

**STATE, FOREIGN OPERATIONS, AND RELATED
PROGRAMS APPROPRIATIONS FOR FISCAL
YEAR 2013**

WEDNESDAY, MARCH 14, 2012

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10:08 a.m., in room SD-226, Dirksen Senate Office Building, Hon. Patrick J. Leahy (chairman) presiding.

Present: Senators Leahy and Graham.

**UNITED STATES AGENCY FOR INTERNATIONAL
DEVELOPMENT**

STATEMENT OF RAJIV SHAH, M.D., ADMINISTRATOR

OPENING STATEMENT OF SENATOR PATRICK J. LEAHY

Senator LEAHY. Good morning Dr. Shah and thank you for being here. We will be discussing the U.S. Agency for International Development's (USAID) budget.

It has been a little more than 2 years since you became USAID Administrator, and I know you had to start addressing the serious cultural and programmatic problems you inherited that have plagued USAID for years. You have plenty to be proud of. USAID's programs have helped to improve agricultural productivity, rather than countries having to import food. USAID has increased the enrollment of girls in schools, which is extremely important. USAID has also saved countless lives from malaria and other diseases.

We also understand that in any bureaucracy as large as USAID change doesn't come easily, and so while you have made progress there is a long way to go.

We included several provisions in the Department of State, Foreign Operations, and Related Programs bill last year to support USAID's procurement reform.

We have asked USAID for recommendations of other ways the Congress could amend the Federal acquisition regulations. I have said to you privately and publicly that I am concerned that a few large U.S. contractors and nongovernmental organizations (NGOs) obtain the majority of USAID funding.

Eight years ago, the Congress created the Development Grants Program, a small fund to support innovative proposals including small, mostly local NGOs. But I see what happens so often, USAID

has taken a good idea and either failed to implement it or redesigned it in such a way that it thwarts our intent.

I think you have to fundamentally reform the way USAID does business. If the changes we have asked for simply end up shifting a whole lot of money to big contractors in developing countries, that is not the reform we seek.

A related concern is sustainability of USAID's programs. The World Bank recently analyzed the sustainability of nonsecurity assistance in Afghanistan. They estimated that by 2014 between \$1.3 billion and \$1.8 billion will be needed just to maintain and operate the programs that are currently underway.

The majority of our assistance programs are funded by USAID. There is just no way at all that an impoverished, corrupt government—and the Karzai government is corrupt—can come up with that kind of money, even if it wanted to. This concern is not limited to Afghanistan. Sustainable development became a popular slogan a decade or so ago, but we need more than slogans.

I think a lot of what USAID does is well-intentioned, but not sustainable. We hear of programs that are not pursued because program officers are afraid to try something new and may fail, and I understand that. But if USAID is unwilling to try new things, we simply end up continuing to fund projects that produce mediocre results.

Your budget requests include disproportionate amounts for Afghanistan and Iraq. That is wishful thinking.

Billions of people today live in conditions that would be condemned if they were animals living in the United States. Yet these are human beings. Corrupt leaders plunder their countries' natural resources as though they were their personal bank accounts while their people scavenge for food.

We are racing toward 9 billion people in the world. The demand for food, water, land, and electricity outstrips supply. We see what may be coming, and these are all things that you know as well as I, and you see them every day.

PREPARED STATEMENT

We want to hear from you, but first, of course, from Senator Graham, who I should point out has followed the tradition of this subcommittee where both the chairman and ranking member have worked very closely together, just as Senator Gregg and I did and Senator McConnell and I did when each one of us was either chairman or ranking member.

[The statement follows:]

PREPARED STATEMENT OF SENATOR PATRICK J. LEAHY

Welcome Dr. Shah and thank you for being here. This morning we will discuss the United States Agency for International Development's (USAID) budget request for fiscal year 2013.

It has been a little more than 2 years since you became USAID Administrator and began to address the serious cultural, management, and programmatic problems you inherited that have plagued USAID for years.

We appreciate your efforts. You are taking steps to improve efficiency and reduce costs, which are reflected in your budget request. USAID also has plenty to be proud of thanks to investments that have improved agricultural productivity, increased the enrollment of girls in school, and saved countless lives from malaria and other diseases—to name just a few examples.

We also recognize that, as much as we wish it were otherwise, as with any large government bureaucracy, change does not come easily at USAID. In fact, I would say that after 2 years and lots of hard work, you are at first base.

Last year we included several provisions to support USAID's procurement reform. We have also asked for recommendations of other ways the Congress could amend the Federal acquisition regulations, if they impose onerous or unnecessary requirements on USAID.

I have long voiced my concerns with the way a few large U.S. contractors and nongovernmental organizations (NGOs) obtain the vast majority of USAID funding. Years ago I created the Development Grants Program, a small fund to support innovative proposals of small, mostly local NGOs. But USAID has done what it does too often—take a good idea and either fail to implement it or redesign it in such a way as to thwart the original intent.

I hope you can tell us what you expect from the changes to USAID's procurement process, because they need to fundamentally reform the way USAID does business. If these changes just end up shifting resources to big contractors in developing countries that is not the reform we seek.

Another concern is the sustainability of USAID projects. The World Bank recently analyzed the sustainability of nonsecurity aid in Afghanistan and estimated that by 2014 between \$1.3 and \$1.8 billion will be needed just to maintain and operate the programs that are currently underway. The majority of those programs are funded by USAID.

There is no way that impoverished, corrupt government can come up with that kind of money even assuming it wanted to.

This concern is not limited to Afghanistan. "Sustainable development" became a popular slogan a decade or so ago, but slogans don't get you very far. USAID does a lot of good, but I worry that too much of what USAID does, while well-intentioned, is not sustainable.

We also hear of innovative projects that USAID has not pursued because program officers are afraid to try something new and fail. I understand that, but we need to balance accountability of taxpayer dollars with a willingness to try promising new approaches to development. It may make less fiscal sense to continue funding projects that produce mediocre results, than it does to fund new ideas even if it means taking some risk.

Your fiscal year 2013 budget request for USAID operating expenses and programs totals slightly less than what was enacted for fiscal year 2012, including disproportionate amounts for Afghanistan and Iraq which, in my view, are more a reflection of wishful thinking than what can be effectively used.

Today, we face similar fiscal challenges as we did last year. To those who think this budget is some kind of luxury or charity we can't afford, I would say take a look at the world around us.

Despite progress in many countries, billions of people live in conditions that would be condemned if they were animals living here, while corrupt leaders plunder the country's natural resources as if it were their personal bank account. As the Earth's population races toward 9 billion and the demand for food, water, land, and electricity outstrips supply, it does not take a rocket scientist to foresee what the future may hold.

We ignore these forces at our peril, and while USAID cannot possibly solve these problems alone we need to get the most for our money. I want us to work together to bring about the kind of transformative changes at USAID that this country, and the world, needs.

Senator LEAHY. Senator Graham.

STATEMENT OF SENATOR LINDSEY GRAHAM

Senator GRAHAM. Thank you, Mr. Chairman.

That is very true. I have enjoyed working with you and your staff. And you know, being the ranking Republican, talking about foreign assistance is not popular, in general, but I think very necessary. And I just want to say I think you have done a great job.

I think USAID is changing for the better, that you have thought outside the box, that your cooperation with the military in Afghanistan evolved over time to where USAID actually coordinates with it. Our civilian-military partnership in Afghanistan is as good as I

have seen it. We are making sure that the dollars we spend on the USAID side fits into the strategy to withdraw and transition.

In Iraq, I share Senator Leahy's concerns. I just—I am not so sure that the security footprint in Iraq can be maintained by a civilian contractor force, and I am very worried about the ability to get the dollars out the door into the hands of people and transform the country because of lack of security. And I couldn't agree with Senator Leahy more. We are going to have to redesign our footprint in Iraq.

But as far as Africa is concerned, I really enjoyed my visit over there a month or so ago. I met your people on the frontlines. Between President Clinton and President George W. Bush, we have done a very good job.

And I know Senator Leahy has been supportive of trying to get dollars from the American taxpayer to do three things—create a counterweight to China. China is all over the continent of Africa, and their desire to help the people, I think, is secondary to their desire to own the resources that the people have.

I do worry about safe havens for al Qaeda and other terrorist organizations developing in Africa. And the third thing is that make sure that our money is being spent to create economic growth in the future for American companies. We have a lot of efforts going on in Africa to deal with AIDS and malaria and other diseases where we have a transition plan.

I want people to understand that the foreign aid budget is about 1 percent of the total budget and that under Administrator Shah's guidance and Secretary Clinton, we are trying to find ways to transition. It is not an endless, perpetual amount of money being spent to combat AIDS and malaria. We are creating systems that can be sustained in Africa by local governments, by the national governments.

I applaud your efforts to come up with a transition plan. Some places would be quicker than others, but there is a desire to build people up so they can help themselves.

On food security and agriculture development, I really applaud your efforts to try to get the Europeans to be more reasonable when it comes to the use of hybrid seeds and other farming techniques that will allow Africa to double or triple their food production, just by using modern farming practices. Your association with ONE, the Gates Foundation, and faith-based organizations are the way to go.

There is a lot of goodwill from the American people, apart from their Government. There are a lot of churches involved in Africa, a lot of private foundations all over the continent that are delivering quality services, and I want to make sure that we partner with the private sector in an appropriate way.

As far as Afghanistan, sustainability is a question, but I think General Allen has a good military plan to withdraw. And post-2014, I do believe it is in our national security interest. The foreign assistance account is a tool to be used to protect America.

There are many ways to protect this country. Sometimes it is military force, but it doesn't have to be that way all the time. Sometimes it is just helping the population with devastating prob-

lems like AIDS and malaria, building up a relationship with younger people which is going to take more than 1 day.

And the chairman is right. The Karzai government is very difficult to deal with. Corruption is rampant. But having been there about a dozen times, I can tell you there is a new generation coming through the system that will have a different attitude about Afghanistan. This is going to take a while.

People from age 25 to 45 have been mentored by our military, by our civilians, and there are better days ahead in Afghanistan. We are just going to have to push through and get a new generation of leadership, and it does matter what happens in Afghanistan.

I worry tremendously about Pakistan. Pakistan, to me, is the place most likely to fall if we don't get it right in Afghanistan, and I look forward to hearing from Administrator Shah about what we can do in Pakistan with a deteriorating relationship.

When it comes to Egypt, I want to be involved and be helpful, but the Egyptian parliament has made some statements that I would say at best are unnerving. And they have got to decide what they want to be. If you want to be a country that tears up the treaty with Israel and brings disdain upon the Israeli people and basically go back into the darkness in terms of the way women live and minorities in Egypt, that will be a choice you will make, and the price will be heavy for the future of the Egyptian people.

You can have Islamic conservative governments. That is totally understandable to me. But those governments have to reach out not only to their neighbors, but the world at large and so that win foreign partnerships.

So I think you have done a very good job. We can always do better, but I look forward to hearing from you about what we can do to help you and all those in your care and guidance.

So, thank you and to those people who are out front in Iraq and Afghanistan and other places, I know you are accepting personal danger, but you are doing a good job for the country.

Senator GRAHAM. Thank you.

Senator LEAHY. Please go ahead, Dr. Shah.

SUMMARY STATEMENT OF DR. RAJIV SHAH

Dr. SHAH. Thank you, Chairman Leahy, Ranking Member Graham, members of the subcommittee.

I am honored to join you to discuss the President's fiscal year 2013 budget request for USAID. I would like to start by thanking Senator Kirk and wishing him a continued speedy recovery. He has been someone who has spent time with me and has significantly supported our efforts and our agenda and our reforms.

Chairman Leahy, Ranking Member Graham, on behalf of our agency, I really do want to thank you for the tremendous support and guidance you have offered to our agency and our efforts.

Senator Leahy, you have, as you continue to do today, challenged us to reform the way we do business, to expand the way we think about development, to be open to new partners, innovations, and new ways of solving traditional development problems. We have tried to heed that call and, I believe, have made real progress, and we will continue to stay very focused on that agenda.

Senator Graham, you have challenged us to work more effectively with our military partners, with the private sector, with the American public, including faith-based organizations. I think in all of those areas, we have taken and made real strides and will continue to stay committed to that path of engagement and cooperation.

Two years ago, President Obama and Secretary Clinton called for elevating development as part of America's national security strategy and foreign policy approach. This required us to be more effective and responsive in a broad range of priorities.

Frontline states, such as Afghanistan, Pakistan, and Iraq; quickly reacting to the political transitions in the Arab Spring; expanding our engagements in a concerted and forceful way with the private sector in order to enable them to be a counterweight to the way China and others engage in places like Africa; and to focus on delivering core results in our basic areas of business.

Avoiding food insecurity and hunger; helping to improve health, in particular helping children survive; expanding access to water and sanitation and education to kids who are vulnerable; and responding to humanitarian and complex crises. And all the while staying focused on gender issues and on expanding the access to basic democratic governance and human rights.

The President's fiscal year 2013 budget request enables us to implement an ambitious set of reforms we call USAID Forward. We have prioritized and focused and concentrated in many different parts of our overall portfolio.

In global health, we have reduced the number of places where we will work on maternal health from 64 to something closer to 40 and concentrated resources in the 24 countries where we think we can get the most lives saved for the dollars we invest.

In "Feed the Future", our signature food security effort, we have closed programs in Kosovo, Serbia, and Ukraine so we can reinvest resources in places like Tanzania, where we are seeing improved new seed varieties rapidly increase food production and a pathway to end child hunger and malnutrition.

With guidance from the Quadrennial Diplomacy and Development Review and Presidential Policy Directive on Global Development (PPD), our budget prioritizes this set of basic reforms. We have taken the call to be more innovative in our programs. We have launched grand challenges in development that have helped us reach thousands of new partners and seek innovative new proposals to lower the cost of saving lives at birth or come up with new ways to use technology to ensure that all children have the opportunity to read and achieve basic literacy outcomes.

In those two grant programs alone, we have literally reached more than 1,100 new partners who have sent in proposals and who we can now work with and engage with. We have launched the Development Innovation Ventures Fund, a portfolio of innovative investments, more than one-half of which use clear, randomized control methodologies, which is the gold standard to evaluate outcomes so we can study and learn from small and focused investments.

We have put in place a new evaluation approach that has been recognized by the American Evaluation Association as the gold standard across the Federal Government, and they have, in fact,

encouraged other agencies to adopt some of the principles and operational approaches we have put into practice.

But most important, we are trying aggressively to change the way we partner, to partner more directly and in a more collaborative way with institutions of faith that do incredible work around the world, to focus on exactly what Senator Leahy mentioned, reforming how we do procurement to work with local institutions, including setting specific targets across our more than 80 missions to ensure that we move resources to the most efficient opportunities we have.

This work, taken together, allows us to concentrate on some of our specific priorities, and I would like to spend a moment to just articulate what they are.

First, we continue to maintain a priority for the frontline states and to expand our work in the Arab Spring. I look forward to being able to discuss some of the efforts we are making in those areas, but they are, I believe, responsive to the guidance and dialogue we have had over the past 2 years in that respect.

Second, we are focused on global health. At \$7.9 billion, this is the single largest item in the foreign assistance budget. This budget, we believe, will allow us to make and live up to the President and Secretary's extraordinary commitments in this space: to expand the PEPFAR program to treat 6 million patients, thanks to a significant reduction in the cost of treatment; to expand our efforts to save children's lives by pulling together the incredibly effective President's Malaria Initiative with a number of other programs designed to improve nutrition and child survival, especially in the first 48 to 72 hours of life; and by focusing on seeking efficiencies in our maternal health programs so we could expand services while lowering costs.

Next, our priority is food security. This budget includes significant resources for the President's "Feed the Future" program. We continue to believe that food security is a national security priority, and we believe we saw that come together just these past 6 months in the Horn of Africa, where the worst drought in more than six decades affected more than 13 million people.

USAID led a significant humanitarian response across international partners, feeding more than 4.6 million individuals and saving countless lives in the process. But we know that it is more efficient and more effective to help countries transition from food aid to being able to grow their own food, have their own modern food systems and agricultural systems, and achieve self-sufficiency.

In the 20 Feed the Future priority countries, we have seen agricultural productivity go up at more than 8 times the rate that we see it in the rest of the world, with a 5.6-percent improvement in agricultural food production on an annual basis in those 20 countries.

We believe those kinds of results will help move hundreds of millions of kids out of poverty and hunger over time if we stay focused, we partner with the private sector, we use new, effective, and proven technologies, and we bring our capacity to measure results and ensure that progress is being made especially for women, who continue to provide most of the labor in these farm economies.

Finally, I would like to conclude with a thank you to our staff. Our teams work incredibly hard and take extraordinary risks. Those risks have been quite visible in recent weeks in Afghanistan, as our staff and our partners, many of whom work directly with counterparts in the Afghan Government and with civil society organizations, have had to take on new precautions to protect themselves.

But we also have colleagues taking risks in all parts of the world. And just this morning, I got an email from one of our Foreign Service nationals who works in Zimbabwe to support democracy and civil society organizations in that difficult environment.

He takes tremendous personal risks every day in order to just come to work, but he sent a note that said that he does this because he genuinely believes that the efforts we make are helping to make the world fairer and more just for his children and all of our children.

PREPARED STATEMENT

And it is really that spirit that motivates our staff, that motivates our teams, and that has led to a tremendous amount of commitment to this set of reforms that we have discussed and to these priorities. And I look forward to taking your questions.

Thank you.

[The statement follows:]

PREPARED STATEMENT OF DR. RAJIV SHAH

Thank you Chairman Leahy, Ranking Member Graham, and members of the subcommittee. I am honored to join you to discuss the President's fiscal year 2013 budget request for the United States Agency for International Development (USAID).

Two years ago, President Obama and Secretary Clinton called for elevating development as a key part of America's national security and foreign policy. Through both the Presidential Policy Directive on Global Development and the Quadrennial Diplomacy and Development Review, they made the case that the work USAID's development experts do around the globe was just as vital to America's global engagement as that of our military and diplomats.

The President's fiscal year 2013 budget request enables USAID to meet the development challenges of our time. It allows us to respond to the dramatic political transformations in the Middle East and North Africa. It helps us focus on our national security priorities in frontline states like Afghanistan, Iraq, and Pakistan. And it strengthens economic prosperity, both at home and abroad.

This budget also allows us to transform the way we do development. It helps countries feed, treat, and educate their people while strengthening their capacity to own those responsibilities for themselves. It helps our development partners increase stability and counter violent extremism. It supports those who struggle for self-determination and democracy and empowers women and girls. And it helps channel development assistance in new directions—toward private sector engagement, scientific research and innovative technologies.

I want to highlight how the investments we make in foreign assistance help our country respond to our current challenges, while delivering results that shape a safer and more prosperous future.

EFFICIENCY, TRADE OFFS, AND USAID FORWARD

While foreign assistance represents less than 1 percent of our budget, we are committed to improving our efficiency and maximizing the value of every dollar. American households around the country are tightening their belts and making difficult tradeoffs. So must we.

Even as we face new challenges around the world, our budget represents a slight reduction from fiscal year 2012.

We've prioritized, focused, and concentrated our investments across every portfolio. In global health, we propose to close out programs in Peru and Mexico as those countries take greater responsibility for the care of their own people.

We've eliminated Feed the Future programs in Kosovo, Serbia, and Ukraine and reduced support to Europe, Eurasia, and Central Asia by \$113 million to reflect shifting global priorities and progress over time by some countries toward market-based democracy.

And we're keeping our staffing and overall administrative costs at current levels, even in the midst of a major reform effort. It is through that effort that I spoke about last year—USAID Forward—that we've been able to deliver more effective and efficient results with our current staffing profile and operating budget.

Our budget prioritizes our USAID Forward suite of reforms.

That funding allows us to invest in innovative scientific research and new technologies. Last year, our support of the AIDS vaccine research through President's Emergency Plan for AIDS Relief (PEPFAR) led to the isolation of 17 novel antibodies that may hold the key to fighting the pandemic. And we're working with local scientists at the Kenyan Agricultural Research Institutes to develop new drought-resistant seed varieties of sorghum, millet and beans, as well as a vitamin-A rich, orange-fleshed sweet potato.

It helps us conduct evaluations so we know which of our development efforts are effective and which we need to scale back. The American Evaluation Association recently cited our evaluation policy as a model other Federal agencies should follow.

It allows us to partner more effectively with faith-based organizations and private companies. In fact, the Organization for Economic Co-operation and Development recognized USAID as the best amongst peers in driving private sector partnerships and investment.

And through our procurement reform efforts, among the most far-reaching and ambitious across the Federal Government, we are aggressively seeking new ways to work with host country partners instead of through more costly consultants and contractors. This effort will make our investments more sustainable and hasten our exit from countries, while cutting costs.

For instance, in Afghanistan, we invested directly in the country's Ministry of Health instead of third parties. As a result, we were able to save more than \$6 million.

That investment also strengthened the Afghan health ministry, which has expanded access to basic health services from 9 percent of the country to 64 percent. Last year, we discovered the true power of those investments; Afghanistan has had the largest gains in life expectancy and largest drops in maternal and child mortality of any country over the last 10 years.

In Senegal, we are working with the government—instead of foreign construction firms—to build middle schools at a cost of just \$200,000 each. That helps strengthen the government's ability to educate its people, but it is also significantly more cost effective than enlisting a contractor.

When we do invest money in partner governments, we do so with great care. Our agency has worked incredibly hard to develop assessments that make sure the money we invest in foreign governments is not lost due to poor financial management or corruption.

With your continued support of this effort, we can expand our investments in local systems while building the level of oversight, accountability, and transparency that working with a new and more diverse set of partners requires.

The Working Capital Fund we've requested would give us a critical tool in that effort. The Fund would align USAID's acquisition and assistance to USAID's program funding levels through a fee-for-service model, so that our oversight and stewardship is in line with our program and funding responsibilities. The result will be improved procurement planning, more cost-effective awards, and better oversight of contracts and grants.

SUPPORTING STRATEGIC PRIORITIES AND STRENGTHENING NATIONAL SECURITY

We will continue to support the growth of democracies around the world, especially in the Middle East and North Africa where the transformative events of the Arab Spring are bringing down autocratic regimes and expanding freedom.

State and USAID have requested \$770 million for a new Middle East and North Africa Incentive Fund to respond to the historical changes taking place across the region. The Fund will incentivize long-term economic, political, and trade reforms—key pillars of stability—by supporting governments that demonstrate a commitment to undergo meaningful change and empower their people. State and USAID will con-

tinue to play a major role in helping the people of this region determine their own future.

In Iraq, Afghanistan, and Pakistan USAID continues to work closely with inter-agency partners including the State and Defense departments, to move toward long-term stability, promote economic growth, and support democratic reforms. Civilians are now in the lead in Iraq, helping that country emerge as a stable, sovereign, democratic partner. Our economic assistance seeks to expand economic opportunity and improve the quality of life throughout the country, with a particular focus on health, education and private sector development. With time, Iraq's domestic revenue will continue to take the place of our assistance.

In Afghanistan, we've done work to deliver results despite incredibly difficult circumstances. We established our Accountable Assistance for Afghanistan—or A3—initiative to reduce subcontracting layers, tighten financial controls, enhance project oversight, and improve partner vetting. And with consistent feedback from the Congress we are focusing on foundational investments in economic growth, reconciliation and reintegration and capacity building, as well as to support progress in governance, rule of law, counternarcotics, agriculture, health, and education. We continue to focus on the sustainability of these investments so they ultimately become fiscally viable within the Afghan Government's own budget.

In Pakistan, our relationship is challenging and complex, but it is also critical. Our assistance continues to strengthen democratic institutions and foster stability during a difficult time. Crucial to those efforts is our work to provide electricity. Over the last 2 years, we've added as many as 1,000 megawatts to Pakistan's grid, providing power to 7 million households. We've also trained more than 70,000 businesswomen in finance and management and constructed 215 kilometers of new road in South Waziristan, expanding critical access to markets.

THE GLOBAL HEALTH INITIATIVE

Thanks in large part to the bipartisan support we've had for investments in global health, we're on track to provide life-saving assistance to more people than ever before. Although this year's budget request of \$7.9 billion for the Global Health Initiative is lower than fiscal year 2012 levels, falling costs, increased investments by partner governments, and efficiencies we've generated by integrating efforts and strengthening health systems will empower us to reach even more people.

That includes PEPFAR, which will provide life-saving drugs to those around the world afflicted with HIV and expand prevention efforts in those countries where the pandemic continues to grow. We can expand access to treatment and lift a death sentence for 6 million people in total without additional funds.

We're also increasingly providing treatment for pregnant mothers with HIV/AIDS so we can ensure their children are born healthy. And because of breakthrough research released last year, we know that putting people on treatment actually helps prevention efforts—treatment is prevention. All of these efforts are accelerating progress towards President Obama's call for an AIDS-free generation.

Our budget request also includes \$619 million for the President's Malaria Initiative, an effective way to fight child mortality. In country after country, we've shown that if we can increase the use of cheap bed nets and anti-malarial treatments, we can cut child death—from any cause, not just malaria—by as much as 30 percent. In Ethiopia, the drop in child mortality has been 50 percent.

Last year, we commissioned an external, independent evaluation of the Presidential Malaria Initiative's performance. That report praised the Initiative's effective leadership for providing "excellent and creative program management".

And we will continue to fund critical efforts in maternal and child health, voluntary family planning, nutrition, tuberculosis and neglected tropical diseases—cost-effective interventions that mean the difference between life and death.

FEED THE FUTURE

Last year, the worst drought in 60 years put more than 13.3 million people in the Horn of Africa at risk. Thanks to the humanitarian response led by the United States—and the investments we made in the past to build resilience against crises just like these—millions were spared from the worst effects of the drought.

But as is well known, providing food aid in a time of crisis is 7 to 10 times more costly than investing in better seeds, irrigation and fertilizers. If we can improve the productivity of poor farmers in partner countries, we can help them move beyond the need for food aid. And we can prevent the violence and insecurity that so often accompanies food shortages.

That's why we are requesting \$1 billion to continue funding for Feed the Future, President Obama's landmark food security initiative. These investments will help

countries develop their own agricultural economies, helping them grow and trade their way out of hunger and poverty, rather than relying on food aid.

The investments we're making are focused on country-owned strategies that can lift smallholder farmers—the majority of whom are women—out of poverty and into the productive economy. All told, the resources we're committing to Feed the Future will help millions of people break out of the ranks of the hungry and impoverished and improve the nutrition of millions of children.

We're also leveraging our dollars at every opportunity, partnering with countries that are investing in their own agricultural potential and helping companies like Walmart, General Mills, and PepsiCo bring poor farmers into their supply chain.

These investments are working.

In Haiti—where we continue to make great strides thanks to strong congressional support—we piloted a program designed to increase rice yields in the areas surrounding Port-au-Prince. Even while using fewer seeds and less water and fertilizer, Haitian farmers saw their yields increase by almost 190 percent. The farmers also cut 10 days off their normal harvest and increased profit per acre. Today, that program is being expanded to reach farmers throughout the country.

These results complement our work to cut cholera deaths to below the international standard. And we worked with the Gates Foundation to help nearly 800,000 Haitians gain access to banking services through their mobile phones.

And in Kenya, Feed the Future has helped more than 90,000 dairy farmers—more than a one-third of whom are women—increase their total income by a combined \$14 million last year. This effort is critical, since we know that sustainable agricultural development will only be possible when women and men enjoy the same access to credit, land and new technologies.

Overall, since we began the initiative in 2008, our 20 target countries have increased their total agricultural production by an average of 5.8 percent. That's over eight times higher than the global average increase of 0.7 percent.

BUILDING RESILIENCE

We all know that a changing climate will hit poor countries hardest. Our programs are aimed at building resilience among the poorest of those populations.

By investing in adaptation efforts, we can help nations cope with these drastic changes. By investing in clean energy, we can help give countries new, efficient ways to expand and grow their economies. And by investing in sustainable landscapes, we can protect and grow rainforests and landscapes that sequester carbon and stop the spread of deserts and droughts.

That work goes hand-in-hand with our efforts to expand access to clean water to people hit hard by drought. In 2010 alone, those efforts helped more than 1.35 million people get access to clean water and 2 million people access to sanitation facilities. Increasingly, we're working with countries to build water infrastructure and with communities to build rain catchments and wells to sustainably provide clean water. We're currently in the process of finalizing a strategy for our water work designed to focus and concentrate the impact of our work in this crucial area.

STRENGTHENING EDUCATION

Last year, we made some critical decisions about how we strengthen global education. Since 1995, USAID's top recipients have increased primary school enrollment by 15 percent. But even as record numbers of children enter classrooms, we have seen their quality of learning sharply drop. In some countries, 80 percent of schoolchildren can't read a single word at the end of second grade. That's not education; it's daycare.

The strategy we released last year will make sure that our assistance is focused on concrete, tangible outcomes like literacy. By 2015, we will help improve the reading skills of 100 million children.

CONCLUSION

Thanks to these smart investments, every American can be proud that their tax dollars go toward fighting hunger and easing suffering from famine and drought, expanding freedom for the oppressed and giving children the chance to live and thrive no matter where they're born.

But we shouldn't lose sight that these investments aren't just from the American people—as USAID's motto says—they're for the American people. By fighting hunger and disease, we fight the despair that can fuel violent extremism and conflict. By investing in growth and prosperity, we create stronger trade partners for our country's exports.

And above all, by extending freedom, opportunity and dignity to people throughout the world, we express our core American values and demonstrate American leadership.

Thank you.

Senator LEAHY. Thank you very much.

I have met many of these dedicated people in places all around the world where often times they are working under very difficult circumstances.

I noticed it was reported today that Thomas Lubanga, who is a rebel leader in Congo, had been captured, tried, and found guilty of outrageous crimes. Last week, 50 million people watched a YouTube video about Joseph Kony and the Lord's Resistance Army (LRA), who terrorized civilians in Central Africa for two decades.

About 12 years ago, Tim Rieser from my staff went to Uganda to see what kind of aid we could bring to families whose lives were destroyed by Joseph Kony. You have been providing humanitarian aid to the victims, including the families and children who were abducted.

USAID and State have expanded an early warning radio network for vulnerable communities. The Leahy War Victims Fund has been used to provide artificial limbs, wheelchairs, and so on. So we have been doing a lot for years, long before attention was brought to this, and I included up to \$10 million for these programs in the last appropriations bill.

I understand the administration supports expanding the State Department's Rewards for Justice program to cover war criminals like Joseph Kony. What do you plan to do with the 2012 funds that we provided you?

Dr. SHAH. Well, thank you, Sir, for the question. I want to thank you for your incredible leadership on this issue for a much longer period of time than well before YouTube was even in place.

And the Leahy War Victims Fund is one of the many tools that you have encouraged us to deploy over the past two decades to address this challenging issue including—the other tools include the international disaster assistance account and the development assistance account, both of which we have deployed aggressively over the last decade to try to meet needs that are created by an incredibly unjust situation.

The video to which you referred has been seen by so many people, and it does highlight the basic actions and approach of LRA. Our approach has been to focus on humanitarian relief and recovery in places like Northern Uganda, which are now cleared in some degree of the LRA.

We have seen internally displaced persons return to their communities, and we support those returns, providing people opportunities for education, employment, to re-enter their own economy, mostly by supporting agriculture, which is the primary economy in Northern Uganda.

But we also know that there are efforts that need to be made in the Central African Republic, in the Democratic Republic of Congo, in South Sudan. And in those areas, we have expanded our efforts to support recovery, offering psychosocial support for children, offer humanitarian assistance ranging from food and water and other basic necessities, but also cash for work opportunities to be en-

gaged in short-term employment, creating roads and helping their economies get back together.

We remain very, very focused on this issue, and I just want to thank you and our partners, partners like Catholic Relief Service that is reaching 24 communities in South Sudan. Partners like Vodacom that are helping to establish cell towers that will enable a greater degree of protection.

The program you mentioned around expanding radio access and programming to help warn communities ahead of time and a whole range of other activities, some of these things take some learning, as we are trying a lot of new things in order to offer protection to the population and to meet needs thereafter.

Senator LEAHY. Keep me posted on this, and please know that it is a priority and has been a priority for some time.

We watch our children playing safely at playgrounds—it used to be my children, now my grandchildren. It is hard to conceive of something like that happening.

Over the years, American taxpayers have provided tens of billions of dollars in economic aid to Egypt for programs administered by USAID. Very few Egyptians seem to know this. It has come out, in the last year especially, that apparently year after year the money was channeled through Egyptian Government ministries for programs that corrupt Egyptian officials took credit for.

Now we see anti-Americanism rampant in Egypt. I agree with the comments Senator Graham made about Egypt earlier.

We have seen the same thing in Pakistan after billions of dollars in United States aid went there. We are giving billions of dollars to these countries, but the American people who are paying for it often get no credit for it. A lot of it is siphoned off by corrupt officials. How do you respond?

Dr. SHAH. Well, I think our focus has been ensuring that the investments we make generate results. And I just want to start by saying that whether it is Egypt or Pakistan, I think when the American people see the actual results—28 percent of irrigated farmland in Egypt was created by USAID partnership, the water and sanitation system in Cairo, the number of girls in school, and a 30-year externally validated health student that showed the gains in women's health because of our partnerships. That said, it is critical that those gains are made more visible to people in the countries.

That is why we are working more directly with civil society organizations and with local organizations. That is why we recently looked at just what our USAID press presence is in Pakistan and found that every month there are about 1,000 references to USAID that are mostly positive in the news. That is often not enough to overwhelm the broader context, but—

Senator LEAHY. We should follow up on that because, as Senator Graham also said, getting foreign aid bills passed is not the most popular thing back home.

The Budget Control Act of 2011 includes automatic reductions in mandatory and discretionary spending beginning in 2013 if an additional \$1.2 trillion in deficit reduction is not enacted by January 15, 2013.

If no legislation is passed before 2013, the Congressional Budget Office estimates the fiscal year 2013 discretionary funding levels would be reduced by 7.8 percent. I understand the amount of the final reduction would be determined by the Office of Management and Budget using its own estimates.

What is going to be the impact of a 7.8 reduction in USAID's fiscal year 2013 budget for operations and programs, and what preparations are you taking in the event this mandatory reduction is implemented?

Dr. SHAH. Well, thank you for the question.

In terms of what impact a reduction like that would have is, as we have discussed previously, it would essentially shut down our ability to implement the reforms we are putting in place. USAID today has a \$70 million per full-time equivalent (FTE) contract oversight capacity. The standard across the Federal Government is \$35 million per FTE.

We have been trying to build up our staff, our contracts officers, our procurement capacities, taking in consideration the recommendations of the wartime contracting commissions and what we have learned about what it takes to implement serious accountability to hold our partners to account and to ensure that we are more directly engaged with the local institutions that you spoke about earlier, Sir. And our ability to do those types of things in an environment where we are cutting staff and presence and resources by that percentage would be severely impeded.

On the program side, the programs that would be most affected, I fear, are the ones that we all believe deliver some of the most extraordinary results. Efforts like our Global Health and our Feed the Future priorities since those have been the ones that have been the areas of most recent investment focus and growth.

And so, we are working hard to come up with contingency plans, but we are also hopeful that scenario will not come to pass and believe that it would be inefficient if it did.

Senator LEAHY. Well, I hope it doesn't come to pass. As a bumper sticker slogan, talking about these kind of cuts sounds great. It can be very popular, especially in a Presidential election year. The reality is something else, so that is why I raise it.

Senator Graham, please.

Senator GRAHAM. Well, I want to echo what you said about sequestration. It is the dumbest way in the world to achieve savings. It will decimate the military, \$600 billion on top of the \$480 billion we are trying to reduce spending by over the next decade. It is a blind hatchet approach to try to get our budget in balance.

You may not know the answer to this, but you can get it to us later. Of all the USAID programs from around the world, you know, every dollar that you are responsible for, what percentage of the Federal budget would you think that would equate to?

Dr. SHAH. Well under, I think State and USAID together—

Senator GRAHAM. No, just USAID.

Dr. SHAH [continuing]. Is right around 1 percent, and USAID is about one-half of that total budget, even less than one-half. So it would be probably less than one-half a percentage point.

Senator GRAHAM. Okay. Let us talk about that one-half a percentage point and what we get for it. In terms of China and Africa,

what is your assessment of the Chinese involvement in the continent of Africa?

Dr. SHAH. It has been—the defining trend in Africa over the last decade has been a rapid increase in Chinese investment and subsidy for Chinese companies to invest. Most of those investments appear to be focused on resource extractive industries, and not all of them have followed, as you would imagine, the international norms and standards around transparency, around anti-corruption, around ensuring that benefits accrue to local populations.

The United States continues to be tremendously popular, and it is——

Senator GRAHAM. Can I just stop you there?

Dr. SHAH [continuing]. In Africa because of our work.

Senator GRAHAM. In Ghana, I think we had an 80-something-percent approval rating. And when I went all over Africa, the Chinese presence was dominant. Would you agree they are making a play for the continent of Africa, the Chinese?

Dr. SHAH. Absolutely.

Senator GRAHAM. They are trying to basically gather up the natural resources of a continent blessed with a lot of natural resources, and they are doing it in a way, don't you think, Administrator Shah, that instead of focusing on the population, making sure they can benefit from these resources, they are using some unsavory tactics, to say the least. Do you agree with that?

Dr. SHAH. Absolutely. Absolutely.

Senator GRAHAM. Eighty-five percent of the people in Tanzania, I was told, have no access to power from a grid or running water. Is that correct?

Dr. SHAH. I believe so.

Senator GRAHAM. Okay. But all of them have cell phones. Just about everybody I met had a cell phone, but no running water, no power. The continent of Africa is underpowered. Is that fair to say?

Dr. SHAH. Absolutely.

Senator GRAHAM. So one of the benefits of our engagement in Africa, helping people and trying to make the governments more responsible, responsive to the people is that somebody is going to provide the resources to help the whole continent achieve power, right?

Dr. SHAH. And coupled with African investment itself, yes.

Senator GRAHAM. So I would like that to be the United States, not China. There is so much business to be done in Africa between a continent and the United States on the food side. What opportunities exist for American companies to be involved in agricultural development in Africa? Is that a good business opportunity?

Dr. SHAH. I personally believe it is probably the best agricultural business opportunity that exists over the course of 20 or 30 years. We have done a lot at USAID to work better with business and to let American businesses be part of partnerships that help to tap into an African common market that is——

Senator GRAHAM. Will that create jobs here at home?

Dr. SHAH. They absolutely do, including our programs, for instance, in Ethiopia with Pepsi that now are trying to reach 30,000 chickpea farmers, efforts to help United States entrepreneurs create and sell innovations like solar-powered flashlights to rural com-

munities. Many of those are the innovative business models of the future, and either U.S. firms and entrepreneurs will be part of that large common market as it evolves, or we will cede that ground to others.

Senator GRAHAM. Is it fair to say 10, 15, 20 years ago that AIDS was rampant throughout the continent about to take out an entire generation of people, women and children?

Dr. SHAH. Certainly, and I think people saw that the structure of the epidemic specifically killed people who were in their productive earning years and, therefore, had outsized and destructive effects on the economies in Africa.

Senator GRAHAM. And mother-to-child AIDS growth was phenomenal. The children would be infected at birth. Is that correct?

Dr. SHAH. Yes. It was one of the leading causes of child infection and then morbidity.

Senator GRAHAM. Well, between Presidents Clinton, Bush, and Obama, how would you rate our efforts to control mother-to-child AIDS transmission, and generally, are we turning a corner when it comes to AIDS in Africa?

Dr. SHAH. We are. And in fact, both the President and Secretary have made the commitment to ensure that our leadership continues to deliver in the future a generation free from AIDS. Today, we have a global commitment to completely eliminate mother-to-child transmission so no child is born with AIDS.

That means treating pregnant women and—

Senator GRAHAM. What kind of results are we getting?

Dr. SHAH. Extraordinary results in that program. It is called Preventing Mother-to-Child Transmission. That is a highly efficient way to eliminate transmission to children.

Senator GRAHAM. I had a chance to go and see the program in action in Ghana and Tanzania and South Africa, and I was just astounded what a little bit of money can do spent well.

On the malaria side, what kind of progress are we making to address this really devastating disease?

Dr. SHAH. Yes. I think the recent external data reviews of the malaria program have shown that it is by far the most cost-effective way to save a child's life on the planet.

Senator GRAHAM. Now the Gates Foundation and ONE and other organizations, they are doing things apart from the U.S. Government. Is that correct?

Dr. SHAH. They are, but also in partnership with us. And through a unique partnership with the Gates Foundation and others called the Global Alliance for Vaccines, we were able to lower the cost of new vaccines by 70 percent and expand access.

Senator GRAHAM. Well, I am going to invite you to Clemson University, where they have a logistics graduate degree program, and they are coming up with a way to deliver vaccines in a more-efficient way, the actual delivery of vaccines to the people who need them.

And we have a rule of law center we are developing at the University of South Carolina Law School, and I know USAID is very involved in rule of law development, particularly in developing frontline state nations. We will invite you down to look at that program.

And Don Gressett, who served as a detailee, has been really great. So thanks for his services.

Now when it comes to Iraq, I think Senator Leahy and I share a concern. How many people do you have in Iraq?

Dr. SHAH. Well, if you include our Foreign Service nationals, it is more than 100. If you look at just U.S. direct hires, it is closer to 40.

Senator GRAHAM. Okay. How much money are you intending to spend on Iraq?

Dr. SHAH. I would have to check the exact number. I think it was around \$200 or \$250 million.

Senator GRAHAM. What is the security environment like there now?

Dr. SHAH. I am sorry. The number for fiscal year 2013 is \$263 million. The security environment is challenging. It is more challenging today than it was 6 months ago, and of course, as we are having this transition, we are also seeking and have been on a path of transition of the USAID programs. Iraq, increasingly and appropriately, is taking on more of the costs of implementing these programs themselves.

Senator GRAHAM. Right. I just want to echo what Senator Leahy said. I think our footprint in Iraq is too big. Fourteen thousand contractors providing security, most of the money goes to security, not to the actual training of the police and other programs. And we are just going to have to re-evaluate that in light of the changes.

Now when it comes to Afghanistan, how many people do you have in Afghanistan?

Dr. SHAH. More than 400.

Senator GRAHAM. Okay. How would you evaluate the people that you interact with, younger people in Afghanistan? Do you have any insight to share with the subcommittee about what you see on the ground in terms of younger Afghan partners?

Dr. SHAH. Sure. Sir, I think that my interactions with our partners who fit that description are, of course, self-selected to be more creative, entrepreneurial, and capable. We have been impressed with the capacity of some of those individuals to lead efforts on behalf of their country.

Some are in ministries, ministries like the Ministry of Agriculture, that have implemented to great success a program that is funding small- and medium-sized agricultural entrepreneurs that will largely be the source of economic growth for the next 5 to 6 years.

Senator GRAHAM. Senator Leahy mentioned something I think is very true. If you are an American out there and you are spending all this money on Afghanistan, you see the cross being burned and the President being burned in effigy, that is certainly not reassuring.

But is there another side to Afghanistan? Are there things that do not make it on TV that we should know about and maybe be encouraged about?

Dr. SHAH. Well, there is that other side. There is this other side that is focused on the results that we have seen over the last decade. The largest reductions in maternal mortality anywhere on the planet, more than 7 million kids in school, 35 percent of whom are

girls, whereas there were none in school previously. Ten or so percent annualized growth rate, and more than 1,800 kilometers of road that were created to support that economic growth, more than tripling energy access to the population and the business population.

Those types of gains are critical to success, but the challenge going forward and as it has been the President's policy and what something USAID has really led on is ensuring that we make the shift to efforts that can be sustained over the long run.

Senator GRAHAM. Right. And we have a transition plan to put Afghans in control of Afghanistan. Is that correct?

Dr. SHAH. We do on the military side. We absolutely do on the development program side. I issued a sustainability guidance last year. We reviewed more than 65 programs. We found more than 20 that failed the sustainability review and restructured those programs to be more aligned.

Senator GRAHAM. I think that has been a great breakthrough, and I don't want to take too much more of your time here.

Now this Joseph Kony that Senator Leahy spoke about, who is—I don't know how you would describe him other than just the worst of humanity. Is the Taliban in the same league as this guy?

Dr. SHAH. The things we have seen Joseph Kony do are brutal. The things that we have seen at different points in history the Taliban do are also very, very challenging. The thing that we stay very focused on as a development agency is ensuring that we build the basis for a sustainable, inclusive, and stable society. And that is why when there were no girls in school, now having millions of girls in school is such an important accomplishment that absolutely needs to be sustained.

It is why, as we go forward with the President's policy to achieve a political and military strategy that allows us to bring troops home, we are very focused on protecting women's rights and protecting girls in particular and ensuring that we continue to support civil society and women leaders in Afghanistan, many of whom have done just extraordinary things in partnership with us over the last few years.

Senator GRAHAM. Well, thank you for your service and to all those under your command. You have done a great job.

Thanks.

Dr. SHAH. Thank you.

Senator LEAHY. Here in this subcommittee we have supported USAID's procurement reform. We included several provisions in the fiscal year 2012 bill, including 2-year availability for operating funds, funding increases for procurement staff and training, and authority for USAID to limit competition to local organizations for awards less than \$5 million.

We supported USAID's effort to change its internal procurement policies. Your budget request proposes additional legislative changes and funding. What would they do beyond what we have already done?

Dr. SHAH. Well, first, thank you, Senator, for your extraordinary and specific support for procurement reform and for ensuring that America has a development agency that is capable of delivering

value for every tax dollar that is spent in trying to make the world a better place.

That is really what this procurement reform is about. In this budget, we request a working capital fund to ensure that a small percentage of allocated resources go in a dedicated way to building out the contracting capacity and the capacity for oversight and accountability so that we continue to make the transition from very costly and sometimes Western-dominated implementation mechanisms to local institutions.

Because ultimately, our goal is to build capacity, not dependence. And ultimately, our goal is to identify those local leaders who have to have their own ownership of success, as opposed to doing things for them. And that takes effort. It takes doing risk assessments of local organizations to ensure we can protect taxpayer dollars.

It takes a more active on the ground presence to make sure we are combating corruption and ensuring that money is not lost. It takes extra effort to monitor and evaluate programs so that we can guarantee that every major investment will have an externally valid evaluation public within 3 months of completion.

Senator LEAHY. Let me give you an example of where I think you can look. There is a small NGO working in an impoverished country, a place where most people have no access to modern healthcare. They have a corrupt and repressive government, but this small NGO has been implementing successful programs to diagnose and control malaria for 20 years.

The Congress asked USAID to do more in this area. You solicited proposals. Somehow this local NGO was cut out of the picture, and two large U.S. NGOs were selected. One has experience in malaria but has never worked in the country. The other has worked in the country, but not on malaria.

I am just wondering why we fund big NGOs that have no track record in a country if we have a small NGO that has a good track record?

Dr. SHAH. Well, honestly, Sir, we got here over decades. The agency over two decades has experienced 60-percent staff attrition and a 300-plus-percent increase in its programmatic responsibilities, most notably in dangerous, wartime environments in Iraq and Afghanistan.

The combination of those two things led to contracting out of way too many core functions. Designing programs, searching for partners, engaging directly with local staff, learning about what is working, what is not working, using those learnings to then make changes and to insist on, document, and report on actual results. That is the basis of the USAID Forward reforms, but they are contingent upon our ability to rebuild the balance and rebuild our core staffing.

I thank you personally for the support for the development leadership initiative and for the new Foreign Service officers and procurement officers we have been able to hire. And I can assure you that we have focused those additional energies and resources on precisely this challenge.

Under the procurement reform, we will go from approximately 9 percent in 2009 to approximately 30 percent in 2015 in terms of

our total programmatic allocations to local institutions. And we are doing that in a careful, measured way.

Every one of our countries has specific targets for helping to achieve that global aspiration. And when we get there, we will be a much more nimble, much more-efficient enterprise.

Senator LEAHY. It worries me and it is symptomatic of other places, and there is not a limitless amount of money. For Afghanistan, Pakistan, and Iraq, the President's fiscal year 2013 budget request for USAID operations is \$331 million, plus \$84 million in overseas contingency operations funding.

That is a 35-percent increase from 2011. It is a larger percentage every year of your total operating budget. The operating budget in fiscal years 2011 and 2012 for these countries was 17 percent of USAID's operating budget. For fiscal year 2013, the budget request is 22 percent of the total.

We provided this administration and the one before it billions of dollars for Afghanistan. Think about what will happen when the funding tap dries up. You have issued a report on guidance and sustainability of assistance for Afghanistan, but your total request for fiscal year 2013, \$1.85 billion, is only \$87 million less than the fiscal year 2012 estimate.

How is that sustainable? I acknowledge in many areas the Afghans have moved forward, but with a corrupt, anti-American Government, but are we approaching a point where all of USAID is going to be in Afghanistan, Iraq, and Pakistan?

Dr. SHAH. No, Sir. I don't believe we are. I believe that in Afghanistan, we, as USAID, are a small part of the investment this country has made in lives and in dollars. We are very, very small in comparison to the overall military expenditure. But we are a big part of helping to create the conditions that will allow our troops to come home safely and quickly.

In order to live up to that mission, we have had to more than triple our staffing in Afghanistan to implement a program we call the A-Cubed, or Accountable Assistance for Afghanistan effort. We have had to go to 100-percent local cost accounting. We have had to do much more monitoring and evaluation and a significant number of program redesigns to ensure that we have a more-effective focus on sustainability.

In just the last few years, we have seen Afghan Government revenues from local collections, customs collections, and collecting revenue related to energy more than triple. That is a trend that we need to absolutely stay focused on in order to ensure there is some degree of sustainability for the gains that we have all seen.

Going forward, our focus will be sustainability, revenue collection, economic growth that is based in the agriculture and food sector for the next 5 to 7 years and the mining sector beyond that. And we believe we are putting forth budgets that will help lay the groundwork for that and allow the American people to save 10, 20 times the proposed expenditure because of our ability to draw down our troops.

Senator LEAHY. I supported our mission to go into Afghanistan because the mission was defined as to capture or kill Osama bin Laden. That was 10, 11 years ago. Shortly after that time, he apparently left Afghanistan and went elsewhere. We have been there

ever since, and it is almost as though we overlook the fact, and I hate to use the term, but it is “mission accomplished”. We got Osama bin Laden.

We have long since been supporting extensive nation-building. Perhaps I can be convinced it can succeed. I haven’t been yet.

Let me ask you one last question and then yield back to Senator Graham. For several years, USAID has been implementing a program, which was begun by the Congress, which funds partnerships between United States universities and NGOs with counterparts in China to strengthen the rule of law and environmental health and safety.

I have met some of the Chinese participants in this program.

They are impressive and courageous people. They are standing up for environmental health and safety in China. This is not the safest thing to do. Some Members of the House have held up this funding on the ground that the Chinese Government, not USAID, should pay for it and it somehow hurts American businesses.

Actually, I think it helps to level the playing field. American companies are contributing funds to support it. How do you feel about this program?

Dr. SHAH. Well, Senator, the fiscal year 2013 budget request does not include any funds for the Chinese Government. Our request is focused on assistance to Tibetan communities and to address the threats that may emanate from China with respect to pandemic diseases in a partnership with the Centers for Disease Control (CDC).

So that is what we believe the priority is and believe that, in fact, we have gone even farther and worked through entities like the Global Fund to try and create a situation where China is no longer necessarily a recipient of funds, but is more of a global donor to those types of mechanisms that help effectively prevent disease spread.

Senator LEAHY. So you don’t think there should be these partnerships between United States universities and NGOs in China to strengthen the rule of law in environmental health and safety?

Dr. SHAH. No, Sir. We do. I was just highlighting that those are not programs that run through in any way the Chinese Government. That they support—

Senator LEAHY. I understand that.

Dr. SHAH[continuing]. NGOs outside of the government. Sorry.

Senator LEAHY. Well, I am confused. Are you in favor of these programs or not?

Dr. SHAH. So I would have to come back to you on the specific program. I know that our efforts have supported NGOs in areas like human rights and rule of law outside of those efforts.

Senator LEAHY. Can you get back to me within 1 week?

Dr. SHAH. Absolutely.

Senator LEAHY. Sometimes when we ask these questions, they go—not just to you, but to everybody else—they go into some kind of a dark hole and with a feeling that perhaps there is a limited attention span on the part of some of us in the Congress. On this matter, I have a long attention span.

So if you could get back to me within 1 week?

Dr. SHAH. We certainly will. And let me also say we do support these efforts. I just want to come back with something more specific. But we will do that within 1 week.
[The information follows:]

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT PROGRAMS TO
STRENGTHEN RULE OF LAW AND ENVIRONMENTAL SAFETY IN CHINA

The United States pursues a long-term strategy vis-à-vis China to protect and promote U.S. national interests and values. United States Agency for International Development's (USAID) fiscal year 2013 budget request is limited to funds for activities that preserve the distinct Tibetan culture and promote sustainable development and environmental conservation in Tibetan communities through grants to U.S. organizations, and for health programs to address pandemic diseases.

With regard to your question about partnerships between United States universities and nongovernmental organizations (NGOs) to strengthen rule of law and environmental safety in China, consistent with congressional intent, USAID has operated programs since 2006 that focus on activities in environmental, administrative and criminal law, energy use and management, and regional trafficking in endangered species.

These programs address development challenges that have regional and international reverberations for U.S. communities and companies.

For example, USAID environmental law programs include:

- The U.S.-China Partnership for Environmental Law strengthens and improves China's environmental regulatory system through partnerships involving United States and Chinese universities, government agencies, and NGOs. The program works through collaborative partnerships and training for lawyers, scholars, law students, judges, regulators, and lawmakers.
- USAID works with the Institute for Sustainable Communities, a U.S. NGO, to establish environmental health and safety (EHS) academies to train factory managers (paid for by trainees or Chinese employers) to improve environmental safety practices for Chinese workers and communities. EHS academies help ensure that Chinese factories comply with international standards; they help to level the playing field for U.S. companies and reduce air pollution that reaches U.S. shores.

Mr. Chairman, partnerships do not stop with NGOs and universities. USAID programs in China have leveraged important contributions—financial and technical—from U.S. companies including General Electric, Honeywell, Wal-Mart, Alcoa, and Pfizer. GE alone has contributed more than \$2.8 million for USAID's China programs. The EHS academies program plans to become fully self-sustaining and serves as an example of initial USAID seed funding that leads to sustainable, long-lasting impact.

Senator LEAHY. Thank you.

Senator Graham.

Senator GRAHAM. Thank you.

And these hearings are very informative and helpful, and I will give you my 2 cents worth about Afghanistan. I agree with Senator Leahy on a lot in this effort to craft a foreign operations account that is more focused on results, that allows us to transition to country control, no matter where we are at.

But I have always believed that we are fighting an idea, not just a person, that killing bin Laden is a great accomplishment for the United States. President Obama deserves a lot of credit for making, I think, a very tough call.

But we don't want to make him larger in death than he was in life, and the way I think we have become safe in the war on terror is not just killing the leaders of terrorist organizations, but empowering those who would fight these guys in their own backyard if they could. So I have come to conclude that about 80 percent of the people in Afghanistan have absolutely no desire to go back to Taliban control because it was a miserable life.

You couldn't do anything other than what they told you you could do, and from a woman's point of view, it was just barbaric. And from the average young person's point of view, it was a miserable existence, and they have had a taste of it, and they don't want to go back.

The problem is capacity. You have got to have capacity to meet will. That is why I think we can be successful in Afghanistan because, based on my view of the country, there is a lot of will to change Afghanistan. The problem is that their government, as Senator Leahy says, is very dysfunctional. This is trying to create a democracy out of 30 years of chaos is difficult.

But when it comes to Afghanistan, how many times have you been, Director Shah?

Dr. SHAH. Well, Senator, I believe we met for the first time out there, and I appreciated that opportunity. I don't know, four, five, six? I would have to—

Senator GRAHAM. Is it your sense that the people of Afghanistan, as a collective body, want to move forward?

Dr. SHAH. That is my sense, of course.

Senator GRAHAM. Okay. And I believe it is in our national interest that they move forward. Any place they can move forward where the Taliban used to reign is a good deal. Places going back into Taliban control after an effort to squash them is probably not the right signal to send to Iran and other places.

But let us talk about Egypt. The Arab Spring to me is a defining opportunity for change in the Arab world, and people mentioned Egypt to me, and Senator Leahy and I are very much concerned about what is going on in Egypt right now. And I had high hopes for the Arab Spring.

The fact that Islamic conservatism is on the rise when you displace secular dictatorships is of no surprise to me because religious people were pretty suppressed in Libya, Tunisia, and Egypt. But what does concern me is the attitude that is emerging in some sectors of the political space in Egypt about the way to move forward.

What advice would you give this subcommittee about how to engage Egypt and the Arab Spring in general?

Dr. SHAH. Well, thank you, Senator. Thank you for your recent efforts in Egypt to help advance our approach.

You know, USAID has played a major role in Eastern Europe during political transitions and transformations and learned that it takes both time and persistence. There will be ups and downs along the way. And it takes flexibility, flexibility to invest in creating capable political processes in engaging beyond Government-to-Government engagements, but with local civil society.

In supporting the private sector so there is a more dynamic set of opportunities—

Senator GRAHAM. Is that why we need to make sure you have democracy assistance, development programs in the USAID budget?

Dr. SHAH. That is, Sir. I think those programs have been uniquely important in this setting. This budget also has a request for a \$770 million Middle East Incentive Fund that we intend—

Senator GRAHAM. Can I just point out to the subcommittee how important that fund is? Tunisia is, I think, one of the better stories in development and progress stories. They have a budget shortfall

of about \$1 billion. This fund you just acknowledged is trying to do a loan guarantee program so they can borrow money.

Do you know the status of that? Are you familiar with that at all?

Dr. SHAH. I am. I am not sure of the immediate status of that, but we have been pursuing a number of efforts there, including helping to set up an enterprise fund. And this budget includes a request for that. And a number of other efforts we have taken to build public-private partnerships with information and communications firms to create more jobs.

Senator GRAHAM. Well, I know the subcommittee here is trying to reprogram \$100 million—I can't remember from what account—to create a fund to challenge the rest of the world to invest in it as kind of a transition to your program, where we can come up with about \$1 billion to help the Tunisians get through a budget shortfall.

They seem to be very focused on reforming their economy, privatizing industries, and making a more free market situation in Tunisia. So I just want to let you know that I think the subcommittee on both sides would be very interested in trying to create some short-term assistance for Tunisia.

What is your view of Tunisia? How does it seem to be going?

Dr. SHAH. Well, I had the opportunity to visit Tunisia and a number of the senior administration officials have. We are very optimistic about and President Obama and Secretary Clinton have directed us to really do everything we can to be helpful through this transition. They are, as you mentioned, putting in place tough, but important reforms to enable entrepreneurs to start businesses easier, to access capital more effectively.

They have the potential to provide information technology services to the region and including some of the southern European countries. And so, they have benefited from partnerships we have helped establish with Microsoft and Cisco and others that will help employ more Tunisian youth.

And we have helped their local civil society organizations create processes—

Senator GRAHAM. I think they want a free trade agreement with the United States. Is that—

Dr. SHAH. I am sure they do.

Senator GRAHAM. Yes, and I think that is encouraging. So I just want to echo what you are saying about Tunisia. I think we have a good strategy, but it is imperative that we deliver quickly when it really does matter. We have got to get these loan guarantees, agreements done so they can—people are hopeful. They are ready for change, and the government has got to deliver.

And Tunisia has got an Islamic conservative coalition, but they seem to be embracing free-market economies and tolerance for minorities. So anything we can do in Egypt, Tunisia, and Libya, let us do.

So thank you. If there is anything else the subcommittee can do to help be engaged in the Arab Spring, let us know because every 6,000 years you get a chance for democracy in Egypt. I hope it doesn't pass. I hope we don't fail, and I hope more than anything else, the Egyptian people do not fail on a chance to start over.

And one last thought about Egypt. The parliament has said some things that are very chilling. It is probably more symbolic than it is substantive. But I think Senator Leahy and I, one Republican and one Democrat from different political spectrums and perspectives, really do want to engage the world in a constructive fashion. But we are not going to throw good money after bad.

And if we are not welcome and if people don't want our assistance, we are not going to force it on them. So I hope we can find a way to make Egypt a showcase of what can happen when people have free choices to make.

So thank you very much and continue the good work.

Dr. SHAH. Thank you.

Senator LEAHY. Thank you. I concur with that, too.

The thing is we all want you to be successful everywhere you are. We also know that we only have a certain amount of money available and a certain number of people. We also realize that each country is different.

Egypt, I think, is very important to that part of the world. They will have to decide what kind of government they want. I get frustrated when I see one more government that might become a theocracy. We have to watch it carefully.

I was in Cuba a couple of weeks ago, and USAID has democracy and human rights programs there. Some have been controversial here in the Congress. Certainly they create a lot of controversy in Cuba. We all want to see a democratic Cuba where human rights are respected.

I am one who feels, and in fact I have said this to Fidel and Raul Castro personally, that in some ways our embargo has been one of the best things going for them. They can have a failed economic and political system and blame it on us. What we get out of it, of course, is looking foolish to the rest of the world that a nation as powerful as the United States maintains an embargo on a country that poses no threat to us.

I don't know what benefits there are, but we have what we have. If USAID has programs in Cuba that break Cuban laws, even though they may be laws you and I would totally disagree with, there are consequences.

I do not agree with the kind of censorship that goes on in Cuba. I do not agree at all with their restrictions on the Internet and travel. I am not suggesting otherwise. I don't agree with what they do there, but neither do I agree with what we do with the embargo.

Alan Gross, who is a USAID contractor, has served 2 years as a prisoner in Cuba for implementing a USAID program. The Cubans agree that he is not a spy, that he is not anything other than a USAID contractor. But his case has become an obstacle to progress on some issues between the United States and Cuba.

Have you reviewed the program that he was involved with? Many of us will continue to work to get him released and back to his family. Have you considered expanding into areas in Cuba like private sector development?

Dr. SHAH. Thank you, Senator.

First, thank you for mentioning Alan Gross' case and for your personal efforts to help him seek freedom and be free from his current situation.

Senator LEAHY. Senator Coons of Delaware and I met with him, and then I personally raised his case with President Raul Castro, the Foreign Minister, and the head of their National Assembly.

Dr. SHAH. Well, we very much appreciate those efforts. The State Department is leading our efforts to try to negotiate his release and has been very focused on that. We have also taken some special measures to support his family through what is a very difficult situation.

We have reviewed that case, and based on that review and a more comprehensive review of our efforts, we have presented a budget request for \$15 million this year that we believe is consistent with our law. It is consistent with basic international human rights conventions. And it is focused on those areas where we think our partners are going to be able to implement some of these programs.

With respect to expanding efforts to private sector development, we are currently restricted from pursuing broad expansions in those areas. And I am very focused on making sure that if we are putting resources into something, we are confident the conditions are in place to deliver results. And it probably goes without saying under current circumstances, it seems that is not particularly the case in this situation.

Senator LEAHY. Does that include private sector development? I met with a number of people in Cuba including, ironically enough, representatives of foreign companies. These companies were from Germany, Canada, France, Mexico, and elsewhere. They all say with unity "Please keep your embargo." They want to keep the United States out of Cuba while they get a foothold.

They say it with only a little bit of a smile. But there is some private sector development in Cuba. Certainly not what you and I would want, but it is a change from just a few years ago.

Will you look at whether that is an area we could expand into?

Dr. SHAH. We will certainly look into that and look forward to learning more about your views from your trip and who you met with and what your opinions are based on that.

Thank you.

Senator LEAHY. I also went to Haiti. I have been there a number of times. I know you have. I wanted to see the progress that was made in downtown Port-au-Prince. It was different than it was a year ago. The progress is still slow, but it is more encouraging.

I met with President Martelly. In past times when I have been there, I have heard over and over from people that they want a government that cares more about the Haitian people than it does about itself, and maybe they have that now. I hope they do. I look at all the lost opportunities after the earthquake when the government could not or would not even respond, though there was an enormous amount of aid available to make life better for so many people there.

One thing that goes way beyond even housing or any other issues is the possibility of cholera. I am told that the danger remains high, and of course, if it were to happen there, it could spread to a number of other countries. The Dominican Republic, of course, as it is on the same island, but also Jamaica, Mexico, Brazil, and so on.

Do you think the Haitians are prepared to respond to another cholera epidemic?

Dr. SHAH. Senator, I appreciate your raising Haiti. I think the progress has been extraordinary, given the circumstances, and we all want to see things move faster, but take some encouragement from what is happening in agriculture and establishment of improvements in education, improvements in access to mobile banking services and other types of innovations there, and some of the bigger private investments that are creating jobs in the industrial park in the north and hotel construction in Port-au-Prince.

You mentioned President Martelly, and we continue to work closely with him, hope he will appoint a new Prime Minister soon because that is a critical position for our partnership.

Senator LEAHY. Incidentally, we urged him to move as quickly as he could on that.

Dr. SHAH. Great. And with respect to cholera, we were the major partner in rapidly moving resources to make sure that rural communities in particular had clean water, had access to medical services, oral rehydration, and brought the cholera disease, the case fatality rate down to I believe it is now 0.4 or 0.5, which is below—or 0.04, which is below the—no, I am sorry, 0.4 or 0.5, which is below the 1 percent, which is the international target.

Of course, if there is a new expansion or epidemic of cholera, that would place a tremendous amount of strain on their already-strained health services capacity. In the last situation, it was really the United States, USAID, and the CDC working together to address and tamp down cholera.

And I suspect if it were to—if it were to go out and become an epidemic again, it would again require a significant external response in order to quickly save children's lives.

Senator LEAHY. I have talked with our ambassador there who is a very, very good ambassador, but he is about to leave and going to Dubrovnik, as I understand. It is something we may want to keep watching.

Let me add one last thing on Feed the Future, and you have given more personal attention to that than anybody has. The administration has requested \$1 billion in fiscal year 2013 as part of that initiative. The first page of the Feed the Future Web site says USAID is going to help tackle global food security. Nobody would disagree with that as a goal.

We have provided more than \$2 billion for these programs. Is this a 3-, 5-, or a 10-year initiative? How will we know that we are succeeding, and what is the timeframe that you see?

Dr. SHAH. Well—

Senator LEAHY. Incidentally, I support you on this. I just want to know how we measure success.

Dr. SHAH. Thank you, Senator.

I think success for our Feed the Future partnership with countries and governments is measured in a number of ways. First, we need to make sure that other countries are also living up to the commitments that were made in 2009 at the L'Aquila summit. The United States is living up to them, and we are holding others to account in a very transparent and public way.

Second, this initiative is in part different because we asked more of our partners. We said we will do business differently, partner with the private sector, measure results, invest in local institutions. But we want to see the kind of policy reforms that will generate extraordinarily effective results.

And so, we continue to work on that aspect of the effort, and that is a critical ingredient. But the third and most important piece is we are measuring outcomes. So I can tell you today that the agricultural productivity growth rate in the countries where we are working is I think it is 5.6 percent, which is higher than the international average, which is 0.7 percent.

That is because we are investing in new technologies. We are working with women farmers. We are measuring outcomes. We have put in place a women's empowerment index, which for the first time across all partners will measure whether women are getting benefits from these programs, report on that in a very transparent way, and allow us to program against it.

And most importantly, we measure the actual outcomes we care about, families that move out of poverty and children who are malnourished chronically, and we are starting to see reductions there. And my recent favorite example is Bangladesh, which for the first time certain parts of Bangladesh are becoming self-sufficient in rice. And that is leading to improved outcomes for children's nutrition.

Senator LEAHY. Years ago, I was chairman of the Senate Agriculture Committee, and I tended to upset some of the agriculture lobbies here in the United States because I was urging that we help countries grow their own food rather than buy it, especially when it means buying food in the United States and shipping it there. Some in the farm lobby loved that, of course, because it gave them a market.

I remember there were a couple of places in Africa that I visited where they could raise food, but the market for it was 20 miles away, and the condition of the roads was so poor it would take 2 or 3 days to travel that 10 or 20 miles. Of course, for perishable produce, this didn't work.

Why don't we spend some money—we don't have to build the George Washington Parkway—to build a road like the dirt road that I live on in Vermont, where they could actually go 25, 35 miles an hour and bring the food in an hour's time to market. That is just one example.

Keep me posted what you are doing on food security. I applaud you for it.

Dr. SHAH. May I make a comment, Senator?

Senator LEAHY. Sure.

Dr. SHAH. You know, we agree entirely. I believe it is 8 to 10 times less costly to help countries achieve food security and sustainability on their own self-sufficiency, as opposed to providing food aid during emergencies. Well, of course, we are always going to be there when people are struggling.

Senator LEAHY. Well, you have a tsunami. You have an earthquake. No country can move it as quickly and easily as we can.

Dr. SHAH. That is right.

Senator LEAHY. I want people to have the ability during normal times to be able to produce their own food.

Dr. SHAH. Absolutely. The other thing I would say, Sir, is that Feed the Future is a partnership across the entire Federal Government, and Secretary Tom Vilsack and the Department of Agriculture has been a major partner, working with us to improve phytosanitary standards in Central America so food can enter into Wal-Marts, value chains there, which is helping to move thousands of farmers out of poverty.

We have partnered to address wheat rust, which is a disease in wheat that is starting to expand in Eastern Africa and threatens the food supply there, but could easily threaten the food supply anywhere else in the world. And our partnerships are helping to create international research efforts that are very modern and very effective and, ultimately, offer very direct protections for American farmers as well.

The food supply is just much more interconnected today than it ever has been.

ADDITIONAL COMMITTEE QUESTIONS

Senator LEAHY. A stable food supply will bring countries that much further toward having a stable government and democracy.

I will keep the record open for 1 week for the submission of written questions.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR PATRICK J. LEAHY

AFGHANISTAN, PAKISTAN, AND IRAQ OPERATIONS

Question. The President's fiscal year 2013 budget request for United States Agency for International Development (USAID) operations in Afghanistan, Pakistan, and Iraq operations total \$331 million, including \$84 million in Overseas Contingency Operations funding. This is 35-percent higher than fiscal year 2011. Not only does the cost for USAID operations in these three countries continue to rise, it is becoming a larger percentage of USAID's total operating budget. In fiscal year 2011 and 2012 the operating cost for these countries was 17 percent of USAID's total operating budget, and in fiscal year 2013 the cost is 22 percent of the total.

How does this make sense given all the obstacles to implementing sustainable programs in these countries, and the pressing needs in so many other parts of the world?

Answer. The fiscal year 2013 budget request for the Frontline States of Afghanistan, Pakistan, and Iraq reflects the level needed to maintain current on-going operations in countries critical to our national security. The fiscal year 2013 Operating Expense (OE) request for these countries is based on the most recent projections for security and other operational conditions and is not a result of new programs or staffing increases above approved levels. Since USAID's overall fiscal year 2013 OE request is a relative straight line of the fiscal year 2012 appropriation, as security and other operating costs increase in the Frontline States it takes up a larger percentage of the USAID's total operational budget. As an agency, we have made the necessary trade-offs to fully support operational requirements in countries that are critical to our national security.

Development assistance to Afghanistan and Pakistan remains a critical component to supporting our core U.S. national security objective to disrupt, dismantle, and defeat al Qaeda, as well as to deny safe haven to it and its affiliates in the region. The fiscal year 2013 OE request for Afghanistan and Pakistan reflects the cost of implementing and providing proper oversight of the program funds appropriated in prior years. We must provide and maintain a high level of oversight in order to prevent waste, fraud, and abuse. Given a vastly improved recruiting and

hiring process it was only this fiscal year that USAID reached the full approved civilian surge level of 333 OE funded American staff on the ground in Afghanistan. As a result of reaching the full approved staffing level this year, the fiscal year 2013 budget request represents the first time USAID has fully budgeted for the civilian surge for an entire fiscal year. The full approved staff level of 333 OE-funded Americans includes a tripling of oversight staff, contract officers, comptrollers/financial management officers, and lawyers. We have also increased the number of field officers outside of Kabul, all of whom are working to improve project performance and oversight of U.S. taxpayer funds. USAID, working with State and the National Security Council-coordinated interagency process, is in the process of determining the most-effective transition of staff levels in fiscal year 2013 and 2014 ensuring that the staffing levels support the overall transition and the administration's civilian assistance objectives.

In Pakistan, the staffing levels reflect the tripling of assistance since fiscal year 2008 in support of our core objectives in the region. We have increased the number of critical oversight staff (i.e., contracting officers, financial management officers, and lawyers). The increased number of United States staff also reflects United States presence in the Consulates in Lahore, Karachi, and Peshawar in order to increase the oversight and effectiveness of assistance program implementation. As assistance levels have tripled since fiscal year 2008, we have doubled the number of United States direct hire and Pakistani staff over that same period in order to improve oversight. USAID's operational costs are increasing as the embassy and USAID address security concerns and other operational challenges.

Based on the most recent projection for operations in the current fiscal year as reported in the Congressional Budget Justification (CBJ), USAID operating requirements in fiscal year 2012 were revised downward from \$75.3 to \$53.8 million. For fiscal year 2013, the budget request for Iraq is \$66.2 million, which accounts for USAID now paying life-support costs for mission personnel through the Department of State's International Cooperative Administrative Support Services (ICASS) program, the costs of and estimates for which can vary frequently. However, USAID's actual operating costs for fiscal year 2014 are likely to continue trending downward due to both operational efficiencies and changing circumstances on the ground in Iraq.

AFGHANISTAN SUSTAINABILITY

Question. For years this administration and the one before it has provided billions of dollars in aid to Afghanistan with little thought for how the programs would be maintained once the funding tap dries up. I was encouraged that in June 2011, USAID announced its "Guidance on Sustainability of Assistance for Afghanistan". Yet your total budget request for the Economic Support Fund for Afghanistan for fiscal year 2013—\$1.85 billion—is only \$87 million less than the current fiscal year 2012 estimate. Given how Afghanistan looks today I do not consider \$1.85 billion a "sustainable" level. How has this guidance influenced USAID's programs?

Answer. The Administrator's Sustainability Guidance is reflected in the significant changes in programming that we have undertaken in Afghanistan. A major phase of the interagency sustainability review of USAID's Afghanistan program recently concluded. USAID also conducted the sustainability review in consultation with the Afghan Government and in collaboration with other donors.

While the overall level of spending in fiscal year 2013 is roughly in line with the fiscal year 2012 enacted level, that funding level is consistent with U.S. Government and expert views, including those of the World Bank, as to what is necessary to lay a foundation for an economically sustainable, post-transition Afghanistan. As a result of USAID's sustainability review, the country program is focused on fostering economic growth; enabling increasingly effective governance; and fostering a more resilient and capable population able to advocate for government services. If funding were to decline dramatically in fiscal year 2013, we believe there would be negative effects on both the transition in 2014 and on the viability of the gains in civilian development.

Consistent with the principles of sustainability, USAID will continue to increase the proportion of its on-budget assistance to the Afghan Government, contingent upon the proper oversight and requisite safeguards, while drawing down investments in less sustainable forms of assistance.

USAID will also continue the next phase of the sustainability review with the Afghan Government to ensure that programming reflects shared priorities, and that programs not addressing core objectives are phased down, eliminated, or assumed by other donors. For instance, the economy of Afghanistan lacks trained and skilled workers. Therefore, our assistance will increasingly focus on higher education and

vocational training to ensure Afghanistan has the workforce required to grow its economy over the critical transition years.

We are also focusing on strengthening government capacity to maintain roads, bridges, schools, and other infrastructure built over the last 10 years, rather than continuing to build new infrastructure. We are targeting economic growth and agriculture investments towards provinces where economic zones can generate the greatest number of private sector led business and job growth. In addition, we are reorienting our “clear/hold” stabilization programing from 17 provinces down to the 9 that are most critical for the counterinsurgency effort. Finally, we are focusing our efforts in health and basic education on consolidating and maintaining the gains that have been made in these sectors rather than on expansion.

PAKISTAN

Question. Since 9/11 we have spent billions of dollars in Pakistan. Most has been military aid, but several billions have been for humanitarian and development programs administered by USAID. Yet the Pakistani people’s view of the United States does not seem to have improved at all. In fact it may be worse.

Are the programs we are funding in Pakistan sustainable; what are you doing to strengthen civilian democracy in Pakistan and with what results; and why has all this aid had so little impact on the Pakistanis’ opinion of the United States?

Answer.

SUSTAINABILITY AND CIVILIAN DEMOCRACY

After a careful review of the Pakistan assistance portfolio during the first half of 2011, we have determined that it remains in the United States interest to continue to provide civilian assistance which addresses the priorities of the Pakistani people and their democratically elected representatives. Continuation of civilian assistance remains an important tool to furthering our objective of building more capable civilian state institutions, fostering economic growth, and building non-state institutions that can serve as checks on political and military power. It also demonstrates United States staying power in the region by empowering the middle class and other drivers of long-term change in Pakistan. Despite challenges, over the long-term, a tolerant, democratic, and economically stable Pakistan both benefits the Pakistani people and advances United States national security, as well as security in the region.

Our approach of providing a substantial percentage of the country program in the form of local direct assistance contributes to sustainability by strengthening the capacity of those ministries of the Government of Pakistan, in provincial government, and in other important entities with whom we work, such as the FATA Secretariat. Similarly, our work with Pakistani nongovernmental organizations (NGO) builds capacity and sustainability in civil society. For example, we have worked closely with the FATA Secretariat to strengthen their financial management and procurement mechanisms, but more broadly strengthen their ability to communicate with constituents and be more responsive to the people of the FATA. Another example is our work in Sindh Province. USAID will be helping the Sindh Department of Education manage resources and monitor school construction. This is essential to ensuring results can be maintained and local governments can become responsible for service delivery.

Beyond governmental capacity-building, our multi-sectoral strategy aims to build long-term sustainability within important sectors, such as the energy sector. The U.S. Signature Energy Program in Pakistan has invested in policy reform, capacity building and efficiency improvements to reduce power losses and increase revenues, as well as targeted infrastructure investments to increase electricity generation. This effort has yielded significant results. By the end of 2013, these investments will have added 900 megawatts (MW) of power to the grid, including the completion of the Gomal Zam Dam in South Waziristan, one of Pakistan’s restive tribal areas. Going forward, we will continue to support infrastructure projects but, complementing those infrastructure programs, U.S. efforts will also help GOP institutions build the capacity needed to manage the power sector effectively and implement policy reforms that will strengthen commercial performance in the short-term and increase access to power in the mid- to long-term. These efforts will be undertaken through ongoing technical assistance and implementation of improved commercial operation of power distribution companies and demand-side load management initiatives.

We will also continue important cross-cutting activities that strengthen governance, transparency, and gender equality through programs such as the Political Par-

ties Development Program, the Anti-Fraud Hotline, and the Gender Equity Program.

In addition, we are working to expand the ability of civil society to engage in government oversight and policy advocacy, combat corruption, improve the status of women, and address the pressing needs of communities. For example, the Political Parties Development Program will work to improve the democratic performance of political parties to strengthen their ability to address constituent needs and grassroots concerns by helping parties conduct their own research, analysis, and training for the formulation of increasingly responsive and informed platforms and policies, as well as implement internationally recognized standards for internal democracy and transparency. This work builds on previous USAID investment in Pakistan's democracy and governance that continues to provide long-term sustainable benefits. For example, USAID's prior work with the Election Commission of Pakistan, including improving and updating Pakistan's voter registry, will be essential to the integrity and legitimacy of upcoming general elections that are due no later than May 2013. Those elections would mark the first civilian transfer of power in Pakistan's history.

PUBLIC OPINION

Pakistani public opinion of the United States has historically been extremely low for a variety of reasons. During 2011, several events occurred—Wiki Leaks, the Raymond Davis incident, May 2, and the November cross-border incident—that have provided further challenges to the effort to improve Pakistani public opinion of the United States.

We have continued to implement a strong branding policy in Pakistan, as detailed in a briefing provided for your staff last year. In 2012, USAID will focus efforts on raising Pakistani awareness of United States assistance. A recent USAID-funded study suggests that 64 percent of Pakistanis are not aware of USAID at all and 86 percent are not aware of specific USAID projects.

While USAID does not anticipate that increased awareness of United States civilian assistance will dramatically change historic trends in Pakistani public opinion of the United States, we believe increased awareness can have a long-term impact on public opinion. Past experience shows that greater awareness of U.S. civilian assistance does help improve overall perceptions of the United States.

Accordingly, USAID is working closely with the Embassy Islamabad Public Affairs Section to positively message United States civilian assistance and increase Pakistani public awareness. The USAID mission in Pakistan has contracted with one of Pakistan's leading media groups to design and implement integrated information campaigns, primarily using television and radio as a vehicle. USAID runs a weekly Urdu language radio show that features USAID projects in Pakistan and is broadcast across 70 percent of the country. We have also created a series of documentaries about our projects, which are being broadcast on local TV stations. Additionally, USAID has engaged a local research company to conduct public opinion research that will be used to inform our strategic communications efforts and evaluate its effectiveness.

While our relationship with Pakistan is complex, Pakistan's future remains vital to our national security and regional interests. As challenging as the last year has been, we have many shared interests, and it is important we continue to find a way to act on those interests, even as we work through difficult issues.

CUTS IN GLOBAL HEALTH FUNDING

Question. The President proposes to cut funding for the neglected tropical disease program from \$89 million in fiscal year 2012 to \$67 million in fiscal year 2013. These diseases afflict the poorest people in the world. I am told that more than 532 million neglected tropical disease treatments have been distributed in 21 countries since fiscal year 2006, but this cut would cause a sharp drop in the number of people treated and in the number of countries served. The President also proposes to cut funding for maternal and child health by \$27 million, and for malaria programs by \$31 million. We have worked hard for years to build up these programs. Why do these cuts make sense?

Answer. In light of the constrained fiscal environment, USAID made difficult decisions in the development of the fiscal year 2013 budget.

For the Neglected Tropical Disease (NTD) program, USAID remains committed to the control of NTDs and the advances made by this program and will strategically plan resources to ensure the greatest outcomes of the funding provided for this purpose.

USAID's NTD program has expanded from five countries, when the program began in 2006, to 20 countries in 2012. To date, the program has delivered more than 500 million NTD treatments to 200 million people. Documentation of control and elimination of the targeted diseases on a district-level basis is now underway. In order to continue toward national level control and elimination, USAID will continue to prioritize those countries closest to elimination.

USAID's NTD program leverages billions of dollars' worth of pharmaceutical donations each year. Pharmaceutical partners have significantly increased their donations because of the demand USAID's support for treatment programs has created. USAID will continue to advocate for other partners to increase their support and commitments to NTDs so the gains made to date are not lost and we can continue to maximize the leverage from these pharmaceutical partners.

Every year in developing countries, 7.6 million children younger than age of 5 die, two-thirds of which are preventable. USAID goals are to reduce under-5 mortality by 35 percent and maternal mortality by 30 percent across assisted countries. Substantial mortality reduction for mothers and children in the developing world is the result of a strategic use of resources from donors, governments, and families themselves. Mortality reductions are achieved by USAID investments in maternal and child health (MCH), malaria, nutrition, and family planning programs. USAID's maternal and child health resources are focused in the 24 MCH priority countries under the Global Health Initiative, which account for more than 70 percent of under-5 mortality.

In fiscal year 2013, USAID will expand investment in vaccines through our contribution to the Global Alliance for Vaccines and Immunization (GAVI Alliance), where the U.S. Government will take advantage of the ability to leverage resources from other donors and increase the effectiveness of this investment. Immunization programs presently prevent approximately 2.5 million under-5 deaths each year. By expanding the coverage of existing vaccines and introducing new immunizations, we believe we can save the lives of 4 million children over just the next 5 years. To do this, we need to deliver routine vaccines in new combinations, as well as introduce new vaccines against childhood killers, which includes acute respiratory infections and diarrheal disease to all children, and especially hard to reach children who are presently not receiving any vaccinations. The impact of the new pneumococcal conjugate vaccine, which protects against acute respiratory infections, could reduce the deaths from childhood pneumonia by up to 500,000 every year. Similarly, the rotavirus vaccine that combats diarrhea could save 300,000 children who die every year from extreme diarrhea.

Fiscal year 2012 increases in funding for the President's Malaria Initiative (PMI) have allowed for the expansion of activities and geographic coverage within both Nigeria and the Democratic Republic of the Congo (DRC), which together account for almost one-half of all malaria cases in Africa, while maintaining coverage and sustaining gains in the remaining PMI countries. Further expansion of program activities in Nigeria and the DRC will be possible with the fiscal year 2013 budget request level. PMI will continue to collaborate closely with other donors and partners to seek cost savings and sustain the gains achieved in focus countries.

JOSEPH KONY AND THE LORD'S RESISTANCE ARMY

Question. Your fiscal year 2013 budget request does not mention the Lord's Resistance Army (LRA) or anything about implementing the LRA Disarmament and Recovery Act. Is that an oversight? What more could be done to help Kony's victims recover, to support the early warning network and the disarmament and reintegration of former LRA combatants, especially child soldiers?

Answer. While a specific LRA line item is not included in the fiscal year 2013 budget, USAID will continue to assist those affected by the LRA in Uganda, the Central African Republic (CAR), the Democratic Republic of the Congo (DRC), and South Sudan with humanitarian and development assistance in fiscal year 2013. USAID's fiscal year 2013 CBJ includes approximately \$82 million for reintegration, recovery and development of conflict-affected populations in Northern Uganda, including 1.8 million people who had been displaced by the LRA. USAID's fiscal year 2013 budget request also includes funding for development programs in South Sudan, a portion of which will be in LRA-affected areas (the southwestern region of the country) and could benefit individuals affected by LRA violence. USAID assistance in Western Equatoria State includes construction of feeder roads that will enable agricultural products to get to market, market electrification assistance, basic education services, primary healthcare delivery, English language instruction via radio programs, technical assistance to improve the quality of the water supply in the area, and fertilizer and seed distribution programs.

USAID will continue to utilize humanitarian assistance funds to address emergency needs in the DRC, CAR, and South Sudan related to the impact of LRA violence, including food security, economic recovery, health and protection assistance, as well as continuing reintegration assistance for children formerly abducted by the LRA. USAID, in conjunction with the Department of State's Bureau for Population, Refugees, and Migration (PRM) will continue to monitor the humanitarian needs of LRA-affected communities and deliver needs-based humanitarian assistance throughout the region. In addition, we have launched a new Counter-Trafficking in Persons policy and are elevating our focus on trafficking in and around conflict areas; we will be particularly focused on the DRC.

Question. How do you regard the potential for social media to inform the public and rally support in response to crises—whether to stop the effects of climate change, punish war criminals in Sri Lanka, or some other compelling issue?

Answer. USAID recognizes that social media is a proven catalytic force in global politics and requires timely, consistent, and relevant communication to be effective. Social media has great potential to both inform the public and rally support around a cause, and when harnessed correctly, positions USAID to be truly effective in engaging directly with myriad development stakeholders. In times of immediate crisis, like natural disaster or conflict situations, user-generated social media content often provides the world with the first glimpses of the disaster. These on-the-ground testimonials can be vital in rallying support for direct action, thus resulting in a timelier and ultimately more-effective response to distressed areas.

With longer-term crises, like famine, drought, or public health issues, a more measured and intentional approach can and should be taken. Social media provides a streamlined, yet far reaching, avenue for engaging the public in the places where they both consume and share content within their immediate circles of influence and beyond. A strong social media campaign can leverage the critical opportunity to reach not only our natural audiences, but their extended audiences as well. The primary key to that virality is providing timely and relevant content of a quality that is worth sharing.

To that end, USAID partnered with the Ad Council in September 2011 to raise awareness of the serious plight of more than 10 million people who have been at risk from the famine, war, and drought affecting the Horn of Africa. Through this partnership, USAID produced several public service announcements (PSAs), which featured celebrities, professional athletes and well-known personalities, and have aired nearly 20,000 times, reaching an audience of more than 45 million people. These same PSAs garnered more than 150 million forward actions through Facebook, Twitter, email, and YouTube, and increased attention to and support for the efforts to ameliorate the situation in the Horn of Africa.

Internationally, USAID's missions utilize various social media platforms with increasing regularity, and within the last year, USAID has seen an exponential increase specifically with engagement via Facebook and Twitter accounts. Recognizing the need to engage with development stakeholders in a meaningful way through the social media realm, USAID is actively working toward institutionalizing demonstrated successes and best practices by supporting its missions' use of these platforms. Further, the State Department (Embassy Public Affairs Sections) and USAID (Communications Offices) work together in the field to improve their communications collaboration and develop cohesive strategies that incorporate USAID outreach efforts, leverage different networks, and reach relevant target audiences. This information is also shared with the USAID Washington Social Media team to further promotion via domestic audiences.

DEVELOPMENT GRANTS PROGRAM

Question. I started the Development Grants Program (DGP) several years ago to provide a relatively small amount of money—\$45 million out of a total Development Assistance account of more than \$2 billion—to provide small NGOs with grants of less than \$2 million for innovative proposals. The purpose was to support mostly local NGOs that cannot compete for big USAID grants. Unfortunately, USAID did not implement the program as intended.

One of the key goals of your procurement reform is to be able to support more grants to smaller NGOs. But given your track record with the DGP, it is hard to be optimistic. Why can't these DGPs be made available for projects in any sector—agriculture, environment, education, democracy and governance, water and sanitation, you name it—at any USAID mission that receives a proposal that qualifies?

Answer. In its first 3 years of programming, the DGP has been successful at broadening the USAID partner base by providing direct grants to 38 small U.S. private voluntary organizations and 104 small local NGOs, the majority of which had

not received any prior direct USAID funding. In addition to providing small grants, the program continues to provide capacity building to strengthen the organizations and provide critical program support to missions.

DGP is valued by missions and has become an important way that missions directly engage with small nontraditional partners that have access to underserved communities. In many instances, DGP relationships have grown into long-term partnerships supporting core mission goals.

In Zambia for example, under the DGP, a local NGO implemented a Water and Sanitation program in schools which increased sustainable access to safe drinking water and sanitation facilities, improved hygiene, and addressed environmental issues that impacted education quality and learner performance. The structured and consistent support to the local NGO under the DGP resulted in effective planning, implementation and monitoring of activities as well as a strong collaboration and positive working relationship with government officials, schools, communities and other key stakeholders. Valuing the local NGO's reach into the most rural communities, the mission, with its own funds, more than doubled the size of the award to the organization and now considers them as a strong development partner in its Water and Sanitation program.

All of USAID's programs must address the balance between development priorities and budget realities. In the context of the DGP, USAID finds that mission capacity to program through local organizations and a greater number of smaller partners is increasing to meet the same goals. Further, unlike the first 3 years of programming in which all of the DGP funds were encumbered with sector directives, in fiscal year 2012, more than one-half of the appropriated funds will not be required to be used with specified sectors.

HAITI

Question. Some public health experts say the international response to the cholera epidemic was fraught with problems, the incidence of cholera in some parts of Haiti today remains among the highest in the world, the danger of another cholera epidemic in Haiti is high, and the country is far less prepared to respond than it was a year ago. If cholera were to spread to Jamaica, Mexico, or Brazil, it could be disastrous. How do you respond to these concerns? Do you believe the United States Government's support for cholera management in Haiti is sufficient to prevent another epidemic; and, if so, why?

Answer. Experts view the rapid spread of cholera within the region—with the high mortality rates seen during the early onset in Haiti—as highly unlikely, in large part, because sanitation systems are more advanced, and access to healthcare is greater.

As the rainy season approaches, our focus continues to be on supporting the Haitian Government in the prevention and treatment of cholera. The U.S. Government has integrated cholera response into our long-term health programming, ensuring that we are helping to combat the disease as long as it continues to threaten the country. The United States Government has also taken precautions by prepositioning cholera response commodities throughout Haiti. Though spikes in cases are possible with the onset of the rainy season, the fact that the case-fatality rate has remained less than 1 percent for several months is good indication that people understand what to do when symptoms occur and that the system itself is able to manage the cases that occur.

Since the cholera epidemic began a year-and-a-half ago, USAID has provided cholera treatment through our health service delivery sites, which provide access to care for approximately 50 percent of the Haitian population. Today, the U.S. Government continues to manage the epidemic primarily through our basic health services. All sites in USAID's network are capable of treating new cholera cases. All staff are appropriately trained, and commodities such as oral rehydration salts and IV fluids are on hand to treat patients.

In addition, the U.S. Government continues to support improvements in access to safe drinking water, improved sanitation, and hygiene for the people of Haiti, as these represent long-term solutions to the cholera epidemic and to many other public health problems that hinder the health of the Haitian people and the development of the Haitian nation. To date, the U.S. Government has spent more than \$73 million to fight cholera in Haiti.

PROTECTING FORESTS AND INDIGENOUS PEOPLE

Question. Last year, we transferred the position of Advisor for Indigenous People from the State Department to USAID. Do you know if a search is underway to fill that position? It is important because USAID gets involved in everything from

building roads to logging in tropical forests which directly impact indigenous people, and their governments often run roughshod over their rights and territories. We are seeing that today in Peru, where the Amazon is being carved up for oil, gas and logging concessions, and I want to be sure there is a person at USAID with authority who indigenous people have access to who will look out for their interests.

Answer. USAID shares your commitment to elevating the interests of indigenous peoples, which are currently integrated into many areas of programming, including land tenure and property rights, forestry and biodiversity, resource governance, rule of law, human rights, and community health programs.

With respect to the position of the Advisor for Indigenous Peoples Issues, which was transferred to USAID with the passage of the fiscal year 2012 appropriations bill, we are working at the highest levels of USAID to determine the appropriate scope of duties for this position, its optimal home within the organization, and associated resource requirements. We look forward to consulting with your staff to move this forward as expeditiously as possible.

EVALUATION POLICY

Question. USAID adopted a new evaluation policy in January 2011 which changed the requirements for evaluating the effectiveness of USAID projects and programs. I agree that the way USAID evaluates the effectiveness of its programs needs to be more credible, but I worry that the emphasis on quantitative analysis is overly-simplistic and focuses on short-term impact, rather than longer-term outcomes which can be influenced by many factors. I am not sure your results will be accurate. How do you respond?

Answer. USAID's Evaluation Policy has been recognized by the Center for Global Development for "fostering a new culture, of transparency and learning." The American Evaluation Association has also cited the policy as a model other Federal agencies should follow. USAID's Evaluation Policy was created to recommit USAID to "obtain systematic, meaningful feedback about the success and shortcomings of its endeavors", and this includes stronger quantitative and qualitative analysis. The Policy does not place an emphasis on quantitative analysis to the exclusion of other methods. Rather it requires that USAID-funded evaluations use methods that generate the highest quality and most-credible evidence that corresponds to the questions being asked, taking into consideration time, budget, and other practical considerations. Given the nature of development activities, both qualitative and quantitative methods yield valuable findings, and a combination of both is often optimal.

To ensure that USAID's evaluations address longer-term outcomes, evaluation requirements are written into the guidance for the missions' Country Development Cooperation Strategies (CDCS). Missions identify longer-term outcomes of the USAID country program in the CDCS and specify indicators to routinely track change and evaluation questions to be addressed over the period of the strategy. In addition to the CDCS, evaluation is integrated throughout the USAID Program Cycle, which includes long- and medium-term outcomes and includes developing and implementing policies and strategies, project design and implementation, performance monitoring, and learning from experience to improve development outcomes and inform resource requests.

The Evaluation Policy and USAID's efforts to build evaluation capacity, particularly in missions, to conduct high-quality evaluation will lead to increasingly accurate, unbiased, relevant, and transparent evaluations. USAID is investing in classroom training in evaluation methods for staff, creating tools, and resources to guide staff and partners, and providing direct technical assistance to staff engaged in evaluation design and management. USAID's Bureau for Policy, Planning and Learning and USAID technical and regional bureaus are working on the sectoral and multi-country learning that complements mission evaluations and tracks longer-term outcomes. For example, the new Center for Democracy, Human Rights and Governance has established the Evaluating Democracy and Governance Effectiveness initiative; a comprehensive, long-term program to measure the impact and effectiveness of various approaches to democratic development and incorporate the findings into USAID policies and programs through outreach, training, and field support.

QUESTIONS SUBMITTED BY SENATOR DANIEL K. INOUE

Question. Dr. Shah, I commend the U.S. Agency for International Development (USAID) in its efforts to improve the delivery of foreign assistance in more-efficient ways. With the President's announced shift in our national security strategy to focus more on the Asia-Pacific region, would you please elaborate on enhancements, new areas of interest, or ways USAID will strengthen its work in the region?

Answer. USAID has responded to the administration's focus on the Asia-Pacific region by enhancing existing programs, expanding into new areas of focus and strengthening our collaborative work in the region. We will work with Asian countries facing management, governance, and social challenges that impede progress and growth. USAID will enhance key bilateral relationships, such as those in the Philippines and Indonesia, where U.S. Government partnership agreements are elevating broad based, inclusive economic growth as development priorities.

In Burma, where emerging reform presents a new opening, United States Government officials have been able to travel to Burma to meet with government officials and civil society to determine the country's development needs. On April 4, 2012, following Burma's successful by-elections, USAID announced the re-establishment of an in-country USAID mission in Rangoon as part of the United States Government's commitment to support the Burmese people, reform-minded governmental officials and other Burmese leaders who are seeking constructive engagement to advance reform in the country.

USAID Forward and Procurement Reform policies are changing the way we conduct business—broadening our collaborative partner base and making it easier for small businesses, local institutions, and other donors to partner with us. As two examples:

- USAID's work with Association of Southeast Asian Nations Dialogue partners supports regional program coordination, climate change initiatives, disaster management and regional trade; and
- USAID efforts promote important multi-donor and multilateral coordination on issues such as the development of hydro-power on the Mekong River.

Question. Senate Report 112–85, the Senate's State, Foreign Operations, and Related Programs Appropriations Act for fiscal year 2012, which was referenced in the Consolidated Appropriations Act, House Report 112–331, directed the Secretary of State to follow guidance included in Senate Report 112–74 related to the Compact of Free Association (Compact) agreements with the Federated States of Micronesia, the Republic of the Marshall Islands (RMI), and the Republic of Palau. It also directed the Secretary to work within the U.S. Government interagency process to address the domestic impacts of Compact migrants on affected jurisdictions. Could you please explain what, if any, involvement and role USAID has in this process?

Answer. USAID is responsible for United States disaster assistance and reconstruction services in the RMI and the Federated States of Micronesia (FSM), which the United States Government is obligated to provide as stipulated in the Compact. While our disaster response and reconstruction program does not directly address the domestic impacts of Compact migrants, it does support these countries' ability to anticipate and mitigate the effects of natural disasters. Our efforts help reduce the number of Compact citizens who will have to migrate to the United States due to disasters.

Question. With respect to the Compact countries, currently, the Departments of the Interior and State participate in the Joint Economic Management Committee and Joint Economic Management and Fiscal Accountability Committees to strengthen the management and accountability of assistance provided to Compact countries. This involves a review of the development plans and other planning and budget documents of the governments, as well as monitoring the progress being made toward sustainable economic development and budgetary self-reliance. USAID's mission is development assistance to countries for the purpose of helping them gain stability and sustainability. I believe this is an area USAID's experience and technical expertise would be invaluable, and would be interested to learn what involvement USAID may have in this process and what it might be able to lend to the Departments of the Interior and State.

Answer. USAID has more than 50 years of experience in partnering with governments to build sustainable institutional capacity in developing countries. We have developed technical expertise in improving governments' capacity to formulate and implement economic development plans; improve fiscal stability; reinforce anticorruption measures; and strengthen rule of law. While USAID's program is limited to disaster assistance in the RMI and FSM, we welcome opportunities to share our technical expertise in other areas critical for the Compact countries' sustainable economic development.

When the Federal Emergency Management Agency (FEMA) of the Department of Homeland Security was responsible for disaster assistance under the Compact, that FEMA's role was restricted to disaster relief and reconstruction. USAID is now able to fulfill the U.S. Government's obligations under the Compact, while helping to strengthen each country's capacity for disaster mitigation, response, recovery, and reconstruction at both national and community levels. USAID will work with the

Departments of the Interior and State to ensure our programs are complementary in building sustainable institutional capacity.

Question. I am interested in learning what USAID's plans are for development assistance in the larger context of the South and Western Pacific, and what it is currently undertaking in this key strategic area.

Answer. USAID seeks to play a key role in deepening U.S. Government engagement in the Pacific region. Our programs in the Pacific are regionally focused, but target South and Western Pacific countries, including Papua New Guinea (PNG), RMI, FSM, Kiribati, Nauru, Palau, Samoa, Solomon Islands, Fiji, Vanuatu, and Tonga.

The value of U.S. Government presence is magnified by our programs' focus on issues that pose the greatest socio-economic threat to the Pacific island countries:

- Mitigating the negative impacts of global climate change in a region that is among the most vulnerable in the world to the adverse effects of climate change, but least able to respond;
- Addressing the impact of HIV/AIDS in PNG, which suffers from the highest HIV/AIDS epidemic rate in the Pacific; and,
- Strengthening democratic institutions in PNG and Fiji, where democracy is still fragile.

To further maximize the impact of our programs, USAID:

- Collaborates and leverages the funding of key donors in the region, including Australia, New Zealand, and Japan and other multilateral organizations such as the United Nations, the World Bank, and Asian Development Bank;
- Supports key regional institutions; and
- Forges greater synergy and unity of effort among the different U.S. Government agencies working in the region for a more-effective "whole-of-government" approach that makes the best use of limited resources.

The opening of USAID's satellite office in Port Moresby, Papua New Guinea in October 2011 is a recent example of increased U.S. engagement in the region. USAID's presence has contributed to expanding the U.S. Government's outreach and diplomatic capacity in the region.

Question. Would you please tell me what USAID's plan for economic/development assistance is for the country to the Philippines?

Answer. A team of economists from the United States and the Philippines analyzed and identified the country's most binding constraints to growth. To ensure the Government of the Philippines ownership of the new approach, the analysis was a collaborative effort and included development objectives outlined in the Philippines Development Plan (PDP), 2011–2016. The PDP is a document developed by the Government of the Philippines that closely aligns with the United States' 5-year strategy from 2012–2016. Under the new strategy, USAID will focus on two key areas to address economic/development assistance in the Philippines:

- regulatory reform; and
- fiscal space

areas identified as among the most critical constraints that prevent the Philippines from realizing its full economic potential.

The United States Government supports the Government of the Philippines measures to reduce the cost of doing business, improve the investment climate, ensure that import regulations are science-based, and ease restrictions on market entry. Rule of law and judiciary reforms will support these critical initiatives. The Government of the Philippines has committed to streamlining business procedures (predictability, reliability, and efficiency) at national and local levels to reduce the country's cost of doing business and they have committed to improving the overall investment climate through regulatory reforms. The Government of the Philippines is pursuing implementation of the Anti-Red Tape law and a Philippine Business Registry system to establish an on-line system for national business registration.

Improving fiscal space is the second key area on which USAID will work. Low government revenue due to a narrow tax base and ineffective expenditure management, caused in part by favoritism in government contracting, inhibit growth. Through this strategy, programs will address inefficient revenue generation, strengthen tax collection enforcement and improve expenditure management of the Government of the Philippines agencies.

Question. In your testimony, you spoke about the focus being given to North Africa and the Middle East, especially following the revolutions in the region early last year. How does USAID plan to sustain its various assistance, economic and reform oriented, while shifting focus to the Asia-Pacific region and maintaining the current operational tempo in Iraq and Afghanistan?

Answer. In North Africa and the Middle East, USAID will remain an active and sustained partner as the region transforms. As the U.S. Government shifts focus to

the Asia-Pacific, we are utilizing our resources differently. Through innovation and reinvention, USAID will expand focus to the Asia-Pacific while sustaining our current efforts elsewhere. In October 2011, USAID opened an office in Port Moresby, Papua New Guinea, to manage programs throughout the Pacific Islands. Additionally, USAID will re-open its mission in Rangoon to better serve the nascent democratic process in Burma and provide increased oversight to our on-going programs.

USAID is in the midst of finishing a comprehensive portfolio review in Afghanistan. Last June, Administrator Shah issued Sustainability Guidance that mandates all programs in Afghanistan be reviewed and adjusted to ensure they are implemented with the driving principles of accountability, sustainability, and social and gender inclusion, and that they be implemented in partnership with the Afghan government. Allocation of aid resources will increasingly be based on maximizing capacity-building initiatives and development impacts as aid budgets shrink to enable a viable Afghan transition.

USAID's projects in Iraq transitioned from stabilization assistance to development assistance beginning in 2009. The State Department, USAID, and our other U.S. Government partners continue to meet the challenge of operating successfully in a dynamic environment while still maintaining the safety of our personnel by:

- Contracting third-party monitoring and evaluation specialists who have greater access to project sites, are less limited by security concerns, and possess local knowledge.
- Employing local Iraqi professionals to provide an additional layer of oversight and greater access to project sites, beneficiaries, and counterparts.
- USAID employs more than 1,100 implementing personnel in Iraq, nearly 1,000 of whom are local Iraqi employees, or 90 percent.

Question. The American Schools and Hospitals Abroad (ASHA) program is very important to assisting our friends and partners overseas. I have been very supportive of ASHA in the past, in particular its work in Israel. Would you please explain how much an average ASHA grantee receives, and how many grantees ASHA supports? Finally, I have supported efforts by the Israel Center for Excellence in Education (ICEE) in the past, and I understand they have benefited from ASHA support many years ago. Dr. Shah, would you please explain how the grant process has changed over the years, and if ICEE submitted a grant application, I would be interested in learning about its current status.

Answer. USAID's ASHA program administers a worldwide grant program that reflects both the pioneering spirit and the generosity of citizens of the United States. USAID appreciates your past and future support of the program, including its work in Israel.

In order to ensure an equitable distribution of ASHA funds to entities whose proposals best support the program's objectives, ASHA conducts a fair and competitive process in order to allocate grant funds each year. On average, ASHA receives approximately 80–100 applications in response to the annual Request for Applications. Of that number, 25–35 new grants are awarded annually. The individual grant awards range from \$150,000 to \$2,000,000.

USAID/ASHA has recently modified the grant process in the last year by utilizing www.grants.gov as the means to post its Request for Applications. fiscal year 2012 funding requests are currently being reviewed by a USAID Technical Evaluation Committee, and it is anticipated that final agency recommendations will be made in June or July 2012.

ICEE did not submit an application for this past grant application cycle, which ended October 31, 2011. We appreciate your show of support and encourage ICEE to apply to the upcoming grant application cycle, which will be available on www.grants.gov in June or July 2012.

QUESTIONS SUBMITTED BY SENATOR TOM HARKIN

Question. While I commend the efforts being made by the United States Agency for International Development (USAID) to cut waste in the delivery of its assistance, I wish to assure that we maintain a broad connection between democracy and labor rights groups in the United States with their counterpart partners in developing nations. This is especially important when we want to promote such groups around the world, often in countries where direct associations with the U.S. Government is problematic. Can you tell me how USAID is balancing the important role these intermediary organizations play with its efforts at greater localization of assistance contracts?

Answer. USAID will continue to offer significant support to international democracy and labor rights groups, particularly as they support local counterpart organizations.

The connection between local organizations in developing countries and democracy and labor organizations in the United States is supported through the Agency's guidance regarding incorporation of Local Capacity Development into USAID project designs. Building strong partnerships between local and American organizations that respond to similar issues, or have similar organizational missions, can facilitate the emergence of stronger promotion of democracy and labor rights. Considering the potential value of such relationships is part of appropriate project design, and is reinforced through the guidance that is shared with missions.

This is especially true in the area of international labor rights programming. USAID supports U.S. intermediary organizations, like the Solidarity Center and the International Labor Rights Fund, in order to leverage specialized expertise to strengthen unions and labor rights nongovernmental organizations (NGOs) in developing countries and connect them to the global labor movement. A good example of this is USAID's \$37.5 million Global Labor Program (GLP) Leader with Associates Award, a 5-year program with the Solidarity Center that is currently active in nine countries and four regions (Africa, Asia, Latin America, and Eastern Europe). Due to the Solidarity Center's successful capacity building of local unions and labor rights NGOs, this support helps prepare the type of local organizations that USAID seeks to strengthen through local capacity development and localized assistance contracts. USAID recognizes that support to U.S. intermediaries like the Solidarity Center and the International Labor Rights Forum, a consortium partner in USAID's Global Civil Society Strengthening Program, is important to this effort.

USAID also promotes democracy groups in developing countries by encouraging USAID missions to incorporate them into the monitoring and evaluation of USAID programs that use partner country systems, thus bringing a more-sustainable form of accountability to developing country governments. This is reflected in USAID's policy on the use of partner country systems.

Question. I very much applaud your efforts to strengthen independent civil society and NGOs around the world. Can you outline how the President's budget request will support the strengthening of democracy, human rights groups, and labor unions around the world through funding by USAID? How is USAID strengthening worker rights in Arab Spring countries that have seen trade unions leading efforts for democratization?

Answer. The President's budget request for fiscal year 2013 includes \$2.84 billion for State Department and USAID programs to strengthen democracy, human rights and governance worldwide. Under this broad rubric, both the State Department and USAID will plan programs to:

- ensure free and fair elections;
- promote freedom of association and strengthen civil society organizations;
- support human rights organizations in their monitoring and advocacy efforts; support independent media; and
- strengthen labor unions and worker rights.

USAID's programs promote freedom of association, working to ensure that NGO laws provide an enabling environment for a vibrant, independent civil society sector. USAID also builds the organizational capacity of NGOs to advocate on behalf of constituents, influence policy dialogues, and hold governments accountable for their performance. In the Middle East, USAID's programs focus on empowering new actors, including women, youth, minorities, and other communities that have been excluded from political and economic power.

USAID support for workers' rights revolves around the GLP, implemented by the Solidarity Center, which promotes international core labor standards, works to improve workers' access to justice, and supports independent, democratic labor unions and NGOs.

USAID has workers' rights programs in Ukraine, Georgia, Bangladesh, Cambodia, South Africa, Liberia, Mexico, Honduras, Brazil, Peru, Colombia, Kyrgyzstan, and Vietnam. While USAID does not have specific programs focusing on workers' rights in the Middle East and North Africa, the Department of State's Bureau for Democracy, Human Rights and Labor is supporting independent trade unions in Egypt. USAID coordinates its programming closely with the Department of State.

QUESTIONS SUBMITTED BY SENATOR MARY L. LANDRIEU

VULNERABLE CHILDREN

Question. In just 9 days, the inspirational video created by the American non-governmental organization Invisible Children—which focuses on Lord’s Resistance Army (LRA) leader Joseph Kony—has attracted more than 78 million views on YouTube and generated hundreds of thousands of dollars in donations on its release day alone. Louisiana constituents, particularly younger Louisianans, have been contacting my office nonstop in support of the “Kony 2012” movement with phone calls and emails. Though the size of the LRA is dwindling and Joseph Kony is now thought to be operating from the Congo or the Central African Republic (CAR), some 440,000 Ugandans have been displaced by the conflict—most of them children.

Do you mind detailing the United States Agency for International Development’s (USAID) support for these conflict-affected children and former child soldiers in Uganda?

Could you explain USAID’s efforts to restore the livelihoods of conflict-affected children? Is there a focus on reconnecting these children with the families from which they were kidnapped?

Answer. USAID has been heavily engaged in addressing the needs of LRA-affected communities since the late 1980s, when USAID began providing humanitarian assistance in Northern Uganda. Although the threat of the LRA has shifted from terrorizing communities in Northern Uganda to CAR, the Democratic Republic of Congo and South Sudan, USAID remains committed to addressing the needs of affected populations, including children, in Uganda. In fiscal year 2011, USAID provided approximately \$102 million in assistance to Northern Uganda. The needs of children, women, and other vulnerable groups are addressed through programs that promote reconciliation, restore livelihoods and rebuild the region. USAID programs do not isolate child soldiers, but rather integrate them and their unique needs into our programs designed to promote reconciliation. By linking the specific needs of formerly abducted persons with those of their communities, USAID ensures a whole-of-community approach that addresses both the short- and long-term needs of conflict-affected children and former child soldiers. USAID programming to support conflict-affected children and their communities in Northern Uganda include:

- psychosocial support;
- vocational and leadership training;
- peace education;
- livelihoods training and agricultural extension;
- community consensus-building; and
- provision of family support social services.

As the needs in Northern Uganda have evolved from short-term, quick-impact transition initiatives to longer-term development, USAID has transitioned its work in Northern Uganda to address these long-term issues. As an example, the Supporting Access to Justice, Fostering Equity and Peace program is a new 5-year program that continues peace and reconciliation efforts in LRA-affected areas and proactively addresses emerging development issues and conflict drivers, such as land disputes and government service delivery.

USAID began transitioning from providing emergency food assistance to internally displaced persons (IDPs) in the camps to supporting the return of IDPs to their former homes. Since 2006, USAID/FFP has provided more than \$100 million in title II Development Food assistance benefiting 87,000 families in 21 districts in Northern Uganda. This assistance has included:

- support for increased agriculture production;
- HIV/AIDS awareness;
- infrastructure development;
- maternal and child health and nutrition; and
- water, sanitation, and hygiene.

PROCUREMENT REFORM

Question. The administration has said that it wants to make foreign aid more effective and efficient and has made some progress on this, particularly through the USAID Forward agenda. I’ve been a supporter of procurement reform and was pleased to see that just this past month, USAID simplified its regulations so that the agency can support smaller businesses in the United States and abroad—supporting economic growth in areas that really need it—when buying goods and services. The President’s fiscal year 2013 budget requests that \$16 million be appropriated to the USAID operating expenses account to support the USAID Forward agenda, and particularly procurement reform. The request notes that several new

civil service positions are needed to implement procurement reform to develop smaller contracts appropriate for partner country systems.

What other local procurement activities are envisioned by this \$16 million?

Answer. The \$16 million identified in the President's fiscal year 2013 budget for procurement reform includes \$13 million in fiscal year 2012 appropriated operating expenses (OE) and \$3 million in the fiscal year 2013 appropriation. Per the fiscal year 2012 statement of managers provision that at least \$25 million of the appropriation be made available for procurement reform in fiscal years 2012 and 2013, the \$13 million reflects the carryover funding for fiscal year 2013 activities. Hence, only \$3 million for 16 new civil service positions for procurement reform is requested for appropriation in fiscal year 2013.

With the additional funding, USAID will be able to field more acquisition personnel to support the increased local procurement activities and related local capacity development interventions. Additional work includes the need to complete pre-award surveys for local organizations that have never had a direct award with the U.S. Government, assess the capacity development needs of the organizations, and provide capacity-building support to ensure accountability for U.S. taxpayer funds and compliance with U.S. law and policy requirements.

Question. Additionally, what steps have been taken to help both small U.S. and developing country businesses know about and take advantage of these recent regulatory changes?

Answer. USAID has increased and focused its outreach efforts to both small U.S. and developing country businesses to inform them of the Implementation and Procurement Reform Initiative and opportunities for direct and indirect partnership implementing USAID-managed development resources. For U.S. small businesses, USAID's Office of Small and Disadvantaged Business Utilization (OSDBU) conducts on-going outreach activities at both USAID-sponsored events and external small-business conferences. These outreach efforts provide forums for OSDBU to counsel U.S. small businesses seeking contracting opportunities at USAID. In fiscal year 2012, OSDBU will take part in more than 25 small-business outreach events, including hosting the 5th Annual USAID Small Business Conference. This conference provides a forum for U.S. small businesses to hear from senior USAID leadership and program officials regarding IPRI and future contracting opportunities at USAID. Additionally, OSDBU conducts periodic Vendor Day sessions with all categories of U.S. small businesses.

For developing country business, the Agency's Partner Community Outreach Plan, available at <http://www.usaid.gov/business/USAIDPartnerCommunityOutreachPlan.pdf>, provides guidance to USAID personnel on outreach to new and existing partners. Missions have started holding "Industry Days" and "Pre-solicitation Conferences" and inviting local organizations to participate. For example, the USAID mission in Rwanda recently held a "How to Do Business with USAID" for potential local applicants for a health award solicitation. The USAID mission in Philippines held similar events for solicitations in the Economic Growth and Democracy and Governance sectors. In Egypt, the USAID mission held a series of outreach events attended by more than 1,400 people to learn about the process for submitting applications under an Annual Program Statement. As part of a series of field-based Local Capacity Development training/workshops, USAID personnel have been trained on mapping local civil-society and private-sector organizations to identify prospective local partners and assess their capacity to implement activities. Missions are encouraged to invite prospective local partners to "Partner Exchange Days", which provide opportunities for prospective implementation partners to provide feedback on project designs and identify potential partnerships, and "Pre-Proposal Conferences", which provide information on upcoming solicitations, and invite local organizations to participate.

CENTRAL AMERICA

Question. Within Central America, the deteriorating security situation threatens citizen safety. Narcotics traffickers continue to establish trafficking routes to and through the region. The continued expansion of national and transnational gangs creates communities of fear where illicit organizations are effectively in control. At a time when many of our regional partners are fighting a brutal battle in their countries against organized crime, the President's fiscal year 2013 budget request recommends that the State Department make a \$5 million cut from enacted fiscal year 2012 levels to the Central America Regional Security Initiative (CARSI). The President recommends that the International Narcotics Control and Law Enforcement Account appropriation to the Western Hemisphere be reduced by \$92 million for fiscal year 2013. Can you please explain the President's logic in making such

a sizeable reduction to this appropriation for the Western Hemisphere, when drug-related violence and narcotics trafficking is at an all-time high?

Answer. We share your concern regarding the citizen security crisis in Central America, and the accompanying factors that bring violence to the region. The problem is large and complex, but the United States is committed to continuing to work with Central American governments, as well as other donor nations and institutions, to support the region's efforts to reverse the deteriorating state of citizen security.

Through its programming and policy advocacy, CARSI seeks to reduce the region's levels of crime and violence, support prevention efforts for at-risk youth and those living in marginalized communities, and strengthen rule of law institutions. The Bureau of International Narcotics and Law Enforcement Affairs (INL) and USAID are implementing CARSI programs capable of being replicated or "nationalized" by host nations. Examples of this are Model Police Precincts, the opening of youth outreach centers and vocational training centers, and the development of "Municipal Crime Prevention Strategies" in communities at-risk. CARSI also supports border security professionalization, assistance for judicially authorized wire intercept programs, seized asset programs, and the training and vetting of specialized investigative units.

Since fiscal year 2008, the United States has committed \$361.5 million to these efforts. The administration requested \$100 million for CARSI for fiscal year 2012; however, we plan on allocating \$105 million for CARSI (INCLE: \$60 million; ESF: \$45 million), pending final congressional approval. The administration's fiscal year 2013 budget request of \$107.5 million will represent a 2.3-percent increase more than the fiscal year 2012 actual allocation for CARSI (INCLE: \$60 million—no change; ESF: \$47.6 million—5.7-percent increase).

Citizen security is a priority for the people of Central America and the hemisphere. The administration's proposed fiscal year 2013 \$91.8 million reduction in Western Hemisphere INCLE funding largely accounts for the continuing transition of counternarcotics and rule of law programs to the Government of Colombia as it continues to build and strengthen its capacities, which reflects the success of United States assistance investments. In fact, Colombian capacity has reached the point where they are providing law enforcement training and assistance, in cooperation with the United States, in both Mexico and Central America. In Mexico, the fiscal year 2013 INCLE budget request decrease reflects a reorientation of efforts in Mexico from the acquisition of equipment to training, mentoring and capacity building, all of which are lower cost and provide long-term sustainability.

Given the proximity of Central America to our own border, and the efforts of transnational trafficking organizations in Central America, Colombia and Mexico, we will continue our commitment to Central American and in the hemisphere to sustain our efforts and support our partners in addressing their most pressing citizen security, rule of law and prevention challenges.

Question. The U.S. Congress voted to ban military aid to Guatemala in 1990 due to concerns regarding human rights abuses committed by the Guatemalan army. Today, the ban remains in place as a partial restriction that limits Foreign Military Financing (FMF) and International Military Education and Training (IMET) funding to the Army Corps of Engineers, Navy and Air Force, allowing only Expanded IMET to the Guatemalan army. The fiscal year 2012 omnibus appropriations bill, which passed through the Congress last December, states that funding to the Army will only be considered in fiscal year 2013 if the Army complies with a series of stipulations, including "a narrowly defined mission focused on border security and external threats, cooperation with civilian investigations and prosecutions of cases involving current and retired officers and with the CICIG, and . . . publicly disclosing all military archives pertaining to the internal armed conflict."

Does USAID concur with these requirements and do you believe that the Guatemalan army is ready to receive regular FMF and IMET funding?

Answer. The Department of State has indicated to both the current and past Guatemalan governments that we are willing to discuss the United States congressional restrictions on IMET and FMF funding for the Guatemalan army, and we have encouraged the Guatemalans to discuss the restrictions with Members of Congress. While it is early in the Pérez Molina administration, going forward we will thoroughly assess the military's commitment and progress with regard to human rights, internal reform, and other key issues, as outlined in the manager's report accompanying this year's appropriations act. The Guatemalan military is responsive to civilian political authorities, it has a human rights and international humanitarian law training program, and has provided key complementary support to law enforcement as part of Pérez Molina's strategy to improve citizen security. The Guatemalan military is also continuing to work with representatives of the Central American ar-

chives to explore the possibility of putting the conflict-era military archives online through the University of Texas. It has earned significant international and Guatemalan public respect for its work in support of peacekeeping operations, disaster response, and recovery efforts.

QUESTIONS SUBMITTED BY SENATOR FRANK R. LAUTENBERG

Question. Recent events have underscored the importance of the current United States strategy to continue withdrawing our troops from Afghanistan. What role do you see the United States Agency for International Development (USAID) playing in Afghanistan after our troops have left the country?

Answer. Afghanistan faces a critical turning point in the next few years. Insecurity, corruption, the narcotics trade, and political instability continue to pose challenges to fragile gains in development and governance. The drawdown of international combat forces and the associated economic impact will slow growth. But as the recently concluded U.S.-Afghanistan Strategic Partnership Agreement (SPA) makes clear, we will stay engaged in Afghanistan for the long-term, providing the Afghan people support so that they can pursue a future of greater stability and dignity.

The path to sustainable stability in Afghanistan requires continued commitment to civilian assistance, but increasingly through efforts that will boost Afghan self-sufficiency. The signing of the SPA is a major accomplishment and pivotal milestone on this path. The United States commitment to seek funding from the Congress for continued economic assistance is contingent on the Afghans fulfilling their commitments and obligations to strengthen accountability, transparency, oversight, and the effectiveness of government institutions. Through the SPA, we seek to cement an enduring partnership with Afghanistan that strengthens Afghan sovereignty and stability while promoting respect for the constitution, human rights, and the advancement of women.

We have prioritized our assistance portfolio to make foundational investments that will enable transition to full Afghan security responsibility, and help to ensure Afghans increasingly have the skills and resources necessary to chart their own future. USAID plans to invest in priority sectors that are critical to private sector-led economic growth:

- agriculture;
- extractive industries;
- trade; and
- human capacity development.

In addition, we are working with the Afghan authorities to ensure credible and inclusive national elections in accordance with the Afghan constitution, including by supporting and strengthening political parties and civil society coalitions to participate fully in an inclusive and representative democracy.

In one of the most food-insecure countries on Earth, our agriculture assistance will help significantly boost crop yields, farm income, access to markets, and reduce dependence on opium poppy for the 80 percent of Afghans who make their living from subsistence farming. Afghanistan's endowment of mineral wealth provides enormous opportunities to expand industry, trade corridors, and revenues, but presents significant potential pitfalls as well. USAID will work with the Afghan Government and the private sector to improve the investment climate, increase Afghan capacity to create and implement a policy and regulatory framework that meets international best practices, and transparently report and manage resource flows so that they benefit the Afghan people.

As you well know, Afghanistan remains a poor country and as such, we cannot, and should not, set unrealistic goals. USAID is making difficult choices to sharpen our focus—reducing infrastructure investments in order to support the government to maintain the infrastructure it already has. Likewise, we are cementing, rather than expanding, gains in health and education, and are reorienting stabilization efforts to more directly support the transition and a sustainable Afghanistan.

The G8, Chicago, and Tokyo conferences will be instrumental in engaging the Afghan Government and international community to advance our diplomatic and civilian efforts in the region.

Question. On the 2-year anniversary of the Haiti earthquake this year, I wrote to the State Department expressing concern about the slow distribution of aid to the region. In January, the State Department responded by noting the many challenges that State and USAID have faced in distributing this aid. Understanding that USAID faces considerable challenges, what are you doing to speed the distribution of aid?

Answer. The United States Government continues to move forward in programming our funds to meet the needs of the Haitian people. Since our response to you on January 19, 2012, we have made significant strides in accomplishing our goals set forth in our Post-Earthquake USG Haiti Strategy. As of March 1, 2012, USAID shelter solutions benefited 64,478 households—or more than 322,000 people—approximately one-fifth of the 1.5 million people estimated to have been displaced by the earthquake. Overall, internally displaced persons (IDPs) are down to 490,545 from the estimated 1.5 million after the earthquake. In addition, our efforts have removed 2.31 million cubic meters of rubble—almost one-half of all the rubble that has been removed.

We have also made progress in longer-term development solutions. Our agricultural programs are increasing farmer incomes and productivity. The 2011 harvest produced increased yields in corn (+368 percent), rice (+118 percent), beans (+85 percent), and plantains (+21 percent). The 2012 planting season will incorporate new innovations in productivity and continue the progress being made.

We have also successfully launched \$6 million in programs to benefit vulnerable populations, specifically people with disabilities. These efforts will improve access to services, and the legal and policy environment, train health personnel to better understand and attend to their needs, and strengthen advocacy groups focused on this effort. Also, a \$22 million human rights program is now underway which will protect the rights of children, women, and youth.

We have addressed several key obstacles such as staffing shortages and procurement support. As a result, our pace of programming continues to accelerate, while still adhering to the requisite environmental and seismic data assessments.

The resignation of Prime Minister Conille may unfortunately slow down development efforts. For our programs to function better and be implemented faster, we need a Haitian Government that is fully engaged and that is showing no tolerance for corruption and reaffirming its commitment to democracy and rule of law. Such engagement will also serve as a signal to other donors that their investments will be worthwhile and spent effectively.

Question. It is critical that gender issues are integrated throughout all of our foreign aid programs, so I was pleased to see that USAID recently released a new policy on gender equality and women's empowerment. What metrics will you use to specifically determine the impact this new gender policy is having on women and girls around the globe?

Answer. USAID's newly updated policy on Gender Equality and Women's Empowerment mandates the Agency to monitor the impacts of our investments on males and females and to measure our results in specific ways. To that end, USAID will measure performance in closing key gender gaps and empowering women and girls; ensure that our monitoring and evaluation methods include gender indicators that measure progress toward gender equality and women's empowerment; and ensure that projects collect and use sex-disaggregated data.

USAID has already put in place various metrics to determine the impact of our investments. USAID's Feed the Future Initiative developed an enhanced monitoring and evaluation system that will comprehensively track the impact of our work on women and girls using a newly designed Women's Empowerment in Agriculture Index created in collaboration with the International Food Policy and Research Institute and Oxford's Poverty and Human Development Initiative. The Index is the first measure to directly capture women's empowerment and inclusion levels in the agricultural sector. It focuses on five areas:

- decisions over agricultural production; and
- power over productive resources such as:
 - land and livestock;
 - decisions over income;
 - leadership in the community; and
 - time use.

Women are considered to be empowered when they meet the requirements in some combination amounting to 4 of the 5 areas. The Index also takes into consideration the empowerment of women compared with men in the same household, based on asking women and men the same survey questions. The Index will be used to monitor and evaluate programs in all 19 Feed the Future countries to ensure that our efforts are empowering women and supporting the essential role they play in reducing hunger and advancing prosperity.

In 2011, the State-USAID Performance Plan & Report system was significantly revised and the entire Foreign Assistance indicator suite was re-engineered. This new system includes seven output and outcome indicators on gender equality, female empowerment, and gender-based violence that Operating Units will use in Per-

formance Management Plans and Reports for tracking progress toward implementation results and measuring impact across programs. The seven indicators are:

- Number of laws, policies, or procedures drafted, proposed, or adopted to promote gender equality at the regional, national or local level.
- Proportion of female participants in U.S. Government-assisted programs designed to increased access to productive economic resources (assets, credit, income, or employment).
- Proportion of females who report increased self-efficacy at the conclusion of U.S. Government-supported training/programming.
- Proportion of target population reporting increased agreement with the concept that males and females should have equal access to social, economic, and political opportunities.
- Number of laws, policies or procedures drafted, proposed, or adopted with U.S. Government assistance designed to improve prevention of or response to sexual and gender-based violence at the regional, national, or local level.
- Number of people reached by a U.S. Government-funded intervention providing GBV services (e.g., health, legal, psycho-social counseling, shelters, hotlines, other).
- Percentage of target population that views gender-based violence as less acceptable after participating in or being exposed to U.S. Government programming.

These seven indicators were designed to be broad so that they can be used across various sectors—from health to democracy and governance to economic growth. Already, missions have asked implementing partners to begin collecting data and set targets for these indicators that can be used in fiscal year 2013 performance reports.

Question. If we do not take real steps to stop the worst effects of climate change, what additional resource burdens will USAID face in trying to meet development goals in our partner countries?

Answer. Climate change is already expected to exacerbate existing development pressures and most heavily impact the poor in developing countries. If steps are not taken to stop the worst effects of climate change, the impacts undoubtedly will be greater and place additional burdens on USAID programs, as well as countries that can least afford to handle them. Among the additional resource burdens USAID and its partners will face are:

- Additional obstacles to achieving development goals in food security, health, and economic growth. More variable rainfall, stronger storms, and temperature changes, driven by unmitigated climate change, have the potential to reduce agricultural productivity. Agricultural productivity is projected to decline in some continents, especially Africa and South Asia, at a time of rapidly growing demand for food, threatening the success of USAID's food security investments. The combined climate change impacts of warming and ocean acidification are projected to result in nearly all coral reefs classified as threatened by 2050, impacting the roughly 500 million people who depend on reef ecosystems for their protein. Similarly, increased incidence of flooding and drought, saltwater intrusion into drinking water supplies, and the migration of disease vectors into new areas (such as mosquitoes carrying malaria) will affect public health by undermining access to clean water and sanitation, undercutting nutritional gains, and changing disease distribution patterns and prevalence. Reduced agricultural productivity, combined with increased disease burdens and increased economic losses from climate change-related damage will undermine effort to achieve sustainable economic development in USAID-partner countries as well as place additional burdens on the Agency.
- Increased demand for humanitarian assistance. Unmitigated climate change is likely to increase the severity and frequency of natural disasters, such as floods and droughts. USAID already spends significant resources responding to both immediate humanitarian and long-term reconstruction needs after natural disasters. These needs would increase with the number and severity of disasters. Rising sea levels will render some densely populated coastal areas uninhabitable, creating "climate refugees" who will be forced to move to higher ground.
- Increased need to respond to conflict and political instability. Any humanitarian crises, caused or exacerbated by climate change will undermine the social, economic, and political stability of our allies and partners, leaving them less able to help address other global challenges. Climate change may exacerbate water scarcity and increase conflicts; it could trigger displacement and contribute to national and regional resource governance tensions, threatening U.S. national security objectives in key regions of the world. The U.S. military, USAID, and intelligence community consider climate change to be a "threat multiplier."

Question. Worldwide, there are more than 200 million women who want to delay or prevent pregnancy but lack access to modern contraceptive methods. What new

approaches and innovations is USAID supporting to meet these family planning needs? Additionally, how do investments in international family planning help USAID achieve the goals of the Global Health Initiative?

Answer. Expanding the availability, accessibility, and voluntary use of family planning is vital to safe motherhood and healthy families, reduces abortion and mother-to-child transmission of HIV, and has profound health, economic and social benefits for families, communities, and nations. Voluntary family planning programs that enable couples to choose the number, timing and spacing of their children are a key intervention in achieving the Global Health Initiative goal of preventing 54 million unintended pregnancies.

By allowing women to delay and space births, family planning could prevent as many as one-third of the 350,000 maternal deaths that occur each year. In the developing world, an estimated 90 percent of infants whose mothers die in childbirth will die by their first birthday. Family planning helps women have healthier children, and increases the likelihood that infants will survive and remain healthy.

To help the more than 200 million women with an unmet need for family planning, USAID supports all the key components of effective family planning/reproductive health programs—service delivery, performance improvement, contraceptive supply and logistics, health communication, biomedical and social science research, policy analysis and planning, and monitoring and evaluation. In addition, USAID puts special emphasis on program approaches and issues that are under-resourced in country programs but hold promise for accelerating progress, including contraceptive security, integrated family planning/HIV and family planning/maternal and child health programming, community-based approaches, voluntary access to long-acting and permanent methods, gender, reaching youth and underserved populations, and equity in access to services.

USAID also works to expand access to family planning through social science, operations and contraceptive research. These efforts include promoting a greater understanding of the gap between unmet need and planned family planning use through the social network, and developing a compendium of best practices in family planning/HIV integration.

Question. The President's fiscal year 2013 budget request includes \$770 million for the establishment of a new program Middle East and North Africa (MENA) Incentive Fund (IF). What type of programs and activities is USAID expecting to support with this new Fund? What requirements will be made of recipient groups or countries that receive this aid?

Answer. The MENA IF represents a new approach to the Middle East and North Africa by demonstrating a visible commitment to reform and to the region; tying assistance to reform agendas; and providing flexibility for contingencies in order to take advantage of new opportunities. USAID will work with State Department and other interagency partners through a process that develops shared objectives consistent with U.S. foreign policy goals. Deploying the fund will require close coordination.

What type of programs and activities is USAID expecting to support with this new Fund? MENA IF will address three types of needs as follows:

Longer-Term Transition Incentives.—The bulk of the fund will be focused on activities supporting governance and economic reform including activities such as:

- Private sector development, including jobs growth;
- Seed money for larger investments and multilateral projects;
- Loan guarantees;
- Governance reform assistance;
- Enterprise funds; and
- Technical assistance to improve transparency, human rights, free trade, and regional integration.

Immediate Transition/Stabilization Contingencies.—In addition, a portion of the MENA IF will be available for short-term support for newly transitioning countries including activities focused on the following:

- Short-term economic stabilization (e.g., fiscal support);
- Assistance in managing immediate political transition processes;
- Civil society strengthening;
- Emergency technical support;
- Humanitarian assistance and human rights investigations;
- Transitional justice programs;
- Security sector support; and
- Bolster capacity to engage with newly emerging democracies.

Regional Program Platforms.—MENA IF also includes the base funding for the Middle East Partnership Initiative (MEPI) (\$65 million), and USAID's Office of Middle East Programs (OMEP) (\$5 million). MEPI cultivates locally led change by sup-

porting civil society in every country of the MENA region where the United States has a diplomatic presence. OMEP provides surge capacity and region-wide scope for development activities that respond to regional transition and reform.

What requirements will be made of recipient groups or countries that receive this aid? MENA IF provides incentives to support transitioning governments who demonstrate a clear commitment to political and economic reform. Recipients will be required to submit credible political, economic, and/or security reform proposals for activities that demonstrate significant economic returns or progress in quality of governance. Policies and procedures for programming of assistance will govern proposal identification, implementation, monitoring, and evaluation. This will include, among other things, clearly defined conditions and benchmarks for measuring and achieving individual program success.

QUESTION SUBMITTED BY SENATOR LINDSEY GRAHAM

Question. What are the specific impacts of sequestration on United States Agency for International Development operations and programs?

Answer. We urge the Congress to enact balanced deficit reduction legislation that avoids sequestration. If necessary, the administration will be addressing important technical questions concerning sequester, but now is the time to focus on enacting the balanced framework proposed in the President's budget.

QUESTIONS SUBMITTED BY SENATOR MARK KIRK

VETERANS HIRING

Question. According to the Office of Personnel Management (OPM), the United States Agency for International Development (USAID) has the lowest percentage of veteran hires and the second-lowest number of on-board veteran employees among all executive branch agencies. According to OPM, in fiscal year 2010, veterans made up 5.6 percent of USAID's workforce, as compared to State Department's 16.7 percent, the Labor Department's 17.8 percent, or even the National Science Foundation's 5.7 percent.

Why is USAID unable to effectively recruit veterans?

Answer. USAID has made substantial progress in recruiting veterans. In fiscal year 2011, USAID implemented a wide range of outreach, recruitment, and marketing initiatives to increase veteran hiring. These efforts resulted in a marked increase of new veteran hires from 5.6 percent in fiscal year 2010 to 8.5 percent in fiscal year 2011. USAID continues to make significant progress this fiscal year. During the first quarter of fiscal year 2012, 11 percent of USAID's new hires were veterans.

Question. What specific steps beyond OPM's hiring preferences is USAID taking to engage our veterans and substantially increase its number of veterans on staff? Does USAID have any specific veteran hiring programs?

Answer. USAID has implemented a number of creative strategies to increase the number of veterans in USAID. First, we hired a seasoned full-time professional as the Veterans Employment Program Manager with primary responsibility for executing all aspects of the Veteran's Employment Initiative and serving as an advocate to promote veteran recruitment, hiring, and retention within USAID. Second, we initiated a vigorous internal referral program to target vacancies for veterans as soon as they arise. The program allows USAID hiring managers to contact the Veterans Employment Program Manager to fill their positions quickly with qualified veteran candidates using the Special Appointing Authorities for Veterans. These Special Appointing Authorities enable veterans to be referred for consideration prior to the posting of a job announcement. Twenty-five percent of all veterans hired in fiscal year 2011 were referred from this program. Third, USAID sponsors quarterly Federal employment workshops at USAID headquarters at no cost for separating and retiring military members and spouses. Finally, USAID has increased the number of veterans hired through our formal Student Internship Program and continues to partner with a wide variety of Military Transition Assistance Programs and Veterans Rehabilitation Organizations. The specific types of transition assistance we provide include resume writing, workshops on the Federal application process, and interviewing skills. These are only a few examples of the many proactive initiatives USAID has implemented to hire more veterans.

Question. How many veterans currently work for USAID and in what capacities are they primarily employed? Do their USAID positions align with previous military experience, including conducting development and diplomacy on the front lines?

What specific skills gained by our men and women in uniform during their service can advance USAID's mission?

Answer. Currently, there are 306 veterans employed at USAID (8 percent of the workforce). There are 204 veterans employed in the Civil Service, 101 employed in the Foreign Service, and 1 veteran employed as an Expert Consultant. Veterans are employed in a myriad of professional and administrative positions in both the Civil Service and the Foreign Service, including the position of Chief of the Office of Human Resources' Outreach and Marketing team, which leads recruitment.

Our veterans' previous military experience allows them to transition directly into positions conducting development and diplomacy on the front lines. For example, during fiscal year 2011, USAID hired 15 veterans on term-limited appointments to the Foreign Service to work on critical priority programs in Afghanistan and Pakistan, allowing a seamless transfer of skills gained in uniform to assist in advancing USAID's mission in the field.

The discipline and work ethic that our veteran men and women bring to bear, coupled with their technical skills, make them well suited for a variety of positions at USAID. Veterans at USAID are currently working in occupations such as acquisition, administration, information technology, communications, security, human resources, engineering, public policy, finance, and education.

PARTNER VETTING SYSTEM

Question. When do you expect the joint State-USAID Partner Vetting System (PVS) pilot to become fully operational?

Answer. The Department of State and USAID are working closely to implement the pilot program. The schedule is dependent upon several factors including the rulemaking process which mandates a specific comment and review period; upgrades to the database functionality to incorporate the secure portal; and, the completion of the Department of State's iteration of the PVS database. USAID and the Department of State expect to begin the deployment to the pilot missions by September 30, 2012 as required by Public Law 112-174.

Question. Would you support expanding PVS globally?

Answer. The Department of State and USAID consider the pilot PVS program to be a true test, with a view toward providing both agencies with a deeper understanding of the ways to mitigate risk in the provision of foreign assistance and safeguard U.S. taxpayer funds, as well as, to determine the feasibility and utility of developing a worldwide system. The pilot will ensure that countries will be selected with a range of terrorist threat levels, rather than simply selecting five countries with high threat levels, to provide a broad range of useful data for evaluation. At the conclusion of the pilot program, USAID and the Department of State will evaluate the results and make determinations regarding future applications of the vetting process.

SOMALIA

Question. Can you provide an update on USAID's assistance efforts in Somalia, including on the ground presence, applicable restrictions on USAID operations, and any efforts to expand the scope of USAID operations?

Answer. Since early 2011, the United States has provided more than \$252 million to respond to humanitarian needs in Somalia. USAID humanitarian programs focus mainly on providing emergency food assistance and supporting immediate recovery in food security, economic recovery, protection, health, water, sanitation, and hygiene activities. USAID development programs complement these efforts by focusing on improving good governance, increasing economic growth, enhancing education and livelihood opportunities, reducing the appeal of extremism, and promoting stabilization in recovering areas.

Due to the highly insecure environment, the U.S. Government has no permanent staff presence in Somalia; however, USAID works closely with international and local organizations working in the country to implement USAID-funded programs. USAID staff members located in Nairobi, Kenya, and Addis Ababa, Ethiopia, manage humanitarian and development programs. USAID uses a third-party contractor to monitor its work in-country, interspersed with limited in-country travel by USAID staff to monitor programs, meet with partners, and build relationships with key stakeholders.

USAID is expanding its development and stabilization programming to areas vacated by al-Shabaab such as Mogadishu and along the Kenya and Ethiopian border. In terms of humanitarian assistance, access constraints, ongoing insecurity, and population displacement affect the provision of humanitarian assistance for affected populations in Somalia. Al-Shabaab controls many parts of central and Southern So-

malia and has prevented 16 relief agencies from operating in areas under the group's control since November 2011. In addition, al-Shabaab terminated the agreement under which the International Committee of the Red Cross (ICRC) was allowed to deliver aid in January 2012 and revoked the permission of another organization to operate in areas under the group's control in March 2012.

USAID's efforts are critical to prevent a deterioration of humanitarian conditions or a reversal of recent food security gains.

Question. On February 3, 2012, the United Nations declared the end of famine conditions in Somalia.

Do you share this assessment and if so, how do you expect it to impact USAID operations in fiscal years 2012 and 2013?

Answer. The United Nations based its February 2012 declaration that famine had ended in Somalia on findings from the Famine Early Warning Systems Network and the U.N. Food Security and Nutrition Analysis Unit. USAID concurs with this assessment. While famine no longer exists due to a favorable harvest and increased humanitarian assistance, high levels of food insecurity, malnutrition, and other emergency conditions still exist.

The situation remains extremely fragile and conditions could deteriorate due to another anticipated season of below-normal rainfall combined with the loss of household assets, constraints to humanitarian access, insecurity, and displacement.

In fiscal year 2012 and fiscal year 2013, USAID plans to continue providing humanitarian assistance for Somalia in response to identified needs and evolving conditions.

Question. Following the decision by the al-Shabaab terrorist organization to ban all international organizations from distributing aid to al-Shabaab-controlled territories, you wrote to the Congress on December 8, 2011 that USAID is working "to determine the impact of this ban and identify alternative options for delivering humanitarian assistance" to these areas.

Can you provide additional details regarding these efforts?

Answer. As of mid-March 2012, Al-Shabaab was preventing 16 relief agencies from operating in areas under the group's control and halted the operations of two others. These agencies include several large U.N. agencies and international relief organizations that had facilitated logistics and supply chains for other relief agencies. However, a number of international and local relief agencies continue to operate in areas of Central and Southern Somalia controlled by al-Shabaab.

Al-Shabaab's ban on humanitarian organizations has substantially reduced relief activities in affected areas. The number of beneficiaries reached by the Food Assistance Cluster—the coordinating body for food-related assistance in Somalia—decreased from approximately 2.6 million in October to 1.6 million in January due to access challenges. This affected 7 of the 18 Cluster partners and created notable nutritional gaps in the Bay, Bakool, and Middle Shabelle regions. The ban also interrupted the distribution of essential health supplies, limiting access to life-saving interventions. Affected populations in the Bakool, Bay, Hiraan, and Middle Shabelle regions did not receive food vouchers in January as a result of the ban.

As of mid-February, USAID's partners continued to coordinate to provide humanitarian assistance in nonpermissive areas to address shortages in health, nutrition, water, sanitation, and hygiene supplies as a result of the ban. As humanitarian access levels in Somalia change, USAID staff will continue to identify and support implementing partners and approaches that can best meet humanitarian needs.

Question. Can you provide an accounting of USAID's distribution of assistance to Nagorno Karabakh (NK) for fiscal year 2011 and fiscal year 2012 to date, including a complete description of the projects, purpose, funding, and an assessment of goals achieved?

Answer. United States assistance supports our diplomatic efforts, including Armenia's reconciliation with Azerbaijan, and resolution of the conflict over NK. Our humanitarian assistance is also helping to stabilize the region and prevent future conflict. Our commitment to NK assistance has remained steadfast despite the decline in overall funding and competing priorities. During fiscal year 2011, the United States provided \$2 million in humanitarian assistance to the people of NK. A similar amount of assistance is planned for fiscal year 2012. U.S. assistance is roughly split between humanitarian demining and potable water projects. The demining activity, implemented by HALO Trust since 2001, focuses on clearing mines and returning lands to the rural population for agricultural use. Thus far 94 percent of anti-personnel and anti-tank mines and 71 percent of the battle area have been cleared. Upon the current project's completion in December 2012, the U.S. Government will have invested more than \$7.6 million in demining.

We are concluding a potable water program which is expanding access to clean water in the city of Stepanakert. The program, totaling \$2 million upon completion

this year, supports improvements to two independent water systems in Stepanakert which are expected to benefit more than 20,000 people. Water supplies are being improved through priority repairs to water mains, sand traps, and dikes; providing for rehabilitation and modernization; and installing water meters.

Question. Can you provide the results of all needs assessments that USAID has conducted with regard to the NK since December 2007?

Answer. In March 2012, USAID, through an independent consultant, conducted a rural water sector needs assessment. The final report is expected in mid-April. USAID is planning to conduct a thorough assessment on the remaining minefield clearance in NK in July 2012. The assessment will also be implemented by an independent consultant.

Question. In rendering aid decisions concerning NK, do USAID officials interact and consult with their counterparts in the NK Government? Can you provide details of such interactions concerning fiscal year 2011 assistance or fiscal year 2012 to date? Are there any restrictions in place for any such interactions?

Answer. The U.S. Co-Chair of the OSCE Minsk Group has the U.S. lead in mediating the Nagorno-Karabakh conflict and travels frequently to Nagorno-Karabakh. USAID personnel have traveled to Nagorno-Karabakh in the past with the concurrence of the U.S. Co-Chair to implement humanitarian aid programs. USAID's non-American local staff visits NK to monitor the two ongoing projects. For program coordination purposes, non-American local staff may meet with community leaders, municipality representatives, or representatives of particular services such as the water operations and maintenance unit and the rescue team (which includes a demining section), but does not discuss future funding decisions with central NK authorities.

Question. Pursuant to report language in Public Law 112-74, how does USAID plan to assist vulnerable ethno-religious minorities in Iraq, specifically the Chaldo-Assyrian communities in the Nineveh Plains?

Answer. To date, the United States Government has provided about \$40 million in assistance to Iraq's minority communities. This includes Iraq's Christian communities including the Chaldo-Assyrians in the Nineveh Plains. Assistance has included both short-term humanitarian and long-term development projects.

In 2010-2011, USAID assisted minority communities in the Nineveh Plains with various community development projects. USAID also provided apprenticeships to help members of these communities gain the skills needed to sustain their development. USAID-funded microfinance institutions benefiting minority communities in the Nineveh Plains are focusing on expanding access to credit to promote private sector growth which generates jobs and increases incomes.

Access to Credit.—USAID is providing additional funding to existing USAID-supported microfinance institutions, small- and medium-enterprise lending units, vocational training and apprenticeships available to minorities in the Nineveh Plains and other vulnerable groups.

Access to Justice.—USAID assists minorities in the Nineveh Plains by increasing awareness of their rights as well as avenues for receiving remedies from the government through legal clinics and as well as by Iraqi civil society partners, including professional legal associations, law schools, human rights nongovernmental organizations (NGOs), and government partners.

Civil Society.—USAID supports Iraqi civil society efforts to advocate on behalf of minorities to improve national, provincial, and local governments' responsiveness to needs identified by local communities.

Governance.—Broad-based improvements in Iraqi livelihood and democratic governance will also directly and indirectly benefit Iraqi minority communities. In fiscal year 2013, USAID expects to fund governance and livelihoods projects. These projects will improve the effectiveness of Iraqi governance at all levels and encourage community-based development through partnerships with civil society organizations, among others.

Question. According to USAID, "Kosovo is the youngest country in Europe with more than 50 percent of Kosovars aged 25 or younger. The growing youth population that is unemployed (estimates range from 50 percent-75 percent), disengaged, and disconnected is emerging as an urgent issue for the newly independent state."

In an effort to foster stability and economic development, would you support prioritizing United States assistance for Kosovo with a focus on education?

Can you please provide an update on your efforts in this regard?

Answer. USAID currently supports the basic education sector in Kosovo by enhancing school management capacities at the municipal level, strengthening the assessment of learning outcomes, and improving in-service teacher professional development and certification.

Consistent with the Ministry of Education's reform strategy, USAID improves the capacity of primary schools to provide a modern education through advanced teacher professional development, as well as introducing technology for science and math teaching. The USAID basic education program enhances skills in Kosovo's youth that are important to Kosovo's economic future.

Higher education funds support results-oriented programs to address specific issues related to human resource development and higher learning. Our assistance is aimed at improving systems and processes in Kosovo institutions, particularly those that will have a direct impact on Kosovo's economic growth and democratic stability.

USAID is currently engaging in a feasibility analysis to determine the needs of strategically selected Kosovar higher education institutions in priority developments areas. The assessment will also address institutional partnerships, faculty exchanges and student scholarships, as these contribute to building and strengthening Kosovo's development institutions and societal transformation.

WEST BANK/GAZA

Question. Can you provide a list of all NGOs that received funding (with name of group, funding amount, account/bureau providing funds, and purpose) from USAID in fiscal year 2011 and so far in fiscal year 2012 for accounts/programs/projects operating in Israel, the West Bank and Gaza?

Answer. *USAID/West Bank and Gaza Economic Support Fund (ESF) Bilateral Program.*—The international organizations referenced below are all prime recipients of USAID/West Bank and Gaza managed fiscal year 2011 ESF funding. This first set of responses focuses on prime recipients. We will provide shortly a second tranche of information that will include the sub-awards. Total fiscal year 2011 funding obligated to date is \$37.55 million. The bulk of fiscal year 2011 ESF for West Bank and Gaza program funds have not been obligated yet due to congressional holds on these funds in place until very recently. Fiscal year 2012 funds have not been obligated yet. USAID will first notify the Congress of our plans for fiscal year 2012 funding, and only after that, can obligation occur.

Name of Group: Chemonics International

Fiscal Year 2011 Funded Amount: \$12.1 million

Purpose:

Palestinian Authority Capacity Enhancement (PACE)

PACE works with Palestinian Authority (PA) agencies and ministries to expedite service delivery, improve financial and human resource management, and enhance accountability and transparency.

The Palestinian Justice Enhancement Program (PJEP)

PJEP aims to strengthen the justice sector by building public confidence and respect for institutions and the rule of law.

Palestinian Health Sector Reform and Development Project (Health Flagship Project)

The Health Flagship Project works with the Palestinian Ministry of Health (MOH) to improve the core areas identified in the Palestinian National Health Strategic Plan:

- governance;
- human resources for health;
- access to quality services; and
- healthy behaviors.

The project also connects health clinics, the communities they serve, and the private sector.

Trade Facilitation Program (TFP)

The movement and access of Palestinian goods within the West Bank and to/from Gaza, and in and out of Israel and neighboring countries, remains key to all other economic growth objectives. TFP stimulates trade in the West Bank and Gaza and facilitates cargo movement through crossing points allowing Palestinian enterprises to generate employment and economic opportunities.

Investment Climate Improvement (ICI)

ICI assists the PA in adopting and implementing laws, regulations, policies, and procedures to improve the Palestinian business and economic climate and promote domestic and foreign investment.

Name of Group: AMIDEAST

Fiscal Year 2011 Funded Amount: \$900,000

Purpose:

Model Schools Network (MSN)

MSN improves the quality of basic education (grades 1–9) in the Palestinian territories. The MSN program focuses on the professional development of teachers and administrators within the model school network, particularly in the areas of English, math, and science.

Name of Group: Education Development Center, Inc.

Fiscal Year 2011 Funded Amount: \$1.1 million

Purpose:

Palestinian Youth Empowerment Program (Ruwwad)

Ruwwad builds the leadership capabilities of youth by engaging them in community service learning including:

- civic engagement;
- economic opportunities;
- leadership skills; and
- sports and culture.

Name of Group: International Youth Foundation

Fiscal Year 2011 Funded Amount: \$1.4 million

Purpose:

Youth Entrepreneurship Development Program (YED)

YED prepares in and out-of-school youth ages 14–29 for the job market by equipping them with the employment and entrepreneurial skills needed to find jobs in the public and private sector or to start their own businesses.

Name of Group: American Near East Refugee Aid

Fiscal Year 2011 Funded Amount: \$3 million

Purpose:

Emergency Water and Sanitation and Other Infrastructure (EWAS II)

EWAS II provides rapid response and emergency relief primarily in the water and sanitation sectors, and in other sectors as needed. This project improves the supply of potable water to Palestinian communities facing serious water shortages by rehabilitating, expanding, and upgrading small- and medium-scale water and sewage systems. EWAS II also supports the improvement of basic Palestinian infrastructure needs by building and rehabilitating community health facilities, classrooms, and community and youth centers.

Name of Group: CHF International

Fiscal Year 2011 Funded Amount: \$1.3 million

Purpose:

Local Government and Infrastructure Program (LGI)

LGI promotes good local governance practices and provides the basic infrastructure necessary for sustainable improvements in the quality of life for Palestinians. LGI strengthens local government capacity to respond effectively and efficiently to community needs through capacity building, institutional development, and service delivery skill enhancement initiatives; promotes and institutionalizes good governance practices; encourages public involvement through participatory governance mechanisms; and enhances the capacity of the Ministry of Local Government to assume regulatory, policy development, and strategic planning responsibilities.

Name of Group: Development Alternatives Inc.

Fiscal Year 2011 Funded Amount: \$5,263,000

Purpose:

Enterprise Development for Global Competitiveness Project

The Enterprise Development for Global Competitiveness Project improves access to markets for Palestinian Small and Medium Enterprises. Additionally, it improves economic growth and access to services through the development of local business associations and business service providers.

Name of Group: Black & Veatch Special Projects Corp.

Fiscal Year 2011 Funded Amount: \$5.8 million already obligated

Purpose:

Infrastructure Needs Program II Architect and Engineering Contract (INP II)

INP II Architect-Engineering provides design, engineering, operations and maintenance, and construction management services required to implement multi-discipline, high-quality construction projects in the West Bank.

Name of Group: United Nations World Food Program (WFP)

Fiscal Year 2011 Funded Amount: \$4 million

Purpose:

Assistance to Vulnerable Groups

The WFP provides high-quality food assistance (direct food distribution and electronic food vouchers) to help meet basic food needs and improve dietary diversity of the most vulnerable and food insecure nonrefugee populations in the West Bank and Gaza.

Name of Group: Mercy Corps

Fiscal Year 2011 Funded Amount: \$1,550,000

Purpose:

Palestinian Community Assistance Program (PCAP)

PCAP addresses infrastructure recovery needs through tangible improvements in community infrastructure and housing; supports economic recovery and development through the creation of income generation and business development opportunities; and promotes social recovery through community outreach programs focused on mental well-being, childhood education, humanitarian assistance, and cash-for-work programs.

Name of Group: CARANA

Fiscal Year 2011 Funded Amount: \$687,000

Purpose:

Enterprise Development and Investment Promotion (EDIP)

EDIP supports the development of businesses and business associations to achieve increased production and better marketing of their products and services. EDIP improves the capacity of Palestinian businesses to integrate into domestic and international markets through initiatives with business associations.

Name of Group: International Relief & Development; American Intercontinental Constructors, LLC; CDM Constructors Inc; BLD Services, LLC; APCO/ArCon; The Morganti Group

Fiscal Year 2011 Funded Amount: \$450,000

Purpose:

Infrastructure Needs Program II Construction (INP II)

INP II provides critical infrastructure that promotes economic growth, and helps the PA address both immediate and long-term infrastructure needs. INP projects include the construction and rehabilitation of roads, water systems and distribution networks, wastewater systems, schools, and other necessary facilities.

CONFLICT MANAGEMENT AND MITIGATION GRANTS PROGRAM

The organizations referenced below are all expected to receive fiscal year 2011 funding as part of the congressionally mandated fiscal year 2011 Conflict Management and Mitigation program which is managed at post by both USAID and U.S. Embassy Tel Aviv. The recipients of fiscal year 2012 funds for this program have not yet been decided.

Name of Group: The Economic Cooperation Foundation

Funding Amount: \$1 million

Purpose:

Jenin-Gilboa-Nablus-Haifa: Cooperation Zone

Economic growth requires cooperation, personal interaction, and joint planning among neighbors. This program is expected to promote people-to-people activities in Jenin, Gilboa, and Haifa cross-border area in tourism, trade, and infrastructure planning to support the economic development of the region. The program will bring together local and national authorities and civil representatives to strategize and promote economic development.

Name of Group: Catholic Relief Services

Funding Amount: \$1 million

Purpose:

The Gemini Project

The program will build the capacity of Arab and Jewish youth from Israel to engage in civil debate and encourage increased civic engagement using nonviolent approaches.

Name of Group: The Hand in Hand Center for Jewish-Arab Education in Israel

Funding Amount: \$1.08 million

Purpose:

Shared Community/School Integration

Hand in Hand works to integrate Jews and Arab children in schools, and to integrate the communities where these schools are located by generating people-to-people activities among the residents and increasing interactions between community members.

Name of Group: Mercy Corps

Funding Amount: \$1.19 million

Purpose:

Technology for Peace

The program will bring Palestinian and Israeli youth, entrepreneurs, and companies together to pursue the shared interest in information and communication technology (ICT) as an enhancing tool both for peace activism as well as for economic collaboration and growth. This 18-month program, designed in collaboration with three local partners in Israel and the West Bank, seeks to promote peace activism through the enhanced use of social media, to build the capacity of Palestinian youth in collaboration with Israeli companies and joint Palestinian/Israeli youth activities in ICT, and to encourage economic cooperation between Israelis and Palestinians in the ICT sector.

Name of Group: The Parents Circle—Families Forum

Funding Amount: \$700,000

Purpose:

Where Parallel Lines Meet

The project engages Israeli and Palestinian participants in an effort to promote peace and reconciliation.

Name of Group: Israel/Palestine Centre for Research and Information

Funding Amount: \$1 million

Purpose:

Jewish and Arab Israeli Youth Defining Shared Citizenship Through Collaborative Community Programs

This program will help Jewish and Arab Israeli youth, living together in mixed cities in Israel, redefine the nature and quality of their citizenship, promoting a shared citizenship with shared responsibilities. Reconciliation and cooperation between these groups of youth will be fostered through collaborative community programs that serve a common goal and by facilitating the organization of programs by the youth that are beneficial for both communities living in the target cities.

Name of Group: Mifalot—Hapoel Tel Aviv Soccer Club's Education and Social Project

Funding Amount: \$900,000

Purpose:

United Soccer for Peace

This is an Israeli Arab training program for coaches using soccer as a tool for peace education, conflict resolution, and community development in marginalized populations. Mifalot will use soccer to cultivate the proper environment for growth leading to social change. The aim is to train young men and women as licensed soccer coaches, cultivate them as community leaders, and at the same time instill in them values of peace and conciliation. The program is based on a grass roots approach toward peace and conciliation, starting with geographically and socially

marginalized populations, populations normally ignored in the people-to-people dialogue.

Name of Group: The Maccabim Association
Funding Amount: \$93,000

Purpose:

Goals for Peace

This program recognizes that Arab and Jewish children have minimal contact with each other in their formative educational years. This has resulted in a lack of trust and tolerance of each other based on the prejudices and stereotypes of their families, communities and a biased media. This program will implement joint Jewish-Arab soccer activities, as well as computer classes and dialogue programming to reach marginalized groups that normally would not have an opportunity to be a part of these activities and to provide an opportunity for interaction. The program uses soccer as an educational tool for increasing cooperation and team work, respect for rules and each other, and to enhance communication and dialogue among participants.

Name of Group: Arab-Jewish Community Center
Funding Amount: \$100,000

Purpose:

Jewish-Arab Class Exchange Program

This program recognizes that the majority of Jewish and Arab youth have not been previously exposed to one another and is expected to contribute to increased tolerance and respect.

Name of Group: The State University of New York (SUNY) New Paltz Institute for Disaster Mental Health
Funding Amount: \$96,917

Purpose:

Families First: A Palestinian-Israeli People-to-People Approach To Assist Children and Caregivers as a Means of Conflict Mitigation and Reconciliation

The program recognizes that children raised in this environment are likely to absorb and echo the violence that surrounds them. It will bring together Palestinian and Israeli health and social service professionals to work in partnership to work to prevent long-term conflict by addressing short-term mental health needs of children and families.

Name of Group: The Arava Institute for Environmental Studies
Funding Amount: \$561,438

Purpose:

Mitigating Trans-Boundary Waste-Water Conflicts

This program aims to address, help reduce, and prevent further wastewater conflicts and disputes between Israel and the West Bank.

Name of Group: Seeds of Peace
Funding Amount: \$951,745
Purpose:

On Common Ground

The program is designed to provide Palestinian and Israeli young leaders between the ages of 14–32, as well as local educators, with experiences, skillsets, and resources to find common ground on the core issues within and between their societies that perpetuate conflict and prevent peace.

Name of Group: Sipurei Yerushalayim (Jerusalem Stories)
Funding Amount: \$100,000

Purpose:

Storytelling Encounters: A Model Approach for Transforming Israeli-Palestinian Perceptions

The program seeks to make Israelis and Palestinians understand and humanize each other through the use of storytelling, photographs, and video and will build on this tested approach to train Israeli and Palestinian youth leaders in a series of joint workshops so that they can introduce the power of storytelling as a conflict transformation tool to broader audiences throughout Israel and the West Bank.

Name of Group: Kids Creating Peace

Funding Amount: \$100,000

Purpose:

Sach-Ten: A Uniquely Interactive Reconciliation and Leadership Program for Israeli and Palestinian Youth

The Sach Ten program is a recognized professional peace education program coordinated by the Israeli Ministry of Education and several leading Palestinian schools and educational institutes.

MIDDLE EAST REGIONAL COOPERATION (MERC)

The Israeli and Palestinian organizations listed below are all current recipients of USAID-managed ESF funding under the MERC program, funded through prior year funding. MERC's \$3 million fiscal year 2011 ESF was received in fiscal year 2012, and its distribution is dependent upon the completion of ongoing reviews of grant applications, expected to be finished by June 2012. MERC has not yet received its fiscal year 2012 funding.

MERC is a competitive research program that funds joint Arab-Israeli research grants to address shared development problems and promote direct collaboration between Arab and Israeli researchers, students, and institutions. MERC accepts jointly authored Arab-Israeli research proposals on any research topic that the applicants can justify as likely to produce a lasting development result. The program funds a wide variety of scientific research, but most projects focus on subjects such as agriculture, water resources, health and the environment.

The following Israeli NGOs are current MERC recipients and illustrative of the Israeli institutions expected to receive fiscal year 2011 and 2012 funds:

- The Arava Institute for Environmental Studies;
- The Assaf Harofeh Medical Center;
- Bar-Ilan University;
- Ben-Gurion University of the Negev;
- The Galilee Society;
- Hebrew University of Jerusalem;
- Shaare Zedek Medical Center;
- The Technion Institute;
- Tel Aviv University; and
- The University of Haifa.

The following Palestinian NGO are current MERC recipients and illustrative of the Palestinian institutions expected to receive fiscal year 2011 and 2012 funds:

- Al-Quds University;
- Augusta Victoria Hospital;
- Beit Jalla Hospital;
- Bethlehem University (a subsidiary of the Roman Catholic Church);
- The Biodiversity and Environmental Research Center;
- Caritas Baby Hospital, Children's Relief of Bethlehem;
- The Environmental Protection Research Institute;
- The House of Water and Environment;
- The Palestinian Agricultural Relief Committee; and
- The Princess Basma Center for Disabled Children.

MERC funds are typically awarded to Israeli Government ministries and NGOs that serve as prime grantees and issue sub-awards to partner institutions in six Arab countries and Israel. Of the 37 projects active in 2011, 29 had been awarded to Israeli prime grantees, 5 to Jordanian primes, and 3 to primes in the United States. All of the Palestinian institutions listed above are sub-grantees of Israeli primes. Many institutions are on more than one project.

AMERICAN SCHOOLS AND HOSPITALS ABROAD

USAID's Office of American Schools and Hospitals Abroad (ASHA) provides grants to competitively selected private, nonprofit universities and secondary schools, libraries, and medical centers abroad. The list below represents grants for Israeli and Palestinian institutions that received fiscal year 2011 ASHA funding. Fiscal year 2012 funding decisions have not been made at this time.

U.S. Organization: Trustees of the Feinberg Graduate School of the Weizmann Institute

Organization Name: Feinberg Graduate School of the Weizmann Institute of Science

Funding Amount: \$1,000,0000

Purpose: To acquire critically needed scientific instrumentation for Feinberg Graduate School educational and research activities in science education, energy/environment, and genome-based biomedicine programs.

U.S. Organization: Hadassah Medical Relief Association, Inc.

Organization Name: Hadassah Medical Center

Funding Amount: \$1,600,000

Purpose: To acquire American-manufactured equipment and state-of-the-art surgical equipment that will improve patient care at Hadassah Medical Center.

U.S. Organization: Friends United Meeting

Organization Name: Ramallah Friends School

Funding Amount: \$1,000,000

Purpose: To expand classroom capacity for art and music instruction, upgrade existing facilities to make them handicap accessible, update classroom technology, renovate guest rooms, and install photovoltaic hybrid power plant.

U.S. Organization: American Committee for Shaare Zedek Hospital in Jerusalem, Inc.

Organization Name: Shaare Zedek Medical Center

Funding Amount: \$500,000

Purpose: To replace obsolete equipment with American-standards models by purchasing new defibrillators, a new EKG system and new recovery monitors for the Post Anesthesia Care Unit.

U.S. Organization: American Society of the Most Venerable Order of the Hospital St. John of Jerusalem

Organization Name: St. John's Eye Hospital Group

Funding Amount: \$300,000

Purpose: To purchase a set of highest-quality diagnostic and surgical equipment and instruments to expand the existing retinal care unit to benefit 10,000 patients annually.

U.S. Organization: American Friends Tel Aviv University

Organization Name: Tel-Aviv University

Funding Amount: \$325,000

Purpose: To purchase American equipment for research to develop vaccines and therapies for HIV/AIDS, hepatitis, and other diseases prevalent and deadly in Africa and third world countries.

U.S. Organization: American Friends of The Hebrew University

Organization Name: The Hebrew University of Jerusalem

Funding Amount: \$500,000

Purpose: To purchase next-generation genomic DNA sequencer and accessory liquid handling work station, essential for research uncovering roots of human disease to promote diagnosis, prognosis, and treatment.

Question. Does USAID track the public statements made or events held by USAID-funded NGOs with regard to incitement against Israel or Jews?

In a yes or no answer, do you believe USAID should provide funds to NGOs in Israel, the West Bank or Gaza that compare the State of Israel, Israelis, Jews, or Zionism to Nazis?

In a yes or no answer, do you believe USAID should provide funds to NGOs in Israel, the West Bank or Gaza that support boycotts of, divestment from or sanctions against the State of Israel?

In a yes or no answer, do you believe USAID should provide funds to NGOs that accuse Israel of "the slaughter of Palestinian children", "massacre", "cultural genocide", "war crimes", or "apartheid"?

Answer. The United States has firmly and consistently condemned incitement to violence and called on both sides to take action to end such activity.

Under the Roadmap for Peace brokered by the Quartet in 2003, both Israel and the Palestinian Authority are committed to ending incitement. The Palestinian Authority has made significant progress since the 1990s in combating official incitement to violence through measures that include undertaking revisions of official PA textbooks and reducing inflammatory rhetoric.

We continue to work in a variety of ways to combat incitement. Also, in ongoing discussions with senior Palestinians, we continue to stress the importance of avoiding any actions that would constitute incitement.

USAID also employs robust and effective measures to ensure that all of our assistance to the Palestinian people is only used when, where, and by whom we have authorized.

Local NGOs that receive U.S. assistance, including sub-grantees, are vetted to ensure no terrorist connections. In addition to vetting, USAID has in place other mandatory anti-terrorism procedures including the requirement that an NGO receiving USAID assistance first sign the anti-terrorism certification, mandatory clauses in contracts and grants reminding awardees of their duty to comply with U.S. laws, and monitoring and audits of all programs in order to safeguard U.S. investments. These anti-terrorism procedures are described in more details below:

Vetting.—Before making an award of either a contract or a grant to a local NGO, the USAID West Bank/Gaza mission checks the organization against lists maintained by the Office of Foreign Assets Control within the Department of the Treasury. The mission also checks all non-U.S. organizations and their principal officer, directors, and other key individuals through law enforcement and intelligence community systems accessed by USAID's Office of Security. The mission collects the individual's full name, government-issued photo identification number, and the individual's date and place of birth.

Anti-Terrorism Certification.—All NGOs applying for grants from USAID are required to certify, before award of the grant will be made, that they do not provide material support to terrorists.

Mandatory Clauses.—All contracts and grants also contain a mandatory clause reminding awardees of their duty to comply with U.S. laws and Executive orders prohibiting assistance to terrorist organizations.

Monitoring and Audits.—Once an award has been made, USAID has established procedures to safeguard U.S. investments and ensure the transparency and integrity of U.S. assistance. In order to ensure that funding through local and U.S. NGOs is used only for agreed-upon purposes, all NGOs are required to submit quarterly financial reports to USAID on how funds are spent. The annual appropriation act requires an audit of all direct USAID grantees, contractors and significant subgrantees and subcontractors on an annual basis to ensure, among other things, compliance with vetting. In addition, the annual appropriation act requires a Government Accountability Office audit of the WB/G program, including the cash transfer.

CONCLUSION OF HEARINGS

Senator LEAHY. Thank you all for being here.

I don't want to embarrass her, but there is one member of the audience who I first knew of when she was just 3 days old, Suphada Rom, and I want to take a moment to say hello to her before I leave.

Thank you.

Dr. SHAH. Thank you, Senator.

[Whereupon, at 11:30 a.m., the hearings were concluded, and the subcommittee recessed, to reconvene subject to the call of the Chair.]