOHNNIE CARSON, ASSISTANT SECRETARY OF STATE, BUREAU OF AFRICAN AFFAIRS, U.S. DEPARTMENT OF STATE

Impact of Funding for Presidential Initiatives
Support for Priority and non-Priority Countries

The FY 2012 request of $7.797 billion represents a 10 percent ($732.7 million) increase over the FY 2010 enacted total of $7.064 billion, and includes substantial resources (77 percent) for three Presidential Initiatives: Global Health ($5.4 billion), Feed the Future ($507.3 million), and Global Climate Change ($126 million).

After funding for the Presidential Initiatives is subtracted, $1.8 billion remains in discretionary funds to support non-initiative programs focused on enhancing democracy and governance and economic growth, and addressing conflict and transnational issues.

Roughly 65.9 percent ($5.1 billion) of the Africa Bureau's total FY 2012 request consists of bilateral assistance for 13 priority countries: the Democratic Republic of the Congo, Ethiopia, Ghana, Kenya, Liberia, Mali, Mozambique, Nigeria, Somalia, South Africa, Sudan, Tanzania, and Zimbabwe. [Note: The list of priority countries has since been increased to 15 with the addition of Cote d'Ivoire and South Sudan during the FY 2013 budget-building process.]

Any detailed analysis of funding shifts by country needs to take into consideration the proportion of bilateral levels that's tied to mandatory support for Presidential Initiatives. A comparison across countries of shifts in non-initiative funding from the FY 2010 enacted level to the FY 2012 request highlights the Bureau's efforts to focus and concentrate on providing adequate support to its 13 priority countries. When initiative funding levels are factored in, non-priority countries such as Cameroon, Malawi, and Swaziland rise to the top of the list as FY 2012 requests for each include substantial increases in funding for Presidential Initiatives.

FY 2012 request levels for all countries in sub-Saharan Africa were determined in the context of the overall budget development guidance provided by the Secretary. Having fewer resources available to work with meant that we had to make difficult choices for programs region-wide. Our overarching priorities were to ensure sufficient funding for each of the Presidential Initiatives, to maintain adequate funding for our 13 priority countries, and to provide resources to strengthen democracy and governance throughout the region.

African Countries-Restrictions on Non-Governmental Organizations

The most restrictive laws on non-governmental organizations (NGOs) are those which impose burdensome registration requirements, empower governmental bodies to stringently oversee the NGOs, and restrict foreign engagement with the indigenous NGOs. Within Sub-Saharan Africa, the governments of Ethiopia, Uganda, and Zimbabwe have laws which restrict NGOs in these ways. Equatorial Guinea limits political space by restricting NGOs from monitoring or promoting human rights, and by requiring NGOs to seek approval for gatherings for political purposes, if there are more than ten individuals. Angolan law prohibits NGOs from participating in all activities of state organs and electoral processes and from influencing national policy through the government of parliament.

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