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NATIONAL SECURITY AND FOREIGN POLICY PRIORITIES IN THE FISCAL YEAR 2012 INTERNATIONAL AFFAIRS BUDGET

HEARING

BEFORE THE

COMMITTEE ON FOREIGN RELATIONS
UNITED STATES SENATE

ONE HUNDRED TWELFTH CONGRESS

FIRST SESSION

MARCH 2, 2011

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CONTENTS

	Page
Clinton, Hon. Hillary Rodham, Secretary of State, U.S. Department of State, Washington, DC	6
Prepared statement	10
Responses to questions submitted for the record from the following:	
Senator John F. Kerry	47
Senator Richard G. Lugar	111
Senator Barbara Boxer	148
Senator Robert Menendez	149
Senator James E. Risch	162
Senator Bob Corker	165
Senator Robert P. Casey, Jr.	175
Senator Mike Lee	177
Kerry, Hon. John F., U.S. Senator from Massachusetts, opening statement	1
Lugar, Hon. Richard G., U.S. Senator from Indiana, opening statement	3

ADDITIONAL MATERIAL SUBMITTED FOR THE RECORD

Hon. Michael S. Lee, U.S. Senator from Utah, prepared statement	46

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WEDNESDAY. MARCH 2, 2011

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

The committee met, pursuant to notice, at 9:34 a.m., in room SD–106, Dirksen Office Building, Hon. John F. Kerry (chairman of the committee) presiding.

Present: Senators Kerry, Boxer, Menendez, Cardin, Casey, Webb, Shaheen, Coons, Durbin, Lugar, Corker, Rubio, DeMint, and Lee.

OPENING STATEMENT OF HON. JOHN F. KERRY, U.S. SENATOR FROM MASSACHUSETTS

The CHAIRMAN. Good morning. This hearing will come to order.

Madam Secretary, it's wonderful to welcome you here today. I know you're freshly back from a quick trip and we appreciate enormously all of your efforts on our behalf. I can't think of a more relevant moment in many ways for you to appear before the committee, so we're happy to have you here.

Let me just say up front that we have joined with our allies and we've heard loudly and clearly from you, Madam Secretary, that Colonel Qaddafi must go. He has lost all legitimacy, and I think it's important to be clear that we can't be halfway committed to that goal.

The people of Libya are not asking for foreign troops on the ground. They are committed to doing what is necessary. But they do need the tools to prevent the slaughter of innocents on Libyan streets. I believe that the global community cannot be on the sidelines while airplanes are allowed to bomb and strafe. A no-fly zone is not a long-term proposition, assuming the outcome is what all desire, and I believe we ought to be ready to implement it as necessary.

It is clear that we are living through one of the most important transformations in the history of the modern world. Some have likened the wave of protests sweeping the Middle East to the revolutions of 1848, which changed Europe's political landscape forever. There is no doubt that the events of this year will be studied for decades to come.

But in this moment, at this time as we gather here and as the events unfold in the region, the full ramifications of the upheaval that has happened from Tunis to Tahrir Square, in the streets of

Manama and Sanaa, in Tripoli and beyond, we don't understand yet exactly how that outcome is going to be defined.

What we do know is that this is a time of great challenge, particularly for the people there, but also for people in other countries with interests and with families and connections there. Events this powerful demand a powerful response. Our commitment now to the ordinary people who are risking their lives to win human rights and democracy will be remembered for generations in the Arab world. We have to get this moment right.

We are working here in the Senate with colleagues on both sides of the aisle to create a package of longer term financial assistance. As contrary as some might think that is in the context of our budget today, which we will discuss, it is in fact an imperative, because it is key to helping to turn the new Arab Awakening into a lasting rebirth.

In the event that our involvement is not about sending troops or tanks to remake the region in our image, it's about sending economists and election experts and humanitarian aid to help a region remake itself. We have not yet worked out any numbers or details and obviously we'll work with the administration. But I am convinced that a significant financial commitment by the United States to assist in this monumental and uplifting transformation is key to its long-term outcome and to our relationship to it.

We're being called upon to forge new relationships in a part of the world that has been and will remain vital to our national security. We've been given the opportunity to demonstrate conclusively to the young men and women of the Muslim world and beyond that al-Qaeda's belief that change requires violence and radicalization is just plain wrong. In fact, that is one thing that really stands out in the events of the last 6 weeks or so. The Arab Awakening is an unambiguous repudiation of al-Qaeda's poisonous doctrine.

We now have one of history's greatest opportunities to affirm the universal appeal of democratic values to people across cultures and across religions, and to encourage an entire region to move toward reform and away from violence.

Now, as I mentioned—and the Secretary knows this better than anyone—we all understand we face a budget crisis in our own country. But we can either pay now to help brave people build a better democratic future for themselves or we will certainly pay later, in much higher terms, with increased threats to our own national security.

The budget that we're here to discuss this morning lays the foundation for our ability to fulfill our responsibilities to the American people and our responsibilities on a universal basis to people that keep faith with our values. The $53 billion in core funding that the President has requested for international affairs is in fact a very small investment for the kind of return that we get.

Consider this. We're going to spend certainly $700 billion plus this year on our military. By contrast, the international affairs budget is less than one-tenth of what the Pentagon spends. As Secretary Gates himself pointed out, if you took the entire Foreign Service roster you could barely staff one aircraft carrier.

Yet our diplomats are serving on the front lines of multiple revolutions and wars. They're making vital contributions in Afghani-

stan and in Iraq they're planning the transition from a military mission to a diplomatic one, so that we can cement the political progress that has cost hundreds of billions of dollars and thousands of American lives. In Africa they are helping to midwife the birth of a new nation in South Sudan, to resolve the situation in Darfur, to forge a new relationship with the government in Khartoum. They're leading the fight against global challenges like nuclear proliferation and climate change, and in countless communities around the world they are providing essential humanitarian assistance, preventing the spread of cholera in Haiti, distributing food to refugees from the conflict in northern Kenya, and providing shelter to flood victims in Pakistan.

This is simply not the time for America to pull back from the world. It is time to step forward. Yet, just last week the House sent us a continuing resolution for fiscal year 2011 that imposes draconian cuts. The budget would slash our humanitarian aid by 50 percent, decimating our ability to provide food, shelter, and medicine after natural disasters, and putting hundreds of thousands of lives at risk. It would cut nearly two-thirds of the funds devoted to promoting clean energy and increasing resilience to climate change in the most vulnerable regions of the world. It would cut over $1 billion in global health funding, which means that over 400,000 people who would have received lifesaving treatment through PEPFAR will now linger on waiting lists as their HIV diagnosis becomes a death sentence. And it would slash food and education for the world's poorest children by 50 percent.

There's something about these cuts that I think does violence to the Judeo-Christian ethic by which so many people claim to be guided in their private and their public lives. These cuts are not abstractions. These are people, and they also are the values of our country. Cutting these programs will do almost nothing to rein in our budget deficit, but it will cost thousands of lives and certainly cost us our reputation and our commitment in the world. By reducing our diplomatic capacity around the globe, believe me, we will increase the threats to our own country.

I know Secretary Clinton feels just as strongly, powerfully, about these issues and about the necessity of maintaining our global commitment. She's been an ardent advocate and tireless practitioner of American diplomacy. So we're very pleased to have her here today to discuss this budget with the committee.

Senator Lugar.

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

Senator LUGAR. Thank you, Mr. Chairman, and I join you in welcoming Secretary Clinton, as always, to our committee. I look forward to her thoughts on State Department and foreign policy priorities for the coming year.

Our hearing today is taking place in the context of deep economic uncertainty at home, coupled with extraordinary upheaval overseas. The American people are still suffering from high unemployment, with 9.5 percent out of work in my home State. The fiscal year 2010 budget deficit registered about $1.3 trillion, or 9 percent of GDP.

Under President Obama's proposed budget, the fiscal year 2011 deficit would be at least that high. Our total national debt has climbed above $14 trillion. Some businesses are returning to profitability, but long-term economic growth is threatened by numerous forces, including the skyrocketing national debt, high energy prices, and increased competition for export markets.

Now, let me just say, overseas almost 100,000 American military personnel are fighting a difficult war in Afghanistan. More than 1,380 of our troops have been killed in Afghanistan with almost 10,500 wounded. Meanwhile, we are entering our eighth year in Iraq, a deployment that has cost more than 4,400 American lives and wounded roughly 32,000. We still have more than 46,000 troops deployed in that country.

As we discussed in our hearing yesterday, tensions on the Korean Peninsula are extremely high with no resolution to the problem of North Korea's nuclear program. We continue to pursue international support for steps that could prevent Iran's nuclear program from producing a nuclear weapon. We remain concerned about stability in Pakistan and the security of that country's nuclear arsenal. We are attempting to counter terrorist threats emanating from Afghanistan, Pakistan, East Africa, Yemen, and many other locations.

In recent months, this tenuous security environment has been further complicated by the mass movements in Tunisia, Egypt, Libya, and elsewhere that are reshaping the Middle East with unpredictable results. People who have been alienated from their governments with no political power are beginning to believe that they have a personal stake in their country's direction.

While this comes with high risks, especially in the short term, we know that the long-term prospects for stability, prosperity, and moderation are better in a Middle East in which populations actively participate in their own governance. These conditions at home and abroad necessitate that all government agencies, including the State Department, prioritize initiatives that invigorate and protect the American economy and fundamental U.S. security. Secretary Clinton and our diplomats, aid workers, security personel, and others are on the front lines of these issues. We appreciate very much the sacrifices that they make and the risks that they take daily on behalf of the American people.

I would observe that the situation in Libya and the broader Middle East underscores the importance of three ongoing objectives of United States foreign policy that extend beyond management of immediate problems and crises.

First, the State Department and other agencies must be devoted to U.S. energy security. The disruption of oil from Libya has impacted world markets causing the price of oil to spike above $100 a barrel and raising the prices Americans pay at the pump. Volatile oil prices are a threat to the U.S. economic recovery, and dependence on foreign oil limits our foreign policy choices. We are living in an age of extreme vulnerability to oil supply disruptions from war, instability, terrorism, or embargo.

To end this dangerous overreliance on oil imports, we must find more domestic resources, improve, vastly improve, our efficiency, and improve international cooperation. I believe the administration

should reverse its de facto prohibition on new offshore oil drilling, develop new forms of liquid fuels from domestic feedstocks such as biomass and coal, and dramatically increase the fuel efficiency of our vehicles.

As this occurs, the State Department must work to diversify supply routes, and boost our energy trade with reliable and transparent allies such as Canada, in place of shaky and sometimes hostile suppliers.

Second, although the situation in Libya is extremely dangerous, we can be thankful that the upheaval is occurring without a nuclear weapons dimension. The Bush administration was successful in coaxing Libya to give up its nuclear weapons program about 8 years ago. The importance of that success has been magnified by the current crisis. Although the Defense Department is responsible for a large share of global nonproliferation and counterproliferation efforts, including the so-called Nunn-Lugar programs, the State Department also plays a key role in working with other governments to overcome the proliferation threat.

As we discussed yesterday in the context of North Korea, regime instability—wherever it occurs—heightens the chances that governments or individuals will seek leverage or profit that might come with transferring weapons of mass destruction technology. The consequences of even one WMD attack by terrorists or a rogue state could be devastating for our economy, our budget, our children, and perhaps our freedoms.

Last fall, I led a United States Government delegation to East Africa to strengthen Nunn-Lugar outreach to several governments on improving security related to biological pathogens. Officials and programs throughout our national security apparatus must redouble efforts to deal with proliferation threats wherever they may occur.

Third, food shortages and high prices for commodities have been issues in almost every Middle Eastern country that has experienced recent demonstrations. This underscores again the pivotal position of the United States as the largest and most diverse grower and exporter of food. This role comes with both enormous economic opportunities and national security imperatives.

The world will experience explosive growth in demand for food as large populations in China, India, and elsewhere become more affluent. Meanwhile, countries throughout Africa and Asia suffer from severe hunger and malnutrition. The United States must give high priority to executing a global food policy that both creates export opportunities for our farmers and agricultural businesses and addresses hunger in volatile regions that could negatively impact our national security. I am grateful for the Secretary's personal interest in this topic and encourage her to continue to work with the Congress on this issue.

We appreciate very much the timely appearance of the Secretary before us today in the midst of a very demanding schedule. I admire her stamina and we look forward to our discussion.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Lugar. Thank you very much.

Madam Secretary, again we are delighted to have you here. Thank you.

STATEMENT OF HON. HILLARY RODHAM CLINTON, SECRETARY OF STATE, U.S. DEPARTMENT OF STATE, WASHINGTON, DC

Secretary CLINTON. Well, thank you. I want to begin by thanking you, Chairman Kerry, and you, Ranking Member Lugar, for not just those two eloquent statements of our priorities and our needs as a nation, but for your service, your lifetime of leadership on issues that really do matter to America's security interests and values. It's an honor to appear before you.

I recently took part in emergency meetings in Geneva to discuss the events unfolding in Libya and I'd like to begin by offering a brief update. As the chairman said, we have joined the Libyan people in demanding that Colonel Qaddafi must go now, without further violence and bloodshed. We are working to translate the world's outrage into action and results. Marathon diplomacy at the United Nations and with our allies has yielded quick, aggressive steps to pressure and isolate Libya's leaders.

We welcome yesterday's decision to suspend Libya from the Human Rights Council, as I had urged a day earlier. USAID is focused on Libya's food and medical supplies and is dispatching two expert humanitarian teams to help those fleeing the violence into Tunisia and Egypt. Our combatant commands are positioning assets to prepare to support these critical civilian missions. And we are taking no option off the table so long as the Libyan Government continues to turn its guns on its own people.

As both the chairman and the ranking member have noted, the region is changing and a strong, strategic American response will be essential. In the years ahead, for example, Libya could become a peaceful democracy or it could face protracted civil war or fall into chaos. The stakes are high.

This is an unfolding example of using the combined assets of smart power, diplomacy, development, and defense, to protect our interests and advance our values. This integrated approach is not just how we must respond to the crisis of the moment. It is the most effective and most cost effective way to sustain and advance our security, and it is only possible with a budget that supports all the tools in our national security arsenal, which is what I am here today to discuss.

I understand and agree that the American people are rightly and justifiably concerned about our national debt, about our economy, and about unemployment. But I think also Americans understand the need for responsible investments in our security for the future to make us safer, to keep markets open, to ensure that we remain the leader in the world.

Just 2 years after President Obama and I first asked you to renew our investment in development and diplomacy, we are already seeing tangible returns. In Iraq, almost 100,000 troops have come home and civilians are poised to keep the peace. In Afghanistan, integrated military and civilian surges have helped set the stage for our diplomatic surge to support Afghan-led reconciliation that can end the conflict and put al-Qaeda on the run.

We have imposed the toughest sanctions yet to rein in Iran's nuclear ambitions. We have reengaged as a leader in the Asia Pacific region and in our own hemisphere. We have signed trade deals to promote American jobs and nuclear weapons treaties to protect our people. We worked with northern and southern Sudanese to achieve a peaceful referendum and prevent a return to civil war. And we are working to open up political systems, economies, and societies at this remarkable moment in history in the Middle East, and to support orderly, peaceful, irreversible democratic transitions.

Our progress is significant, but our work is ongoing. These missions are vital to our national security and now would be absolutely the wrong time to pull back.

The FY 2012 budget we discuss today will allow us to keep pressing ahead. It is a lean budget for lean times. I launched the first ever Quadrennial Diplomacy and Development Review, the so-called QDDR, to help us maximize the impact of every dollar we spend. We scrubbed this budget. We made painful but responsible cuts.

For example, we cut economic assistance to Central and Eastern Europe, the Caucasus and Central Asia by 15 percent. We cut development assistance to over 20 countries by more than half.

This year for the first time, our request is divided into two parts. Our core budget request is $47 billion. That supports programs and partnerships in every country but North Korea. It is essentially flat from 2010 levels.

The second part of our request funds the extraordinary temporary portion of our war effort. This is the same way the Pentagon's request is funded, in a separate overseas contingency operations account, known as OCO. Instead of covering our war expenses through supplemental appropriations, we are now taking a more transparent approach that reflects our fully integrated civilian-military effort on the ground.

Our share of the President's $126 billion request for these exceptional wartime costs in front-line states is $8.7 billion. Let me walk you through a few of the key investments. First, this budget funds vital civilian missions in Afghanistan, Pakistan, and Iraq. In Afghanistan and Pakistan, al-Qaeda is under pressure as never before. Alongside our military offensive, we are engaged in a major civilian effort to help build up the governments, economies, and civil societies of both countries and therefore help undercut the insurgency.

These two surges, the military and civilian, now set the state for the third surge, a diplomatic push in support of an Afghan process to split the Taliban from al-Qaeda, bring the conflict to an end, and help stabilize the entire region.

Our military commanders are emphatic: They cannot succeed without a strong civilian partner. Retreating from our civilian surge in Afghanistan with our troops still in the field would be a grave mistake.

Equally important is our assistance to Pakistan, a nuclear-armed nation with strong ties and interests in Afghanistan. This is a complicated and often frustrating relationship, as the chairman knows very well, and we are grateful to him for his constant attention and

very helpful interventions. We are working to deepen that partnership and keep it focused on addressing Pakistan's political and economic challenges as well as our shared threats.

After so much sacrifice in Iraq, we have a chance to help the Iraqi people build a stable, democratic country in the heart of the Middle East. What we are hoping will happen in Egypt and in Libya and in Tunisia is happening in Iraq, and it is imperative that as our troops come home our civilians take the lead, helping Iraqis resolve conflicts peacefully, training police, and inculcating the habits of the heart that are at the root of any kind of democratic society.

Shifting responsibilities from soldiers to civilians actually saves taxpayers a great deal of money. The military's total OCO request worldwide will drop by $45 billion from 2010, while our costs in State and USAID will increase by less than $4 billion for Iraq. Every businessowner I know would gladly invest $4 to save $45.

Second, even as our civilians help bring today's wars to a close, we are working to prevent tomorrow's. This budget devotes over $4 billion in sustaining a strong U.S. presence in volatile places where our security and interests are at stake. In Yemen, it provides security, development, and humanitarian assistance in the midst of the headquarters for al-Qaeda on the Arabian Peninsula. It focuses on those same goals in Somalia. It has helped the northern and southern Sudanese chart a peaceful future and we need to stay on that path. It helps Haiti rebuild and it proposes a new global security contingency fund that would pool resources and expertise with the Defense Department. We are trying to tear down the walls and the bureaucratic jurisdictional obstacles that too often prevent the U.S. Government from being as efficient as it can be by bringing all of our government assets together.

This budget also strengthens allies and partners. It trains Mexican police to take on violent cartels and secure our southern border. It provides nearly $3.1 billion for Israel and supports Jordan and the Palestinians. It does help Egypt and Tunisia and it supports security assistance to over 130 nations.

Now, over the years these security funds have created valuable ties with foreign militaries. We saw that in real time when it came to Egypt. Because the United States military has trained a generation of Egyptian officers, because that experience built relationships between American military leaders and Egyptian military leaders, we saw the Egyptian military refuse to fire on their own people, and there were many, many conversations going on between people who weren't picking up the phone for the first time, but who had trained together, lived together, worked together.

Across the board, we are trying to ensure that all who share the benefits of our spending also share the burdens of addressing common challenges.

Third, we are making targeted investments in human security. We have focused on hunger, and thank you so much, Senator Lugar, for your constant, constant pointing out that this is in America's interest as well as the world's interest. We have invested in preventing and ameliorating the effects of disease, climate change, humanitarian emergencies.

These challenges not only threaten the security of individuals and increasingly in our world individuals here at home, but they are the seeds of future conflict. If we want to lighten the burden on future generations, we have to make the investments that will make our world more secure.

Our largest investment is in global health programs, including those launched and led by President George W. Bush. These programs stabilize entire societies that have been devastated by HIV, malaria, tuberculosis, and other diseases. They save the lives of mothers and children and they halt the spread of deadly diseases.

Global food prices are approaching an all-time high. Three years ago this led to protests and riots in dozens of countries. Food security is a cornerstone of global stability. We are helping farmers to grow more food, drive economic growth, and turn aid recipients into trading partners, and I look forward to working closely with the Congress as we try to really sharpen this program.

Now, climate change we know threatens food security, human security, and national security. Our budget helps to build resilience against droughts, floods, and other weather disasters. It promotes clean energy and it preserves tropical forests. It gives leverage to us to persuade China, India, and other nations to do their part as well.

Fourth, we are committed to making our foreign policy a force for domestic economic renewal. We are working aggressively to promote sustained economic growth, level playing fields, open markets, and create jobs here at home. And we are fighting for companies large and small. For example, our economic officers in the Philippines helped Jarden Zinc win a $21 million raw materials contract that will create and preserve jobs throughout Senator Corker's home State of Tennessee.

Fifth and finally, this budget funds the people and platforms that make possible everything I've described. It allows us to sustain diplomatic relations with 190 countries. It funds political officers who are working to defuse crises and promote our values, development officers spreading opportunity and stability, economic officers who wake up every day thinking about how to put Americans back to work.

Several of you have asked the Department about the safety of your constituents in the Middle East. Well, this budget also helps fund the consular officers who evacuated over 2,600 Americans from Egypt and Libya and nearly 17,000 from Haiti. They issued 14 million passports last year and served as our first line of defense against would-be terrorists seeking visas to enter our country.

I'd like to say just a few words about our funding for the rest of 2011. As I have told Speaker Boehner and Chairman Rogers and many others, the 16-percent cut for State and USAID that passed the House last month would be devastating to our national security. It would force us to scale back dramatically on critical missions in Iraq, Afghanistan, and Pakistan.

As Secretary Gates, Admiral Mullen, and General Petraeus have all emphasized to the Congress time and again, we need a fully engaged and fully funded national security team, including State and USAID. Now, there have always been moments of temptation in

our country to resist obligations beyond our borders. But each time we have shrunk from global leadership, events have summoned us back to reality. We saved money in the short term when we walked away from Afghanistan after the cold war. But those savings came at an unspeakable cost, one we are still paying 10 years later in money and lives.

Generations of Americans have grown up successful and safe because we chose to lead the world in tackling its greatest challenges. We're the ones who invested the resources to build up democratic allies and vibrant trading partners in every region. We did not shy away from defending our values, promoting our interests, and seizing the opportunities of each new era.

I believe as I have traveled around the world—and I am now the most traveled Secretary of State in history—the world has never been in greater need of the qualities that distinguish us as Americans—our openness and innovation, our determination, our devotion to universal values. Everywhere I travel, I see people looking to us for leadership. This is a source of strength, a point of pride, and a great opportunity for the American people. But it is an achievement, not a birthright. It requires resolve and it requires resources.

So I look forward to working closely together with all of you to do what is necessary to keep our country safe and maintain American leadership in a very fast-changing world.

Thank you, Mr. Chairman.

[The prepared statement of Secretary Clinton follows:]

PREPARED STATEMENT OF SECRETARY OF STATE HILLARY RODHAM CLINTON

I want to thank Chairman Kerry, Ranking Member Lugar, and all of you on this committee for your leadership and your partnership—across the aisle and with the administration—to meet our most pressing challenges.

I recently took part in emergency meetings in Geneva to discuss the events unfolding in Libya. I would like to begin by offering you a brief update.

We have joined the Libyan people in demanding that Qaddafi must go—now, without further violence or delay—and we are working to translate the world's outrage into action and results.

Marathon diplomacy at the U.N. and with our allies has yielded quick, aggressive steps to pressure and isolate Libya's leaders. We welcome yesterday's decision to suspend Libya from the Human Rights Council, as I had urged a day earlier. USAID is focused on Libya's food and medical supplies and dispatching two expert humanitarian teams to help those fleeing the violence into Tunisia and Egypt. Our combatant commands are positioning assets to prepare to support these critical civilian missions. And we are taking no options off the table so long as the Libyan Government continues to turn its guns on its own people.

The entire region is changing, and a strong and strategic American response will be essential. In the years ahead, Libya could become a peaceful democracy, or it could face protracted civil war. The stakes are high. And this is an unfolding example of using the combined assets of diplomacy, development, and defense to protect our interests and advance our values. This integrated approach is not just how we respond to the crisis of the moment. It is the most effective and cost-effective—way to sustain and advance our security across the world. And it is only possible with a budget that supports all the tools in our national security arsenal—which is what we are here to discuss.

The American people today are justifiably concerned about our national debt, but they also want responsible investments in our future. Just 2 years after President Obama and I first asked you to renew our investment in development and diplomacy, we are already seeing tangible returns for our national security.

In Iraq, almost 100,000 troops have come home and civilians are poised to keep the peace. In Afghanistan, integrated military and civilian surges have helped set the stage for our diplomatic surge to support Afghan-led reconciliation that can end the conflict and put al-Qaeda on the run. We have imposed the toughest sanctions

yet to rein in Iran's nuclear ambitions. We have reengaged as a leader in the Pacific and in our own hemisphere. We have signed trade deals to promote American jobs and nuclear weapons treaties to protect our people. We worked with northern and southern Sudanese to achieve a peaceful referendum and prevent a return to civil war. And we are working to open political systems, economies, and societies at a remarkable moment in the history of the Middle East and to support peaceful, irreversible democratic transitions in Egypt and Tunisia.

Our progress is significant, but our work is ongoing. These missions are vital to our national security, and now would be the wrong time to pull back.

The FY 2012 budget we discuss today will allow us to keep pressing ahead. It is a lean budget for lean times. I launched the first-ever Quadrennial Diplomacy and Development Review to help us maximize the impact of every dollar we spend. We scrubbed this budget and made painful but responsible cuts. We cut economic assistance to Central and Eastern Europe, the Caucasus and Central Asia by 15 percent, and we cut development assistance to over 20 countries by more than half.

This year, for the first time, our request is divided in two parts: Our core budget request of $47 billion, which supports programs and partnerships in every country but North Korea, is essentially flat from 2010 levels.

The second part of our request funds the extraordinary, temporary portion of our war effort the same way the Pentagon's request is funded: in a separate Overseas Contingency Operations account known as "OCO." Instead of covering our war expenses through supplemental appropriations, we are now taking a more transparent approach that reflects our fully integrated civilian-military effort on the ground. Our share of the President's $126 billion request for these exceptional wartime costs is $8.7 billion.

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Shifting responsibilities from soldiers to civilians actually saves taxpayers a great deal of money. The military's total OCO request worldwide will drop by $45 billion from 2010, while our costs will increase by less than $4 billion. Every businessowner I know would gladly invest $4 to save $45.

Second, even as our civilians help bring today's wars to a close, we are also working to prevent tomorrow's. This budget devotes over $4 billion to sustaining a strong U.S. presence in volatile places where our security and interests are at stake. In Yemen, it provides security, development, and humanitarian assistance to deny al-Qaeda a safe haven and to promote stability and progress. It focuses on those same goals in Somalia. It helps northern and southern Sudanese chart a peaceful future. It helps Haiti to rebuild. And it proposes a new Global Security Contingency Fund that would pool resources and expertise with the Defense Department to respond quickly as new challenges emerge.

This budget also strengthens our allies and partners. It trains Mexican police to take on violent cartels and secure our southern border. It provides nearly $3.1 billion for Israel and supports Jordan and the Palestinians. It helps Egypt and Tunisia build stable and credible democracies. And it supports security assistance to over 130 nations. Over the years, these funds have created valuable ties with foreign militaries and, for example, trained a generation of Egyptian officers who refused to fire on their own people. Across the board, we are working to ensure that all who share the benefits of our spending also share the burdens of addressing common challenges.

Third, we are making targeted investments in human security. We have focused on hunger, disease, climate change, and humanitarian emergencies because these

challenges not only threaten the security of individuals—they are the seeds of future conflict. If we want to lighten the burden on future generations, then we must make the investments that will leave them a more secure world.

Our largest investment is in global health programs, including those launched by President George W. Bush. These programs stabilize entire societies that have been devastated by HIV, malaria, and other illnesses. They save the lives of mothers and children and halt the spread of deadly diseases.

Global food prices are approaching an all-time high. Three years ago, this led to protests and riots in dozens of countries. Food security is a cornerstone of global stability, and we are helping farmers to grow more food, drive economic growth, and turn aid recipients into trading partners.

Climate change threatens food security, human security, and our national security. Our budget builds resilience against droughts, floods, and other weather disasters, promotes clean energy and preserves tropical forests. And it gives us leverage to persuade China, India, and other nations to do their essential part to meet this urgent threat.

Fourth, we are committed to making our foreign policy a force for domestic economic renewal. We are working aggressively to promote sustained economic growth, level playing fields, open markets, and create jobs here at home. And we are fighting for companies large and small. For example, our economic officers in the Philippines helped Jarden Zinc win a $21 million raw materials contract that will create and preserve jobs throughout Senator Corker's home State of Tennessee.

Fifth and finally, this budget funds the people and platforms that make possible everything I've described. It allows us to sustain diplomatic relations with 190 countries. It funds political officers defusing crises and promoting our values; development officers spreading opportunity and stability; and economic officers who wake up every day thinking about how to put Americans back to work.

Several of you have asked the Department about the safety of your constituents in the Middle East. Well, this budget also helps fund the consular officers who evacuated over 2,600 people from Egypt and Libya—and nearly 17,000 from Haiti. They issued 14 million passports last year and served as our first line of defense against would-be terrorists seeking visas to enter our country.

I'd also like to say just a few words about our funding for the rest of 2011. As I told Speaker Boehner, Chairman Rogers, and many others, the 16-percent cut for State and USAID that passed the House last month would be devastating to our national security. For example, it would force us to scale back dramatically on critical missions in Iraq, Afghanistan, and Pakistan.

As Secretary Gates, Admiral Mullen, and General Petraeus have all emphasized to you, we need a fully engaged and fully funded national security team—including State and USAID.

Now, there have always been moments of temptation in our country to resist obligations beyond our borders. But each time we have shrunk from global leadership, events summoned us back to reality. We saved money in the short term when we walked away from Afghanistan after the cold war. But those savings came at an unspeakable cost—one we are still paying, 10 years later, in money and lives.

Generations of Americans have grown up successful and safe because we chose to lead the world in tackling its greatest challenges. We invested the resources to build up democratic allies and vibrant trading partners in every region. And we did not shy away from defending our values, promoting our interests, and seizing the opportunities of each new era.

The world has never been in greater need of the qualities that distinguish us—our openness and innovation, our determination, our devotion to universal values. Everywhere I travel, I see people looking to us for leadership. This is a source of strength, a point of pride, and a great opportunity for the American people. But it is an achievement, not a birthright. It requires resolve—and it requires resources.

I look forward to working closely together with you to do what is necessary to keep our country safe and maintain American leadership in a changing world.

The CHAIRMAN. Well, thank you, Madam Secretary. I think that was a terrific, important statement and overview of the issues that are at stake here and we really thank you for it.

Let me just ask you quickly if I can and perhaps you might comment. We received the unsettling and sad news that Minister Shahbaz Bhatti, the Minister of Minorities, was assassinated this morning in Islamabad, Pakistan. He was the only Christian member of the Cabinet. I wonder if you would comment on the implica-

tions of that and where we find ourselves at this moment with respect to that relationship.

Secretary CLINTON. Well, thank you, Mr. Chairman, because, like you, I was shocked and outraged by the assassination, reportedly by al-Qaeda-linked terrorists, of Pakistan's Federal Minister for Minorities Affairs, Shahbaz Bhatti. I think this was an attack not only on one man, but on the values of tolerance and respect for people of all faiths and backgrounds that had been championed by Muhammad Ali Jinnah, the founder of Pakistan.

I recently had the opportunity to meet with Minister Bhatti. He was a very impressive, courageous man. He was a patriot. He was a man of great conviction. He cared deeply for Pakistan and he had dedicated his life to helping the least among us.

When I spoke with him, he was well aware of the drumbeat of threats against him. Despite those threats, when the Pakistan Government was recently reshuffled and the Cabinet shrunk, he agreed to continue his work as the Minister for Minorities Affairs. On behalf of the United States, I extend our deepest condolences to his family, his friends, and his colleagues.

I have to say, Mr. Chairman, as I spoke yesterday before the House Foreign Affairs Committee, the intolerance toward minorities, particularly religious minorities, that we are seeing, not only in Pakistan, but elsewhere in the region, the attack on Christians in Iraq, the attack on the Copts in Egypt, the attack on minority Islam sects in Pakistan and elsewhere, is a matter of deep distress to me personally and to our government. It runs against all of our values and we are going to be doing all we can to support the freedom of religion, the freedom of conscience, and to work with governments everywhere so that they uphold universal values.

The CHAIRMAN. Well, thank you. That's a strong and appropriate response, and I think all the members of the committee associate themselves with your comments, and we thank you for them.

You gave a very comprehensive and I think important overview of the implications of the budget cuts with respect to our foreign policy interests. I wonder if you'd simplify it and personalize it in some ways for the average person as these choices come before the Congress. As you know, Madam Secretary, there's a huge misconception out there across the country. I had a town meeting recently, and I'm sure others have done this, and you ask people how much foreign aid do we give. It's just stunning. People think it's a huge amount, and they're shocked when they hear that it's just over 1 percent. It's variant. It's about 1.5 to 1.6 of our total budget, which is so minuscule.

Can you give just a simple grassroots kind of explanation? What's at stake here for Americans? What do we risk losing with this kind of a reduction at this moment of transformation in the world?

Secretary CLINTON. Well, first let me speak about a lot of the specifics. You included a number of those in your opening statement, Mr. Chairman. We will be cutting back on our support for global health, in particular, support through the PEPFAR Project, which was started by President Bush, which has been continued and very strongly supported by President Obama. Hundreds of

thousands of people will be cut off of their life-sustaining drugs. Others will never have access to them.

We will see a decrease in the number of people who are treated for other diseases, including malaria and tuberculosis. We will see, unfortunately, a stop in the outreach for women and children. A woman dies of pregnancy-related complications every minute in the world. We had made maternal and child health one of our priorities.

We are certainly backing off from the commitments to food security, the Feed the Future initiative that Senator Lugar referred to. We really worked hard to get the inputs right because what we had done over the last 20 years was move away from working with farmers in their own countries so that they would better produce for themselves and then the United States would be providing expertise and technology and certainly we would create healthier societies where our own exports would increase. Instead, what we had been doing was just providing emergency food relief, which was not teaching anybody how to fish or anybody how to farm.

We began to reverse that, and that would be severely impacted, in fact zeroed out, in the CR or the budget that was passed.

We have also seen a complete dismissal of the work on climate change and energy security, which I think is a grave mistake. I'll give you just a quick example. We have a lot of support in the Pacific Ocean region. A lot of those small countries have voted with us in the United Nations. They are stalwart American allies. They embrace our values. And they believe, contrary to what some might think, that they are sinking, and they have a lot of evidence that they are sinking, and that the oceans are rising.

All they've asked for us is some recognition, some help with their efforts to be more resilient when it comes to the effects of climate change. We had a small amount of $21 million that we were going to spread across many of these island countries. Obviously, that would not be possible.

We are in a competition for influence with China. Let's put aside the moral, humanitarian, do-good side of what we believe in and let's just talk straight realpolitik. We are in a competition with China. Take Papua-New Guinea. A huge energy find, to go to one of Senator Lugar's very strong points. Exxon Mobil is producing it. China is in there every day in every way trying to figure out how it's going to come in behind us, come in under us. They're supporting the dictatorial regime that unfortunately is now in charge of Fiji. They have brought all of the leaders of these small Pacific nations to Beijing, wined them and dined them.

If anybody thinks that our retreating on these issues is somehow going to be irrelevant to the maintenance of our leadership in a world where we are competing with China, where we are competing with Iran, that is a mistaken notion.

So I would strongly support this on humanitarian, moral, values-based grounds, that we do the right thing, we get credit for it. But I also look at this from a strategic perspective and it is essential.

The CHAIRMAN. Senator Lugar.

Senator LUGAR. Madam Secretary, you have called for the reprogramming of $150 million of our existing assistance funds to Egypt. There has been some skepticism about our advocacy and it's not

clear precisely what these programs are intended to do. Worse still is the question of who supervises the expenditure of the money, and who spends it in the country. That is, in the case of the Egyptians, who would we deal with currently who has a governance function in Egypt? Or, for that matter, in Pakistan, who are we dealing with with regard to the $1.5 billion or so that has been authorized?

Now, a large portion of these funds pertaining to Pakistan obviously has not been spent and is not being spent, although it is of importance diplomatically, and you've had to face public meetings in Pakistan explaining all of this, during which you finally asked on one occasion whether they wanted the money or not, as I recall.

But could you try to trace through with us how you are attempting to bring closer objectives and supervision so that the implementation of these programs can be more transparent to the American people, as well as to the Egyptians and the Pakistanis? I ask this because I think that a confidence level is critical in terms of furthering these programs.

Secretary CLINTON. Well, thank you. I agree with that completely, Senator Lugar. Let me start with Egypt. We plan to use those funds to support an array of efforts that are under way by Egyptians themselves to prepare for constitutional amendments, for free and fair elections, for setting up political parties, to support civil society groups that are working toward those ends.

We are certainly looking for ways to support the economic conditions in Egypt because there have been a lot of economic consequences of what has been happening. Their tourist industry, which is a major part of the economy, employs a lot of Egyptians, has dried up. Other parts of the economy are under stress.

So we intend to use some of that to help support the economic recovery in Egypt. We're looking at creative ways of doing that.

We started on this before Tahrir Square occurred with an entrepreneurial program that we use to reach out to primarily young people in Muslim majority countries, including Egypt. We set up a Web site through which they could obtain business advice and mentoring. We'd like to link what we're doing in economic aid with university sites, where we can continue to help young people become entrepreneurs. You know, there are so many university graduates the economy cannot absorb them. We want to look for ways to help them understand how to support and start their own businesses.

We're looking to identify local businesses that we think have greater capacity. We'd like to look at partnering for some job training skills with some of the unions that have arisen, because they've been a leader for secular change in the economic arena.

So I think there's a lot that we have on the drawing boards that is promising. The Egyptian Government right now, which is run by the Supreme Council of the Armed Forces, is very cautious about taking outside help of any sort except economic help. That's a message they've given to us, they've given to the Europeans, they've given to everyone who has approached them.

I sent Under Secretary Bill Burns to Cairo. He had a number of meetings with people in and outside of the government, particularly the opposition and civil society, and there is a wariness across

the Egyptian society about not looking like they are being influenced by or directed by any outside force.

So we are working to be as careful and as sensitive to those needs while being effective, so that whatever money we put in we can trace and point to.

In Pakistan, when I was here the first time testifying 2 years ago, at that time there was no doubt that the Taliban was in—had the momentum, that the extremists in Pakistan were in the driver's seat. As you recall, the government had made a deal to permit their own extremists, Pakistani Taliban, in Bunir and Swat and other places to basically govern. I said at that time that was a terrible mistake for them. Thankfully, they began to reverse that policy of appeasement. They began to go after the extremists.

If you look, 2 years is a lot of time to us because we're an impatient people. Two years in Pakistani terms is not much at all, and from their perspective they've moved troops off the Indian border, they've gone into Waziristan, they have targeted extremists, they have worked with us to target the guys who are our adversaries and the Afghans' adversaries. So they have moved on the military front.

Now, economically and politically it's a much more complex story. They have made some decisions that we support and the Kerry-Lugar-Berman was intended to encourage, but they've also run into a lot of political difficulties, because this is a political system that is dominated by the rich. They don't want to pay a penny in taxes, if that sounds familiar. They want to keep their big landed estates, don't want anybody asking them to support education, support health, to support anything for their people. As a result, those powerful interests dominate the politics of Pakistan.

So we have been working with those ministries that we believe are on the right track for reform. We've been working with NGOs, both Pakistani, American, and international, that we think can support those kinds of changes. And the floods came along and just up-ended everything, because they were so devastating and they cost so much money.

But I would say that on balance, despite how challenging the relationship is and how much internal pressure their government faces every day, we're in a better position than we were 2 years ago in actually confronting the real problems. We're not papering over them, we're not pretending that they can somehow be ignored.

Senator LUGAR. I thank you for that answer. Let me just add one thought. You've spoken eloquently about our international broadcasting efforts and the Broadcasting Board of Governors, and I think Walter Isakson taking hold of that is a constructive thing. I would hope that we would be more successful in moving more money toward communication with China and, as we heard with our North Korean hearing yesterday, more complex as to how you get the message out. But this is still a great force of diplomacy, to get our message into distant and difficult places.

We're doing better in Iran. We're doing better in the Middle East, as we saw in Tunisia, Egypt, and so forth. But I'm hopeful you can bring us good news about more aggressive policies with regard to the BBG and others.

Secretary CLINTON. Senator, I want to thank you for the report that you did on the Broadcasting Board of Governors and all of the problems that it has experienced. I agree with you, Walter Isakson is an excellent choice. The board is a very invigorated group of Republicans and Democrats. They understand we are engaged in an information war. During the cold war we did a great job in getting America's message out. After the Berlin Wall fell we said, OK, fine, enough of that, we've done it, we're done. And unfortunately, we are paying a big price for it.

Our private media cannot fill that gap. In fact, our private media, particularly cultural programming, often works at counterpurposes to what we truly are as Americans and what our values are. I remember having an Afghan general tell me that the only thing he thought about Americans is that all the men wrestled and the women walked around in bikinis, because the only TV he ever saw was Bay Watch and Worldwide Wrestling.

So we are in an information war. And we are losing that war. I'll be very blunt in my assessment. Al-Jazeera is winning. The Chinese have opened up a global English language and multilanguage television network. The Russians have opened up an English language network. I've seen it in a few countries and it's quite instructive.

We are cutting back. The BBC is cutting back. So here's what we are trying to do. In the State Department, we have pushed very hard on new media. So we have an Arabic Twitter feed, we have a Farsi Twitter feed. I have this group of young techno experts who are out there engaging on Web sites, and we're putting all of our young Arabic-speaking diplomats out so that they are talking about our values.

Walter is working hard with his board to try to transform the broadcasting efforts, because most people still get their news from TV and radio. So even though we're pushing on line, we can't forget TV and radio.

So I would look very much toward your cooperation to try to figure out how we can get back in the game on this, because I hate ceding what we are most expert in to anybody else.

Senator LUGAR. Thank you.

The CHAIRMAN. Thank you very much, Senator Lugar.

Senator Boxer.

Senator BOXER. Thank you so much, Mr. Chairman.

Secretary Clinton, we welcome you. You are working so hard and you're doing a tremendous job at advancing U.S. interests at a time when there's just change, it seems like, every hour on the hour.

Your response to Senator Kerry's question on why the 1.6 percent of the budget you're responsible for is important—I just thought it was on the mark. I can't even do it justice by trying to summarize it. I'd like to put it up on my Web site. Is it OK with you?

Secretary CLINTON. Of course, and I can give you more information as well, especially on women and girls. I know that's one of your highest priorities, Senator.

Senator BOXER. I just feel when Senator Kerry asked you to speak to the grassroots folks out there, you did that. I wouldn't

change a thing about it. I'd just like to put it up, because I would like every American to read it.

It seems like there's more change sweeping the world at this very moment than at any time in recent memory. We all have our theories on why. People are crying out for freedom because they know more about it. Some are looking to us, some are looking to other parts of the world, and some are looking inside. It's a delicate issue and it's different in every country. In the meantime, we're winding down our war in Iraq that is entering its eighth year and has cost the United States more than $750 billion. You know, when we look at the fact that it has cost $750 billion. It has also cost more than 4,400 American lives.

President Obama states his intention to begin the withdrawal of combat forces from Afghanistan this July, a war in its nineth year that has cost the United States more than $336 billion and nearly 1,500 American lives. Both the administration and Congress have worked tirelessly to enact the toughest sanctions to date in Iran, but Iran is continuing its reckless pursuit of nuclear weapons, and we all know we can't rest until we see an abandonment of that program.

Despite repeated attempts by the United States to bring lasting peace to the Korean Peninsula, Korea seems to be doing everything to encourage conflict.

In Egypt, prominent opposition leader Mohamed ElBaradei just last week voiced concern about a 6-month election time line which was put forward by the military, saying, "If we go too fast, if we organize elections in 4 or 5 months, it will be all over for the revolution. The old regime will perpetuate itself in another guise."

Secretary Clinton, do you share Mr. ElBaradei's concern about the proposed time line for transition to a new civilian government which was announced by the Egyptian military?

Secretary CLINTON. Well, Senator, we are trying very hard to support the Egyptians in what they are doing, because obviously this was Egyptian-instigated and it is Egyptian-led and it should be, and we are mindful of that. I do think that being prepared for elections, doing the constitutional changes that are necessary, the legislative changes that are necessary, setting up the apparatus, being prepared to actually implement an election, is quite an undertaking.

There are many, not just the United States, but the United Nations, other nations, who are engaging with their Egyptian counterparts to go through what it will take to launch an election that has a fighting chance of producing a democratic outcome.

We've also made clear that one election is not enough. A lot of regimes have one election, then they declare that that's enough of that, they're just going to stay in power. Or somebody hijacks the election. So there are many yellow blinking caution lights that I think Egyptians themselves are raising, and the United States, as always, stands ready to assist.

Senator BOXER. Thank you. I'll take that as an answer that essentially says we hear the concerns and it's up to the people there to make the decision.

In a much-quoted comment, Secretary of Defense Gates said: "Any future Defense Secretary who advises the President to again

send a big American land army into Asia or into the Middle East or Africa should have his head examined." Secretary Gates has also said that, although he initially opposed publicly committing to the July 2011 withdrawal deadline, he was "ultimately convinced," because he believed it would pressure Afghan President Karzai to take responsibility for the war.

My question is this. In your opinion, has President Karzai taken more responsibility for the future of Afghanistan since President Obama's announcement and commitment to begin the redeployment of American troops out of there in July 2011?

Secretary CLINTON. Yes; I believe that is a fair conclusion. I agree with Secretary Gates. I think starting the transition in July 2011 put the Afghans on notice. It also has contributed to the improvement in the training, retention, and performance of the Afghan Security Forces.

Senator BOXER. Madam Secretary, I introduced legislation with several other Senators that would require the administration to submit to Congress a plan for redeployment that includes an end date for the withdrawal of combat forces from Afghanistan. I'm not going to ask you your opinion of that, but on an intellectual level I would ask you this. If, in fact, telling President Karzai that we're going to begin redeployment, which Secretary Gates' supports and has stated was a signal to President Karzai that he should take responsibility for the defense of his own country, wouldn't setting an end date, even with benchmarks on it, continue to move President Karzai in the right direction?

Secretary CLINTON. I agree with that, Senator, and we have said, and it was adopted by our NATO ISAF allies at Lisbon, that the withdrawing of combat troops under this mission will be completed in 2014.

Senator BOXER. Thank you very much.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much, Senator Boxer.

Senator Corker.

Senator CORKER. Thank you, Mr. Chairman.

Thank you, Madam Secretary. As always, it's a pleasure to have you here. We thank you for the great work you are doing. I want to thank you personally for the way that you work with our office, you and your staff. I know you're working hard, have got a lot of complex issues. Again, we thank you for that.

I know the chairman mentioned early on how some of the things that are happening offend Judeo-Christian principles. I don't normally like for those kind of things to enter into our discussions as it relates to this, but the fact is we do have this rub. One of the principles we're violating just of common decency right now as a country is spending $3.7 trillion when we're taking in $2.2 trillion.

So obviously as a country we cannot, we cannot do what we're doing any longer to future generations. I think all of us believe that's morally reprehensible.

So what's really happening right now is, because we've chosen so far not to really deal with those issues of entitlements, trying to sustain them for the future, all of those things, if you will, being off the table has put intense pressure on discretionary spending. So you're in here today, you're in here today really fighting for your

programs, as one would expect you to do. But the reason there's so much pressure on your programs is our inability as a Congress thus far—I have hope we're going to deal with this over the next 3 or 4 months; there are a certain number of people here at the dais that are working on that. So far we haven't shown the knowledge or the courage to deal with all of those other issues, which basically are crowding out your programs.

Would you agree that that's a problem?

Secretary CLINTON. Well, I think that, Senator, plus the idea that only defense spending is national security, so that when we talk about cuts they often are phrased in nondefense discretionary spending.

Senator CORKER. So as long as we lack the will to deal intelligently with our fiscal issues, you're going to be under incredible pressure. My guess is there will be cuts in State Department spending and I think you know that. And they're going to be disproportionate to the overall budget because we don't have the courage, the knowledge, something, to deal appropriately with our spending issues. It's my hope that we'll do that.

But I just want to point that out, that this pressure is because of our inability to deal with all the real spending that is really creating the unsustainable situation which deals with entitlements and putting them on a longer term path.

So with that, let me move on to—and I think the administration, not your pay grade, is missing a tremendous opportunity to lead on this issue, and I think the country has recognized that. My hope is that the President will come to the table and with all of us together solve this problem, which is the only way we can do it. Divided government, as you well know due to the 1990s, is a great opportunity for us to solve these problems.

So with that, Afghanistan. I was just there and also in Pakistan. I think the administration generally speaking has done a good job in communicating, and I'm willing to—I want to support this fighting season in Afghanistan, when we finally have everything on the ground, both civilian and military. That fighting season will end in October and hopefully there will be great gains.

But one area where I think the administration has not communicated clearly with the American people is the amount of state-building and nation-building that's taking place. This is far from a narrowed mission. We are engaged in all-out state and nation-building.

I know you referred to while we have troops in the field we need to have civilian efforts. Secretary Gates has talked about our ticket out of Afghanistan being when we turn it over to the Afghan forces. I am very concerned that we are going to be there for a long, long time doing things—we've raised the expectations beyond what is sustainable in Afghanistan. Even tribal elders believe we're going to be there for generations.

I'd like for you—are we going to move out quickly, as soon as our troops move out, with the nation-building efforts that are under way there now?

Secretary CLINTON. Well, Senator, I think that I would characterize what we are doing in Afghanistan as capacity-building. It may have been 10 years ago an idea in the minds of decision-

makers on both sides of the aisle, in both administrations, that we could nation-build or state-build. I think that our assessment now is that we have to get to a level of stability where al-Qaeda is degraded and hopefully defeated, unable to operate out of the tribal border areas, that the Taliban is not able to bring down the Government of Afghanistan, take over population centers, including Kabul, and that there is enough of a governing stability—now, we're not talking about France or Germany or the United States, but enough of a governing stability to maintain its independence and its sovereignty against continuing threats.

So what we are doing is aimed at trying to help it get its finances straight, trying to help it get basic services and governance operating. After 2014 NATO, including the United States, has said there will be some kind of a continuing relationship with Afghanistan, in a supportive role, to make sure that these goals for them are achievable and sustainable.

What that's going to look like we are just beginning the conversation about. Not so dissimilarly from what the Bush administration concluded was necessary in Iraq—you know, the status of forces agreement, which President Obama sped up and without any loss of our ability to maintain stability. But then the strategic partnership agreement, which talks about an enduring relationship with Iraq.

So in both Iraq and Afghanistan, that's what we're working on and trying to get the inputs right to figure out what the end state is that we can support.

Senator CORKER. My time is up, unfortunately. I won't ask a long question. I'll just make a statement. I think the people on the ground in Kabul and throughout the country that we have that are doing great work, I think that we need to move quickly to change the expectations of what we're going to be doing in Afghanistan.

We are paying cash—we have cash for work programs, where we're paying the Taliban to work in vineyards instead of take up arms. The security forces on the ground, their security forces, are over $7 billion a year in expenditures. They only have a $1.3 billion budget. So when we talk about contingency operations, these are not contingency. They're going on for a long, long time.

I really do believe that we have given expectations to the Afghan people that are way beyond what we're going to be able to sustain as a country. I hope that we'll move quickly to recalibrate that.

Thank you, Mr. Chairman.

Thank you for your service.

Secretary CLINTON. Thank you.

The CHAIRMAN. Thank you. I look forward to having a good discussion with my colleague about how the ethic applies to the debate on the budget. I think it's an important one to have, but probably not here at this particular instant.

Senator Menendez.

Senator MENENDEZ. Thank you, Mr. Chairman.

Madam Secretary, I want to congratulate you for your statement yesterday that the United States is considering seeking the prosecution of Muammar Qaddafi for the 1988 Pan Am 103 bombing that killed 189 Americans, including 33 of my fellow New Jer-

seyans. That comes on the heels of reports by the ex-justice minister of Libya that Qaddafi personally ordered the attack.

I hope that as events progress you'll give us a sense of how we're going to verify this information. Hopefully we will gain access to the justice minister soon, and decide on whether we will seek to prosecute Qaddafi for that heinous crime.

Also, you know that I and several colleagues, one of whom sits on this committee, issued a report on the release of the convicted Pan Am 103 bomber, al-Megrahi, who we believe was released from a Scottish prison on false pretenses. I want to urge you to consider requesting of any potential new Libyan Government that may come out as a result of what is going on in Libya—I know it's a little premature to say that, but I want to put it on your radar screen—the extradition of al-Megrahi to finish serving his sentence, instead of sitting in the lap of luxury.

Secretary CLINTON. Well, first, Senator, thank you for your continuing focus on this terrible crime. I represented New York and of course many of the victims were from Syracuse University. I have met, like you, many times with family members, and it is just a heartbreaking experience. And justice must be served.

So what we are doing is reaching out, based on these recent reports, to the FBI and the Justice Department, which have the jurisdiction over any continuing prosecution, to ask that they immediately try to take whatever actions are possible. I was given a letter yesterday by two of the family members in the House hearing which outlines a number of ways that we could proceed, and I have sent that over to Justice and the FBI.

I don't think it's only Qaddafi. I think that there may be others as well who were involved in some way. Like you, I would like the families to have whatever information they can finally get, and then whatever legal action we can take.

Senator MENENDEZ. If we have a new Libyan Government, we must consider that if we send a message that you can kill Americans and ultimately walk away from jail, then we send a message that is horribly wrong in our global fight against terrorism.

I want to change to Iran. I am concerned that in light of what is happening in Egypt and across North Africa and the Middle East, the world's attention will be diverted from the dangers of Iran's nuclear programs. I am worried that Iran will use this opportunity to speed up its nuclear program and crack down on opposition and human rights activists. And I am concerned, as someone who is supportive generally of the administration's budget for this Department, to find that we have not even sanctioned one non-Iranian foreign company for its investments in Iran's energy sector.

You know, the administration has yet to sanction a non-Iranian bank, despite the reports that several Turkish, South Korean, Ukrainian, Chinese banks continue to deal with Iran's financial institutions in violation of the law. And I know, based upon previous testimony here by former Under Secretary Burns, that there were a series of violations appearing to be going on.

I'm wondering the status of those violations. There's a 180-day clock. How many investigations are currently open and when will we see sanctioning of some of these companies that are clearly in violation of the law?

Secretary CLINTON. Well, Senator, first, as you know, I became the first Secretary of State to impose any sanctions. And you're right, it was on a Swiss-based Iranian-owned firm. But we are moving as expeditiously as we can to review any cases.

We have also used SOSADA, the sanctions that you passed last year, to convince a number of companies, including Shell, ENI, Total, Enpex, and others, to withdraw from Iran and not do further business. We have also monitored a lot of activity and as a result we are seeing some decisions made by companies. A number of shipping companies have discontinued services to Iran. Several maritime shipping insurers have said they will no longer provide coverage for Iran-bound vessels from wherever. Major energy traders have discontinued sales of refined products to Iran.

As a result, we have seen Iran have to take steps that we think is adding to their economic mismanagement and instability. Now, we will continue to gather information, work with our allies and partners on this matter. Since we are the first administration to ever rigorously enforce any sanctions against Iran, we have a lot of catchup to do. There are cases that are still in the review process and we are using, as Deputy Secretary Steinberg said last September, we are using the information we have to have opened investigations in several cases. We've been engaged with a lot of those companies to try to get them to discourage further investments or withdraw. Last week I made a certification as to how we were going to treat a couple of companies. That is classified, which of course we can brief you on.

So we are moving, but here is the challenge. We have the United Nations sanctions, which we've been more successful than many thought we could be in getting the world to enforce. We have additional sanctions. The European Union has additional sanctions. Other countries like Japan, Korea, et cetera, have added on sanctions. Trying to get some of our partners to follow sanctions that are not U.N. sanctions has been challenging, but we literally are at it every single day and we're going to keep it up. There will be more to report to you in the near future.

Senator MENENDEZ. Well, I thank you for that. I hope you will submit subsequently for the record how many are under review and what the 180-day tolling period is looking like as it relates to those reviews.

Thank you, Mr. Chairman.

[The answer supplied for the record to the requested information follows:]

We have met with family members of the victims and understand their anguish over this heinous act of terrorism. We shared their outrage at the release of Megrahi to Libya. We are also committed to seeing that justice is served. We have seen the recent public statements from a former Libyan official concerning Qadhafi's responsibility for the bombing. The investigation into the Pan Am 103 bombing remains open and we are committed to assisting law enforcement efforts in obtaining and evaluating any new information relating it. We are coordinating closely with the Department of Justice on this sensitive law enforcement matter and are committed to assisting with any appropriate approaches to relevant Libyan officials. As this is an ongoing investigative matter, please refer to the Department of Justice for any further details. Additional information in response to this question will be made available in a classified response.

The CHAIRMAN. Thank you, Senator Menendez.

Senator DeMint—oh, excuse me. Senator Rubio.

Senator RUBIO. Thank you, Mr. Chairman.

Good morning, Madam Secretary.

Secretary CLINTON. Good morning.

Senator RUBIO. I have a couple of quick questions. I want to talk to you briefly about the national debt in light of Admiral Mullen's recent statement that it was a major issue with regards to national security. I was hoping you would share some of your views on the impact that the national debt and its unsustainable nature is having on our foreign policy, in particular our ability to impact events around the world.

Secretary CLINTON. Senator, I have spoken out about that as well, and I think it's an incredibly important issue. I clearly agree that the United States must be strong at home in order to maintain our strength abroad, and at the core of our strength is our economic strength. So I'm well aware, having sat where you are now sitting for 8 years, of the necessity for us to take action to begin to rein in our debt, and particularly our indebtedness to foreign countries, the top of the list being China.

I also know quite a bit about how challenging it is because it was at the end of the 1990s in my husband's administration that a bipartisan deal was struck that put us on a path where we had a balanced budget, where we had decreasing deficits. We were on a glide path for actually, as hard as it is to believe, ending our national debt.

I sat on the Budget Committee of the Senate in early 2001 and I believe that we made decisions starting in 2001 that undermined our capacity to actually do what I think both of us agree must be done. So I hope there is an appetite for a bipartisan agreement that will deal with our debt without undermining our strength, which is so needed in the world today. That's the balancing act and it's a tough one, but certainly I support efforts to do that.

Senator RUBIO. Just I think to summarize, what we're both saying is it's your belief that the United States could establish a plan to deal with our debt, to begin to make it manageable again, that that would help us carry out foreign policy, it would strengthen our hand in the world.

Secretary CLINTON. Yes. It won't surprise you to know that I think some things have to be done on the revenue side as well. You know, I go to a lot of countries where rich people will not pay a penny to support the services of their government, where they are at, in my view, a mistaken belief that somehow people in the 21st century are not going to demand more. I think there has to be a compromise on a bipartisan basis, like we did in the late 1990s, where we put spending and revenues and entitlements on the table.

Senator RUBIO. Briefly, if I could turn your attention to the Western Hemisphere for a moment. In the hemisphere, it appears that basically countries are heading in one of two directions. There's the rise of these autocratic type situations that we see in Nicaragua and Bolivia and Venezuela. Of course, they're joining Cuba on that list. On the other hand, there's the promising development in places like Brazil, Chile, and Colombia.

All of this I think is kind of colored by a growing loss of influence in the region by the United States vis-a-vis other nations stepping

up. Earlier I think you used the phrase we're in a competition of influence with China. I think that's especially true in the Western Hemisphere. Even Iran has tried to play in some of these countries.

I was hoping you could outline some of the steps that we're taking to reengage the region, in particular encouraging nations to follow the route of Brazil, Chile, and Colombia, and in particular the free trade agreement with Colombia, which I know has languished for some time and hope we can get some update on where that is and exactly what are we waiting for to consummate that.

Secretary CLINTON. Well, Senator, thank you for turning our attention to the Western Hemisphere, which often does not get the attention it deserves. The countries in our hemisphere are our biggest trading partners, our biggest energy suppliers. They have, with notable exceptions like Cuba and a few others like Venezuela and Nicaragua, they have moved into an era of sustainable democracy and economic growth. So there's a lot for the United States to be very proud and grateful for.

But again, I underscore your point. There are other nations that are competing with us. Take Colombia, for example. This Congress and previous administrations invested a lot of money in the effort to support Colombia in the fight against the FARC and the drug traffickers, and by and large that has been a successful American partnership. Yet we're watching Colombia sign free trade deals with Canada, with the European Union. I think they're either in negotiation or about to be with China. And we have a free trade agreement that we are still not able to act on.

So certainly this administration is moving as rapidly as possible to resolve outstanding issues. I want to get that up this year. I think it is definitely in American business economic interests. I feel the same way about Panama. Those are tangible signs that the United States is really engaged with our friends in the region.

You talk about Brazil. One of the things that Brazil did—and I don't want to sound like a broken record—they have the highest tax to GDP ratio in the hemisphere, and they've used that money to invest in social inclusion, to improve their education and health care systems. And Brazil is booming and we view it now as a real success story.

Other nations, like Chile, which you point to, have similarly had good leadership, good investments, and Chile makes a free trade agreement with everybody they can, including us, and it benefits them and it benefits us, and it provides an economic base of stability that allows democracy to flourish.

So we are looking at how we can enhance security assistance to our friends in Central America. We're using the Merida Initiative to work with Mexico. President Calderon will be here tomorrow. Let's not forget our friends in the Caribbean, because a lot of those small nations are struggling against crime, drug trafficking influence.

So there's a big agenda for us to do and I'm very pleased that President Obama will go to Brazil, Chile, and El Salvador this month, but we have to do even more to tighten the bonds of friendship and partnership.

The CHAIRMAN. Thank you, Senator Rubio.

Senator Cardin.

Senator CARDIN. Thank you, Mr. Chairman.

Secretary Clinton, thank you very much for your incredible service to our country. I share your view about global development policies being one of national security, and that it is important that we have adequate resources. I think it also speaks to our values, as you pointed out. And it's also cost-effective. We'd much rather use development assistance than have to use our military. So I think that from every point of view you're absolutely correct that this needs to be part of our discussions about national security, and which we need to make sure that we have adequate resources, and the amount of money that we're spending on our international development programs are relatively small. So I hear that.

I want to, though, move to a second part of this equation that you and I have talked about before. In this Congress I'm going to be chairing the subcommittee here that deals with international development assistance. I want to know a little bit more about accountability. We've talked about this several times, that our involvement in other countries needs to advance gender equity, needs to make sure that we're not participating in corruption so the money ends up in the pockets of some despot rather than going to the development of the nation.

Can you share with us ways in which you can engage this committee to make sure that we get the proper return in regards to American values as we participate in other countries?

Secretary CLINTON. Well, Senator, thank you, and thanks for your long-term attention to this issue. In the first ever Quadrennial Diplomacy and Development Review, the QDDR, we set forth a number of recommendations, many of which are already under way, to improve how we deliberate, how we hold it accountable, how we vet partners, how we move contract functions inside and thereby save money.

The USAID forward agenda that Raj Shah is implementing is a result of the work that went into the analysis. We're seeing some results. We're seeing procurement changes. We are seeing those who had gotten contracts held responsible, some of them prohibited from further contracts because of their financial irregularities. We are looking to streamline aid delivery so that we're not duplicating throughout the U.S. Government. That was one of the goals behind our efforts to have a whole of government approach with our ambassadors, our chiefs of mission, responsible for everyone, so that if we have aid going in through Justice or Agriculture or Commerce it's not off in a separate direction, that we try to focus it and better organize it.

We are doing that as well in the State Department, where we are vetting a lot of our programs, trying to better organize them, making progress, but not yet enough.

Senator CARDIN. Let me mention part of the jurisdiction of this committee, which is international investment, protection of intellectual property and technology transfer. I mention that because I think you mentioned trade agreements, which obviously can be very beneficial to America. But we don't have a level playing field on protection of intellectual property and it's costing us jobs, thousands of jobs, if not more, in this country.

So I just want to put that on your radar screen as you have your discussions internationally to make sure that we make that a priority also.

Secretary CLINTON. I agree completely. I think there's a grand bargain to be had here on trade. In addition to the free trade agreements with Korea, Panama, Colombia, we have trade adjustment assistance. We have the Andean preferences. We have the Generalized System of Preferences. All of that should be looked at as our comprehensive trade policy. Embedded in those are and should be protections for intellectual property rights. We worked hard with the Chinese to begin to get more protection and frankly, to make the case that as China develops they're going to want intellectual property protection, which up until now they haven't seen as in their interest. So there's a lot of work on that front going on.

Senator CARDIN. I could point out that China is very efficient at stopping information getting to its citizens when it wants to, but seems to be very lax when it comes to stopping piracy, which is thievery against American interests.

Secretary CLINTON. Absolutely. I've been jammed by the Chinese several times, starting in 1995 and most recently with my Internet speech. So they are quite efficient and I understand that completely.

But in all of our dealings with them and other of our trading partners we are making this case, because you're right, our intellectual property is the lifeblood of American innovation and it is jobs, it is economic opportunity, and it is the leading edge of where we go in the 21st century. We've got to do a better job of protecting it.

Senator CARDIN. I also want to thank you for your attention to the Iraqi refugee issue. I think we have made some progress, but we still are not there yet. Obviously, as our role is changing in Iraq I think it's important that we continue to point out to the Iraqis the refugee problems as it relates to Iraqi refugees being in Syria and Jordan and other neighboring countries. But I do appreciate the attention that you've given.

I want to ask you one last question, and that deals with the circumstances in Libya. Each of the countries are different and you point out the Egyptians, and rightly so, do not want to see outside forces dictating how their governments are going to be formed. In Libya those who are standing up to Qaddafi are asking for international assistance. Can you tell us what role the United States or the international community can play in regards to Libya?

Secretary CLINTON. First, Senator, we are sending humanitarian teams to both the Tunisian and Egyptian borders with Libya. We are working with the United Nations to stand up humanitarian operations. We've done a survey of medical supplies and food supplies that are in the region that we can quickly move to assist the people in Libya.

The tough issues about how and whether there would be any intervention to assist those who are opposing Libya is very controversial within Libya and within the Arab community. The Arab League just issued a statement today, early today, saying that they disapproved and rejected any foreign interference within Libya on

behalf of the opposition, even though they have called for Qaddafi to leave.

So we're working closely with our partners and allies to try to see what we can do, and we are engaged in very active consideration of all the different options that are available.

Senator CARDIN. Thank you.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much.

Let me just say we have a vote. Senator Lugar's going over to vote. We want to try to keep everything going—I don't know, Senator Shaheen or Webb, you may want to vote and then come back quickly, and then we'll keep—we can probably get two question rounds in between that.

Senator DeMint.

Senator DEMINT. Thank you, Mr. Chairman.

Madam Secretary, thank you for being here. It's been very informative.

The chairman as well as you have mentioned the apparently growing problem with religiously motivated violence in different places in the world. I know those of us who live in freedom understand that there is a strong link between political, economic, and religious freedom. As we look at countries where we're shedding blood and treasure, in Iraq and Afghanistan, obviously very concerning when apparently the governments we support appear to be at least complicit, in Afghanistan where someone converted to Christianity is threatened with execution. Even allies, democratic allies like India, where we see religious violence, the government has resisted visas for congressional delegations to come in and try to observe what's happening.

The U.S. Commission on International Religious Freedom in 2010 reports that, just on Afghanistan, Afghanistan's on a watch list, and they concluded that, "The U.S. policy has not sufficiently prioritized human rights, including religious freedom, in Afghanistan. Promoting respect for freedom of religion or belief must be an integral part of U.S. strategy, particularly as the Government of Afghanistan pursues a peace or reconciliation process with antigovernment insurgents."

So my question to you is, while we hear these reports and the media seems to informally document them, is the State Department actually trying to track and quantify these crimes in Afghanistan and other countries where we support with foreign aid? What are we doing, what can we do, to stop it, to express our concern?

Secretary CLINTON. Senator, thank you for raising that, and I know this is an issue of great importance to you, as it is to me. We are tracking it. We are trying to make it a major part of our human rights reporting. We are trying to increase our attention paid to it and speaking out forcefully against it and engaging with governments.

It's a foreign concept, unfortunately, to many people around the world. We are trying to work with a lot of our fellow nations in crafting a proposal that says we support religious freedom and we support freedom of expression, because there's been a move to try to criminalize what is called defamation, leading, as you say, all the way up to execution in some places.

We've worked steadily on this for 2 years. We're slowly I think making some progress. But it has been a very hard discussion, because a lot of other cultures just—their idea of religious freedom is you get to be our religion, that's religious freedom. And the idea that we enshrine in our Constitution and that we respect here at home is a hard one for many to accept.

So this is certainly on the top of my personal list and I would welcome any suggestions you would have, because we're going the do everything we can to raise the alarm where necessary and keep the conversation going.

Senator DEMINT. Well, I hope a lot of our aid and assistance in the future to countries will be conditional on an understanding that these principles of freedom—that while we do have different cultures that we certainly have to respect, that when our soldiers are dying the idea that they couldn't practice the faith that they believe in these countries they're dying for is a concern to many. As we look ahead, and I'm sure you know how complex the situation in the Middle East is getting, and Northern Africa and with what's happening in Egypt, organizations like the Muslim Brotherhood—there have been mixed signals from the administration on whether they're secular or not. The record seems to show that they are much less than secular.

But as you look at Egypt and how we're going to deal with that, I know you can't give a clear answer and we're certainly not in control of what happens, but how do we deal as a nation and hopefully as an ally with groups like the Muslim Brotherhood? What signals do you plan to send to them as far as the U.S. support of Egypt in the future?

Secretary CLINTON. Well, we've been consistently saying that any political party that participates in an electoral process must respect democratic institutions, the rights of minorities, including religious minorities, has to be supportive of independent judiciary, independent media, cannot have an armed wing or a militia associated with it.

You know, it's been interesting because we've been getting a lot of reporting back, not just from our diplomats, but from European and others who have gone into Egypt. They've been meeting with a lot of the opposition groups, including young members of the Muslim Brotherhood. And I think they are in an internal debate about exactly how they're going to participate in a democracy.

So we want to encourage what we would view as answers that would protect the inclusive nature of Muslims and Coptic Christians living peacefully together in Egypt, that would recognize a political process in a democracy. You have to be able to get along with people who have differing opinions, different religious beliefs.

Again, this is going to be an ongoing effort. One thing, Senator, is we could use help in confirming our Ambassador for religious freedom. I know you've raised some questions. Part of the reason why the administration and I personally support Reverend Cook is because she's got a personality, she's got an ability to connect with people. Sending her into places where she would be listening and talking I think would give us a face for religious freedom that isn't necessarily expected and could, based on what I know of her and her work and how she's been accepted as a woman preacher by her

male counterparts and broken new ground in so many areas in New York, in the Baptist Convention, et cetera, she would be somebody who I think would be especially well suited to dealing with a lot of these issues now—not in a threatening way, but in a persuasive way that would build upon personal relationships.

Senator DEMINT. Thank you, Senator.

Absent a chairman, I will yield to the Senator from Pennsylvania.

Senator CASEY [presiding]. Thank you, Senator DeMint.

Secretary Clinton, thank you for your testimony today and for your great work here and around the world. It's a remarkable schedule you keep and we're grateful for your time here.

I was especially grateful for what you said at the beginning of your testimony regarding Minister Bhatti, someone I have met on two different occasions, and just demonstrated—I don't know how you say it—uncommon, remarkable courage in the face of a threat and seemed to have—when I spoke to him a number of weeks ago—seemed to have been at peace with that, that he knew he was under threat and was not going to allow that threat to prevent him from doing the good work he did.

So we're grateful for your recognition of that and your work to advance the same causes and the same goals that he—the same values, I should say, that he espoused.

I wanted to ask you about maybe two or three areas, one, first and foremost, on ammonium nitrate. You and the Department and the late Richard Holbrooke and others have worked long and hard on this issue. For those who haven't paid close attention to it, it's really just the main ingredient in improvised explosive devices. It's outlawed in Afghanistan, but unfortunately not in Pakistan, and it's coming over the borders in kind of—almost like a rushing current of ammonium nitrate coming from Pakistan, as well as other places, into Afghanistan.

I guess I wanted to ask you about two areas. One is if you could tell us a little about and also maybe if after the hearing you could provide a report, your team can provide a report on it, in terms of our own work and progress report; and then second, on the legislative efforts within the Government of Pakistan to not just impose statutory remedies, but also to better regulate it.

Secretary CLINTON. Well, Senator, thank you for your leadership on this important issue, because this is a direct deadly threat to our troops and also to the people of Afghanistan and Pakistan.

In November 2010 the United States launched what we're calling Operation Global Shield, and it is a multinational law enforcement effort involving 60 countries and international organizations aimed at stemming the flow of IED components, including ammonium nitrate. Sixty countries are participating, including the U.N. Office of Drugs and Crime and the World Customs Organization and Interpol.

Since its inception, approximately 68,000 kilograms of explosive precursors have been seized. Now, in addition we are increasing our intelligence sharing on ammonium nitrate and other deadly ingredients. We continue to work with the Governments of Afghanistan and Pakistan to get them to take more concrete actions to disrupt the flow of these chemicals. We're working with them.

Pakistan established last November a counter-IED forum to bring a whole of government approach.

We've pressed them to do more on the regulatory and legislative framework. Because ammonium nitrate even in our country is a legal substance, we have to figure out how to stop its flow but not cut it off from construction and agriculture. That's obviously much harder in a country like Pakistan that doesn't have a regulatory framework really, where a lot of this could already be housed.

But we remain absolutely committed to this. We're going to do everything we can, and we welcome your leadership and any other suggestions that you have as to how we can be more effective.

Senator CASEY. Thank you very much.

I know we have limited time because of the vote, and it may allow you to have a little bit of a break, I hope. Maybe just one more question. We'll have a few others we'll submit for the record. But I wanted to ask you about Lebanon. When I was there in July for the first time, I was stunned by—and maybe I shouldn't have been—but stunned by the overarching and dominant presence that Hezbollah has in that country. Of course, the world has changed. Now you've got a Prime Minister moved out in essence because of the strength of Hezbollah.

I wanted to get a sense of your—because I know your Department has statutory obligations based upon the 2009 Supplemental Appropriations Act, where I guess you're directed to report on the procedures in place—and I'm reading here—"to enforce that no funds are provided to any individuals or organizations that have any known links to terrorist organizations, including Hezbollah."

I just want to get a sense of that in light of the change there and what you can tell us about that?

Secretary CLINTON. Senator, as you know, the government is not yet formed and we are waiting so that once it is we will review its composition, its policies, and its behavior to determine the extent of Hezbollah's political influence over it. It is important that we continue planning so that we'd be ready if there is an opportunity to work with this new government.

I believe still at this point we should continue supporting the Lebanese Armed Forces. I know that's been a subject of some debate here in the Congress. It is considered a nonsectarian institution that is national in scope. It has the respect of the Lebanese people from all sects. It continues to state its support for Security Council Resolution 1701, which is our primary security-related goal in Lebanon. It cooperates with the United Nations mission in the south to try to keep the peace there.

We worry that if the United States does not continue supporting the Lebanese Armed Forces its capabilities will rapidly deteriorate, security in the south and along the border with Israel will be at risk. We do have a good relationship. Our military-to-military ties with the Lebanese Armed Forces is strong. That's served us well with the Egyptian military. So I hope as the Congress is looking at the budget we will think seriously about continuing our support for the Lebanese Armed Forces.

Senator CASEY. Thank you.

The CHAIRMAN [presiding]. Senator Casey, thank you.

Senator Webb.

Senator WEBB. Thank you, Mr. Chairman.

Secretary Clinton, I'm sorry I missed the exchange because I had to vote, so I hope I don't ask you anything that's redundant of what you've already said.

First let me, as I've said many times, express my admiration for the intellect you have brought to your job and for the energy that you put into it. You really have given great service to our country.

There was an exchange earlier with Senator Rubio about the free trade agreements in this hemisphere, and then you briefly mentioned afterward, the Korean Free Trade Agreement. Just as a comment, I have two questions in a very short period of time. I can't overstate my hopes that we can get this Korean Free Trade Agreement in place for strategic as well as economic reasons. The Northeast Asia area is the only place in the world where the interests of China, Russia, Japan, and the United States directly intersect, and right in the middle of that is the bulls eye of a divided Korean Peninsula.

We have every reason for the economic well-being of the country, but also for the strategic interests in that region, to move forward on that agreement with all due haste.

There was a comment by Senator Boxer about the situation with ending our involvement in Iraq. I would like to echo my concerns about that issue. We tend to focus on the crisis of the moment, as we are doing now with these other issues in that region, rather than on conclusively ending ongoing commitments that were not intended to be permanent. We've been in Iraq for 8 years. The war as a war, meaning ending Saddam Hussein's regime, was over in a matter of weeks. We have been involved in a very costly occupation since that period.

I've read the Strategic Framework Agreement and also the Status of Forces Agreement and it's clear that we should be out by the end of 2011, but there is also language in there that allows an extension. I would like to hear from you whether you believe there are any circumstances that should compel us to stay longer?

Secretary CLINTON. First, Senator, I agree completely with you about the Korean Free Trade Agreement and I think it is very much in America's strategic and economic interests, and I hope that that agreement will be submitted soon and acted on soon by the Congress.

I think with respect to Iraq there are no plans that I'm aware of. But you're right that the Iraqi Government does have certainly the opportunity to request additional assistance on the military side. We have committed to civilian assistance, which I think is appropriate. At this point I do not have any insight into whether or not the Iraqis have any interest in making such a request. They seem to have their hands full getting their government set up, which they haven't yet accomplished.

The only point I would make—and it is not in any way meant as a statement of approval or disapproval—is, you know, we made long-term commitments to a country like Korea, for example. We were there while they had a less than perfect democracy, with coups and assassinations and corruption of the most egregious kind. And would we say that 50-plus, I guess 60, years of expenditure was worth it or not? Well, I think many people would argue

that it probably was. Could it have been cut short? Probably, under certain circumstances. Is it still one of the most dangerous places in the world? Absolutely.

So I think each of these situations has to be looked at and evaluated independently. I think Iraq is a very important piece of the puzzle about what happens in the Middle East, because we are all asking ourselves, can Egypt and Tunisia become democracies? Well, an equally important question is, Can Iraq remain a democracy and move to improve that democracy? Can it withstand pressures from Iran? I don't know the answers to those questions.

So as we move forward with Iraq, I do think we have to factor in any kind of ongoing involvement in what is in our strategic interest as well.

Senator WEBB. Well, I would just like to reiterate my long-held view that there are completely different strategic reasons when we look at the Korean Peninsula versus that part of the world. I believe it's a negative for us to be an occupying power in that part of the world, whereas if you look at, again, Northeast Asia, the volatility of that part of the world over history has been because of the interactions of China, Russia, and Japan. The presence of the United States since World War II has largely given us a stability that they have not seen previously.

I only have 1½ minutes. I want to make sure I ask you this other question because it regards the comments that have been made regarding the potential use of military force in Libya. We can all agree on the negative characteristics of the current regime. I found your comment earlier regarding the statement from the Arab League warning about an American military involvement. I'm also very conscious of the unpredictability of history in this part of the world when it comes to situations after these opposition movements run their course. Iran is the classic example where we traded the Shah of Iran for the Ayatollah Khomeini.

What I'm really concerned about is hearing what are the characteristics of the rebel forces, for lack of a better term, in Libya that would commend them to our government to the level that we would actually consider military intervention in cooperation with them?

Secretary CLINTON. Senator, that's the key question, and I think it is fair to say, as you probably heard from Secretary Gates and Admiral Mullen yesterday, there is a great deal of caution that is being exercised with respect to any actions that we might take other than in support of humanitarian missions.

There may well be a role for military assets to support getting equipment and supplies into areas that have need of them and where we are welcome. But I think that it is a big reminder to us that we don't know the outcome of this. We don't know these players. We just opened an Embassy for the first time in years in 2009. We were just getting to know a lot of these people. We are not as aware even of what went on in Egypt and Tunisia, and I have to admit to a certain level of opacity about both of those circumstances.

So I take your caution, and certainly our military leadership does as well. The only point that I would make is, we faced a similar situation in the Balkans, where there were many, many reasons why it was not viewed with favor that we would set up a no-fly

zone for a lot of similar reasons—the difficulty of it, the maintenance of it, the appearance of it. And eventually it was determined that it was in the interests of the peace and stability of the region, et cetera.

I think that we are a long way from making that decision. I believe that your statement is certainly very much in the minds of those in our government who have to make this decision.

But I wanted to just end on something about Iraq, because I value your opinion greatly. As I say, I'm not advocating this. I just think we need to have a debate about it. Our troops will leave. Our troops are leaving. They will be gone. That is in accordance with the status of forces agreement. We will not be an occupying country any longer in Iraq.

Now, if the Iraqi Government comes to the United States Government and says, you know, we have no air defenses, we have no air force, we have no intelligence abilities, we have no surveillance abilities, we've got this hungry big neighbor on our border and we don't want to be taken over by them any more than they're already influencing us, can you stay in some capacity at our invitation, I think that's a debate we need to have, because at that point you could take the position it's not in our national interest, it is not a strategic region, although I would disagree with that, and that what we are now facing in the environment with Iran is as much a competition for our future positioning as what we faced in the past with China and Russia.

So I just think that this is a debate. We're nowhere near it because nobody's asked us for anything and they may never because of their own internal politics.

Senator WEBB. That's a debate for another time, and as long as I'm in the Senate I would be happy to participate in it.

Thank you very much for your testimony.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Webb.

Senator Shaheen.

Senator SHAHEEN. Thank you.

Thank you, Secretary Clinton, for being here today and for the face that you represent for America around the world. We are all very grateful.

I would be remiss if I didn't at the outset of my time comment on the back and forth we heard from some of our colleagues about the debt and the importance of addressing the debt. I think all of us here recognize how critical an issue that is for the country. But I think, as Senator Corker so rightly pointed out, trying to address dealing with the debt on the 12 percent of the budget that is nondefense discretionary spending I don't think makes sense. I very much appreciated and am in agreement with your comments, that not only do we have to look at the spending side of our budget, and entitlements and defense are a big piece of that, but we also need to look at revenues and tax reform.

We are not going to get where we need to go unless we address that as well. So thank you for making that point and for pointing out the history of how we got here.

I want to go back to Afghanistan, because yesterday we heard at Armed Services from General Mattis, the CENTCOM commander,

that we're looking at actually increasing the numbers of Afghan security forces above the original or the recent target of 305,000. I think there is an acknowledgment that the cost of sustaining this kind of a force would be over $10 billion a year, while the government takes in about a billion dollars in revenue a year.

I know that the point has been made by a number of people that it's cheaper for the Afghans to be fighting this battle than for us to be paying for American soldiers to fight it. But that still doesn't address the long-term costs of developing and maintaining this kind of a security force. So as we look into the future and think about how the forces continue to be paid for, what do we think is going to happen here?

Secretary CLINTON. Well, Senator, first thank you for your opening comments about the need to put everything on the table as we try to deal with our deficit and most particularly our debt.

With respect to the Afghan National Security Forces, there is an ongoing analysis—you heard from General Mattis—about what it would take for Afghanistan after 2014 to be able to defend itself. And that is not only their military, but their police forces, and then however you factor in the local village protective forces that they are creating.

I think that one of the ways we are trying to address this is by working with the Afghan Government to help them increase their revenues. There has been a lot of work done about the resources that Afghanistan has, its mineral resources in particular. If those are managed correctly—and that's a big if, but if they are managed correctly, there would be a steady stream of increasing revenues for the Afghan Government, which would give it the capacity it needs to take on greater and greater responsibility for defending itself in the future.

Senator SHAHEEN. Are we talking to our allies on the ground there about potentially helping to pick up the costs for a longer period of time as well?

Secretary CLINTON. Well, at the NATO summit in Lisbon at the end of last year, there was a position adopted that NATO would have a continuing relationship with Afghanistan after 2014. The content of that is in process, being developed by Secretary General Rasmussen and our NATO allies. So we are all looking toward 2015 when we want to see Afghanistan defending itself, but I think it is fair to say that there will have to be continuing support from the United States, from other nations, and from NATO.

Senator SHAHEEN. As we're looking at the civilian efforts on the ground in Afghanistan, I was pleased to see the creation of the Senior Civilian Coordinator and I'm pleased to see the appointment of the new Ambassador Simon Gast, but concerned that the coordinator still lacks the authority to really provide the overall coordination that was envisioned when this position was created. I wonder if you could speak to that and whether we think there needs to be more authority given to this position and how to accomplish that if so?

Secretary CLINTON. I think there will be increasing authority and the exercise of it by the civilian coordinator over the next years. Really, we just got the inputs on the military surge right for the first time about 6 months ago. I think it is fair to say that when

President Obama came into office he inherited a deteriorating military situation in Afghanistan. The Taliban had the momentum. There wasn't any doubt of that. Sitting on his desk waiting for him was a request for additional troops that had not been acted on by the prior administration.

So we believe that the military surge is finally operating as it was intended to. The civilian is getting up to speed and I think you'll see with the civilian coordinator more of an effort to be sure that we are doing all we can to maximize the international civilian presence.

Senator SHAHEEN. President Karzai has made a number of statements in the last month or so that have raised questions in my mind about how he envisions reintegration and reconciliation efforts. I wonder if you could speak to whether we are actually on the same page with President Karzai or if we think there are better ways to address this piece?

Secretary CLINTON. I think we are on the same page, but there are many pages to go in trying to figure out how to bring about an end to the conflict in a way that does not undermine any future stability in Afghanistan. Clearly we want this to be Afghan-led, but the United States has to play a major role.

Our new special representative for Afghanistan and Pakistan, Ambassador Mark Grossman, is in consultations as we speak, met with Karzai I think yesterday, where Karzai was in London, is meeting with the contact group of about 47 nations, including 13 Muslim nations, hosted by the Organization of the Islamic Conference in Jiddah, Saudi Arabia. So there are many voices that are involved in trying to organize and move forward with this process, and we are conscious of the need for Afghan-led, but it can't be only Afghans involved because it has regional implications, and we're very much aware of that and working to try to help facilitate it.

Senator SHAHEEN. Thank you.

The CHAIRMAN. Senator Coons.

Senator COONS. Thank you, Mr. Chairman.

I want to thank the Secretary for your leadership in focusing on the critical nexus between development, diplomacy, and defense. I just returned from a week-long trip to Afghanistan and Pakistan, Israel, and Jordan. Senator Corker was one of the two other Senators with me. I saw firsthand the critical and essential partnership between our military and civilian missions in all four of those countries.

In Afghanistan, I would agree with your characterization. Our troops are making remarkable and steady progress in degrading the strength of the Taliban and in standing up an Afghan National Security Force and local police forces. Our troop morale is good. The Afghans we met with were grateful for our commitment and sacrifice, which I considered significant.

But the progress in Afghanistan in my view was matched with a lack of real sustained progress in Pakistan. I had some real concerns about their either unwillingness or disinclination to go after extremists and to essentially close this deal and give us a sustainable opportunity for success.

My first question for you, Madam Secretary, is what are we doing as a nation to ensure that the very extremists who slipped

through our fingers in Afghanistan and crossed over to Pakistan are not already able to find promising second fronts to move to in Yemen, in Somalia, and in other states? There were disturbing developments even today in Yemen. What are we doing, given the huge scale of our investment in Afghanistan, to ensure that we're paying sufficient attention to sub-Saharan Africa, to the Horn of Africa, to the Maghreb, to make sure that we are partnering military and civilian to prevent their moving into a whole other base of operations?

Secretary CLINTON. Senator, that's a really critical question, made more so by the events of the last weeks. We are working on counterterrorism efforts in all the places that you have mentioned. We are supporting the African Union in support of the transitional federal government in Somalia against the al-Shabaab group that is allied with al-Qaeda. We have alliances with a number of North African and sub-Saharan African countries against al-Qaeda and related groups that are part of a syndicate of terrorists.

It is a very big order indeed. There is a lot that we are trying to do in order to degrade and defeat al-Qaeda and undermine all of its related organizations. We have made progress against core al-Qaeda. Core al-Qaeda does not have the reach or the capacity. It still serves as a financing mechanism, as an inspirational focal point for a lot of jihadists around the world. But it doesn't have quite the impact.

However, al-Qaeda in the Arabian Peninsula, al-Qaeda in the Maghreb, al-Qaeda here, al-Qaeda there, particularly in Iraq, where we think we still have about a thousand al-Qaeda sympathizers or members, which is another reason why we have to keep our eye on Iraq, it is the highest priority of this government, of this administration. It is a whole of government effort, and we are literally working as hard as we can every single day, because there's no doubt that al-Qaeda and its affiliates continue to plot against us, plot against our European allies, plot against many other countries.

One of our biggest concerns is Libya descending into chaos and becoming a giant Somalia. It's right now not something that we see in the offing, but many of the al-Qaeda activists in Afghanistan and later in Iraq came from Libya and came from eastern Libya, which is now the so-called free area of Libya.

So there is a lot of moving parts to this that are very difficult to put in neat little boxes and stack up somewhere. So your question goes to the heart of what we're doing in Afghanistan and Pakistan and many other places, and that is trying to go after those who attacked us and put them out of business.

Senator COONS. As you have assembled your budget for this year, I and many on this committee respect the fact that we're under significant spending pressures. We have to make cuts, we have to trim and eliminate and focus our spending. But in sub-Saharan Africa there were 19 countries that face significant cuts or complete elimination of United States aid. How do you strike the priorities? How do you strike the balance in deciding which countries in such a fluid environment should continue to receive U.S. assistance and where we simply say we can no longer afford it?

Secretary CLINTON. Well, it's a multipronged analysis. I doubt that we have zeroed out any country in sub-Saharan Africa, because there are other funding streams that go into those countries and other programs that are present. But these are really hard choices. You know, what we always are trying to balance is what is the right amount of American presence diplomatically, developmentally, defensively, in order to protect our security, advance our interests, and further our values.

You know, it's as much an art as a science, and we are constantly calibrating it. But one thing I know for sure is where we are no longer present, others will be. We just had Senegal expel the Iranian Ambassador and diplomats because they found them selling arms to people, not only through Senegal, but within Senegal. Iran is very active in Africa.

You know China is extremely active diplomatically and commercially. There are many different forces at work. I wish we were back—some days, I believe it would have been a lot nicer being Secretary of State during the cold war. We had a really clear view. You were with us or you were against us, and here's how we calculated. It's much more complicated right now.

Therefore, I don't want us to lose ground, even while we work on trying to get our budget. Our Africa budget, I was just handed by my very able staff, it grows by 10 percent over FY 2010. That's because we think we've got to stay very active and involved in Africa.

Senator COONS. One more question, Mr. Chairman? I also was very encouraged by what I saw in Jordan and in the Palestinian Authority in terms of progress around security, around improvement in the economy, and in particular the training center at JBTC, to see how U.S. and allied trainers are delivering sustained high-quality training that's helping the Palestinian Authority to deliver more security on the ground.

That particular program is one that really is a joint Defense and State program, where it's under State leadership but they are Defense-affiliated folks in leadership. I had dinner with General Muller there.

Can you give me some other examples of some encouraging exemplars of how the military and civilian or diplomatic-led missions are collaborating effectively, given that I think we're going to see more and more need for this in these sorts of fluid environments going forward?

Secretary CLINTON. Well, that is certainly the case in Iraq, Afghanistan, and Pakistan. It is the case in the Horn of Africa. It is the case in many parts of Latin America. It is the case in our efforts in certain parts of Asia, where we're cooperating.

So really it is most visible in the front-line states of Iraq, Afghanistan, and Pakistan, but the example you're giving of our joint training for the Palestinian security forces along with a partner like Jordan is what we're going to have to do more of. It is my goal that we better integrate our civilian and military capacities, which is why I'm so adamant that you can't talk about national security and leave out the State Department and USAID.

We have a tradition where foreign military financing goes to the State Department for a reason. We want to build broader relation-

ships with militaries that give them some sense of why it's important that there be civilian control of a military.

There's just reason after reason why what we do really requires a whole of government approach. By cutting us, we are also diminishing that message and those values, which are really important to the final outcome.

Senator COONS. Thank you, Madam Secretary. Thank you for your answers.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Coons.

Madam Secretary, we're almost at the end here. I just wanted to follow up with a couple quick questions if we can. First of all, if you were to list a priority of some of the cuts that have been made in terms of restoration, where would you begin?

Secretary CLINTON. Well, one thing I'm really worried about——

The CHAIRMAN. What's the most damaging?

Secretary CLINTON. What I'm worried about, Senator, is that with this very large cut coming out of the House, there will be pressure for us to try to meet as much of our mission in Iraq, Afghanistan, and Pakistan to the detriment of the entire rest of the budget. We will see a very serious impact on all of the initiatives—global health, Feed the Future, climate change, clean energy technology. Those were specifically zeroed out in the House.

We will also see a great decrease in our ability to fulfill our commercial and economic missions. We will have to close aid programs in a number of countries where we think it will be to our disadvantage to do so.

We have, unfortunately, a combination of threats here with such a large cut coming out of the House that will severely undercut our ability to really meet any of our requirements. The idea of cooperating with the military, which I think is one of the real advances we've made over the last 2 years, the military will probably go and get that money. You know, they'll say, OK, well, you know, the poor old State Department budget couldn't get the money, but give us the money. And then they'll be doing functions that should much more be done, not with a military American face, but a civilian American face.

So I think on specifics as well as on the general needs, it would have a very serious impact on us.

The CHAIRMAN. I know when you came in initially one of your goals was to expand language capacity and representation itself. Have you been able to do that? Is this now going to mean we're going backward from the advances we've made?

Secretary CLINTON. Well, we will go backward in the numbers of personnel that we have. We will go backward in the talents and the skills that we are training them to have. One of my goals has been to save money by better integrating State and USAID training, so we now have a lot of the AID development experts getting language skills out at the Foreign Service Institute.

We had been woefully underresourced and, thanks to your support and Senator Lugar's support, we were beginning to build up our capacity again. But it will be very difficult for us to put people where we need them.

As you know, we tripled the number of civilians going to Afghanistan. When I got there there were about 300 and they had 6-month rotations. So they weren't even in the country long enough to figure out what it is they were supposed to do. We now have about 1,100. They have full-term deployments. They are full partners with the military. We're going to have to make cuts all over the place in order to try to meet budgetary restraints, and we're going to lose a lot by doing that.

The CHAIRMAN. Now, I want to ask you again—we touched on it before and you gave a terrific answer and Senator Boxer referred to it. But I want to kind of bear down just for a moment if I can. You're at a town meeting anywhere in American and somebody says to you: Well, you know, that's all well and good, Senator; it's nice to be able to save a life there; but I've got some people here who need a better school; I've got some people here who are having a hard time putting food on the table, and so forth.

Balance for them what the cost is to them by not doing this, that in fact they're not getting out from under something. In your role you have a lot of examples of that, and I think it would be good to share a couple.

Secretary CLINTON. Well, first I would say what you have said in your townhalls: The foreign aid, diplomacy budget of the United States of America is approximately 1 percent if you look at the State and USAID. If you add Treasury, the Peace Corps, the Millennium Challenge Corporation, it's maybe 1.5 percent.

So it's not the 10 or 20 percent.

The CHAIRMAN. Raw budget.

Secretary CLINTON. Yes, raw budget. It's not the 10 or 20 percent that most Americans think it is. So let's start with some kind of factual base about what we're talking about.

That it is a leverage with our military; that cuts of the level that are being discussed would profoundly compromise our national security. First, half of the State-USAID budget increase from the FY 2008 base has funded our military to civilian efforts in Iraq, Afghanistan, and Pakistan, which we knew we had to fund if we weren't going to see a deterioration in security in both of those—in all three of those countries.

In the Middle East, proposed cuts would force us to scale back our help and undercut our influence at the very time when the United States needs to step up and try to influence the course of events in the Middle East. We would sacrifice economic opportunities for American businesses. We work every day on trying to bring jobs and create economic growth in the United States. We would sacrifice American safety opportunities. We would no longer have as many consular officers doing that first line of defense against those requesting visas and making sure that they weren't coming here for bad purposes.

We would be cutting back our peacekeeping efforts. You know, we get a considerable advantage by working with the international community, making our contribution, in Darfur, the Congo, and elsewhere.

We would weaken our efforts to prevent disease and prevent it from being essentially exported to the United States. We would dramatically cut our efforts to combat climate change, to help lead

the world to a clean energy future. We would cut back really severely on what we were doing for children and women around the world and denying them treatment. We would walk away from our humanitarian aid and food security efforts.

There is something in all of this for nearly everybody. If you think that American should be standing up for our national security, which I think is our primary priority, we're going to be undermining that. If you think we should be looking to open up markets and create jobs for Americans, we're going to be undermining that. If you think we have a humanitarian moral mission in the world, we're going to be walking away from 5 million children and family members who we will not treat for malaria. We're going to be walking away from 3,500 mothers and more than 40,000 children under 5 who die because they don't get an effective child survival intervention. And we're going to be turning away people from programs like PEPFAR and HIV–AIDS, or 16 million people will be denied treatment for debilitating tropical diseases.

So people in America are very generous and we respond to disasters, and we often say, why isn't our government doing more on X, Y, or Z. And unfortunately, I think we were making progress in delivering aid and having a diplomatic presence in a more cost-effective way, and we will be undermining a lot of that work.

The CHAIRMAN. I'm sorry I caught you unprepared for that. [Laughter.]

Secretary CLINTON. I could go on and on, but the time is running, I see.

The CHAIRMAN. That was a superb answer and I'm glad I asked the question and appreciate the answer very, very much.

Secretary CLINTON. Could I add one more thing, because I think this really does go to the heart of it? We will also cut back on—we'll have 18.8 million fewer polio vaccinations and 26.3 million fewer measles vaccinations. Yesterday on the news there was an announcement here in Washington about some visitor from somewhere who had measles. This person had been seen on this bus and this person had been seen in this restaurant, so if you were there between the hours of 3 and 5 o'clock or you were on the bus between 6 and 7 o'clock you need to be checked.

This all comes home. We don't live in a world any longer where we are effectively protected by these two great oceans on each side of us. We are now fully integrated and interdependent, and if we don't lead on these issues I don't know what will happen.

The CHAIRMAN. I'm not going to ask my—I had a couple other questions. I'm going to reserve those for the next hearing. We do want to get a date if we can, Madam Secretary, pinned down for you and Secretary Gates on Afghanistan. We can talk about that maybe afterward.

Secretary CLINTON. OK.

The CHAIRMAN. Are there any other questions? Senator Lugar.

Senator LUGAR. I don't want to preempt the thought the chairman just mentioned about having a hearing with you and Secretary Gates on Afghanistan. But let me ask this question. Our foreign policy in recent times has been characterized by the fact that we were attacked by al-Qaeda and therefore we responded by going into Afghanistan. President Bush subsequently sent United States

troops into Iraq, either because there was a belief that Iraq had nuclear weapons or even, if they didn't, that we really needed to have a nation-building exercise in Iraq so that there would be another state in the Middle East that shared our values and could possibly influence its neighbors. We then increased our commitments in Afghanistan because, al-Qaeda or not, the instability of the country was apparent from the actions of the Taliban and the problems across the border in Pakistan, which invited our attention.

President Obama, when he met with congressional leaders after he came into office, indicated we would take the necessary measures to leave Iraq at a time fairly consistent with the timetable that is currently being implemented. One year or so later—and I'm sure you were engaged in this frequently—he had meetings with congressional leaders in which he talked about a time of departure from Afghanistan and 2011 was mentioned.

There was great pushback from many people, who said you're simply signaling to the enemy that you're going to leave, this is totally unacceptable. I wouldn't say the President changed his mind, but on the other hand he said: Well, this is sort of the beginning of the process. And then, after conferring with our allies, the administration indicated that we would implement a plan in which responsibilities are to be gradually transitioned to Afghan authorities beginning in July of this year and ending in 2014.

Now, at some point there appeared to be a promise of some type of evaluation by the President, Secretary Gates, and yourself, perhaps all of you together, of what the course of activity in Afghanistan is to be. Given the fact we have a significant number of troops there and considerable resources flowing there now, where are we headed?

Anecdotally, press accounts province by province are not very promising on some occasions. At other times, there is testimony by our military officers that they've made a great deal of headway. Members of Congress, including recently Senator Corker, have assessed the situation on the ground in person. He can speak for himself. But others returning find very disturbing their conversations with President Karzai about what his course of action is and what he's about, quite apart from the perspective of others in the country.

So in short, there is unease as to where our strategy will take us and how long it will take to get there. And in the midst of this, all of the rest of what's occurring in the Middle East has come along, quite apart from our problems with Iran, North Korea, and the rest. So, what I think this committee needs from you from time to time, are some sort of summary judgments, as opposed to there being a sense of either policy drift or an inability to take decisive action. This is compounded, simply, either because our military is suffering losses, or the losses with regard to our budget and so forth.

So it does lead, as you point out, to the type of problem we have with this hearing this morning. Here the State Department budget is being compressed some more. That trend has been evident in this committee for at least a decade, if not longer. The thought was that diplomats just simply don't get it, but that you need hard mili-

tary force, and this is where you put your money, and there are other things that might be done in a humanitarian way. But the thought that Secretary Gates has expressed, that there are many things State Department should be doing better, is almost compelling them to try to push money out the door that we've been appropriating to that office to get over here, and that really needs to be discussed very candidly.

We're not going to be able to resolve all these problems this morning. But I would just simply say that I sense a drift with regard to the Afghanistan situation, with regard to Pakistan. I don't know what will happen in Iraq, but even after all of our nation-building the Pew polls and others of the Iraqi people indicate a very great deal of unhappiness with the United States.

On the one hand, the leaders are afraid we will leave, while a good number of their people say: You better get out; we're tired of you. And the American people say: After all we put into this; rebuilt your country, tried to do the infrastructure, and on and on and on, this is just not working well, what are we doing?

So I throw this out maybe for our next time together, either in a public conference or in private meetings, because I think these are basic issues that merit further discussion. Absent that, I think we're going to have some very strange votes in the Senate and the House, and they will be reflected sometimes in budget items simply because people don't know where to strike and make their voices heard, as opposed to a rational discussion of where the country is going and where we've been.

Secretary CLINTON. Senator, I really appreciate your putting into words what I think are the concerns and feelings of many in this body and even outside. I do think we need both the hearings that Chairman Kerry has referred to and maybe some private discussions.

But very briefly, let me say that, you know, the strategy that President Obama adopted after very serious consideration—and I can guarantee you that when he came into office the last thing in the world he wanted was to be faced with having to increase our military and civilian resources and assets in Afghanistan. But he concluded, and I agreed with that conclusion, that we were in kind of a never-never land. We were not succeeding, we were not failing. We were just marking time, and it was not a good position to find the United States of America in.

As a result, the President made what I think were very difficult choices, and then had to make some additional difficult choices, removing commanders and saying very clearly to our allies, who had the same kinds of concerns that you're expressing.

Where are we today? Well, I do believe that the military inputs are right, the civilian inputs are far closer to right than they were. We not only believe that ourselves, but we have convinced our NATO allies, who have also very questioning publics, to put in a lot more troops and a lot more civilian assets. We now have a total of 150,000 troops, 100,000 Americans, 50,000 NATO ISAF. We have convinced 13 Muslim majority countries to participate, because they now see this more in line with their interests than they ever did before.

That is not in any way to discount the difficulty of the road ahead, because there is no doubt that it is. But we are in a much better position to achieve our goal of transitioning out by the end of 2014 with some confidence that what we are going to be leaving behind has got a fighting chance for success.

Now, you reference Iraq. You know, certainly no point in going back and reliving the history of how we got there and what we did, but as American troops withdraw you don't see Americans fighting over it. There is a recognition and an acceptance that we've done whatever we could do, at great cost in life and treasure. We are leaving. We're leaving them a fighting chance for a democratic future, which is not bred in the bone at all, but which they're going to have to figure out how to do.

The significance of having a Shiite majority country that is trying to be a democracy, trying to balance the Sunni, the Kurd, and the other interests, is being looked at and followed very closely.

So I think in Afghanistan we want to position ourselves to be in a similar place in the next 3 years. I'm well aware of all the pressures, the budgetary pressures, the public questioning, just as I lived through what we did in Iraq, and am well aware of how difficult in many ways that was.

So I think your cautions, your questions, are incredibly timely and well do our best to try to answer them.

Senator LUGAR. Thank you.

The CHAIRMAN. Thank you, Senator Lugar.

Senator Corker.

Senator CORKER. Mr. Chairman, thank you and thanks for your patience.

Also to you, Madam Secretary. I just want to add on a little bit more to what Senator Lugar was talking about and in my earlier round of questioning. It feels we went into Afghanistan early on probably with not enough troops. Things happened. I agree with your assessment that when the President came in we were in a place that was sort of twixt and twoe; I agree with that. As I mentioned earlier, certainly I support this fighting season, to see them with all the resources in place.

Here's what I'm concerned about, though. I don't think that we have articulated yet and pressured down the things we're going to need to pressure down, regardless of whether we have budgetary constraints or not. We've been there a long time. We have to deal with the partners we have. None of them are ever perfect. Let's face it, the President there is a great politician and plays both sides against the middle, and that's what he's doing right now. We all understand that and understand, by the way, why he does that.

But I do think I just want to reemphasize, we have got to put downward pressure on our effort. I think we had mission creep. We went from a place of not knowing exactly what we were going to do to all of a sudden this overpowering effort on both sides. Again, I understand why, but that downward trajectory on the building side, the development side, to me has to accompany the troop withdrawal process, too. I think we need to be honest with ourselves about the budgetary support that's going to be necessary just to maintain their security forces. I mean, they couldn't pay one-

seventh of their security forces with their own, with their own budget.

So I do hope we'll have some hearings and we'll talk about that more clearly.

Just to emphasize one other, Pakistan. In order to maintain appropriate relations, I will not publicly articulate my feelings after meeting with the leadership there.

Secretary CLINTON. Thank you, Senator.

Senator CORKER. But it has to——

The CHAIRMAN. That's well said, Senator. I think we can move on from there.

Senator CORKER. It is the most disheartening place in the world to be when you're talking about the type of relationship we have. These again are editorial comments. I understand that we wanted to show that we were partners, that our relationship was not transactional. But it is kind of transactional.

In every place—Kandahar, Helmand province, Kabul—every place that we meet with our military, they're fighting criminality. Really, they're fighting criminality in Afghanistan. You go to a prison there, we have 80 people there that are probably zealots and the rest of the 1,500 folks there are just criminals.

So our forces, this huge footprint that we have, is basically fighting criminality in Afghanistan, because all of the command and control is taking place in Pakistan. It's just—you want to pull your hair out. They want to pull their hair out. And I know they're watching to see what kind of success we're going to have. I understand that.

But there's been some discussions about additional funding to Pakistan, and I understand the country is a mess in many ways regardless of our relationships. I just want to tell you as one Senator, I supported the Kerry-Lugar efforts and I thank the two leaders for taking—making the strides they did. I will be very, very slow, because it is transactional and our side of the transaction is the only side that to me is being fulfilled.

I think that in many ways we get played like a piece of music sometimes. Bad actors end up getting—not that the leadership is—bad actions, let me put it that way, end up getting more U.S. money.

I just want to say again, I think in private conversations and other places I hope we'll talk a little bit more about this situation and be very, very slow to talk about additional funding until we see a different behavior pattern. And I know we've created our own problems. We've got a decade of generals coming behind Kayani that don't have relationships with America. The unintended consequences of previous legislation has left us with a major problem there, I understand. And I'm not criticizing you.

I'm just saying it is hugely disheartening to see what we're doing in Afghanistan taking place, knowing that the center of all of it is really in Pakistan and there's no real effort to deal with it on their part.

Secretary CLINTON. I look forward to our discussions both in a hearing setting and privately. And I very much appreciate the seriousness of the comments that you've made, Senator.

The CHAIRMAN. Madam Secretary, thank you.

Senator, let me just say very quickly that I also appreciate the seriousness of the comments. As the Secretary knows, we are engaged in a lot of that conversation right now with the folks in Pakistan. I do think, in fairness—and the Secretary alluded to this earlier—they have also made a lot of choices that one didn't expect. The IMF and other things have forced some very difficult political decisions.

They've raised prices and they've done a lot of other things in terms of their economy that create problems for them internally. They've done without a huge amount of assistance because the Kerry-Lugar money only really began to flow in this last year. They have put 147,000 troops in the western part of their country and taken a lot of casualties, which nobody fully thought would necessarily happen.

So there's a balance here and it is a very complicated place, with some extraordinary down sides to some of the options. So I think we do have to have a very serious conversation about the choices that we face with respect to it. I look forward to having those with you. I know you always approach this very seriously and listen carefully and work at it hard. So I think we can all do this in a very thoughtful way.

But your message is an important one today and I'm confident the Secretary welcomes it as I do in terms of what we're trying to work through here.

That said, Madam Secretary, if we could spend a minute maybe back aft here. And we appreciate again, let me say it publicly. I think you've done a superb job today and certainly made it clear to the Senate what is at stake here. We're going to have an interesting budget debate and you've helped us to frame that. So I thank you very much.

Secretary CLINTON. Thank you very much.

The CHAIRMAN. With that, we stand adjourned.

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

ADDITIONAL MATERIAL SUBMITTED FOR THE RECORD

PREPARED STATEMENT OF HON. MICHAEL S. LEE, U.S. SENATOR FROM UTAH

As a member of the Foreign Relations Committee, I take seriously our responsibility of shaping U.S. foreign policy. In my opinion, our top priority in shaping foreign policy must be our national security, and I will always support necessary funding for our military operations and national security interests abroad.

At the same time, I agree with Admiral Mike Mullen, who recently said at a Senate Armed Services Committee hearing on the defense budget, "I believe that our debt is the greatest threat to our national security."

U.S. security abroad is increasingly related to investment in antiterrorism measures in the Middle East and our allies in the Middle East, Asia, and elsewhere. I am concerned, and will be ever vigilant in ensuring that the spending in which we engage today does not impede our ability to secure our nation tomorrow.

Although the requested International Affairs budget represents "only" 1.7 percent of the total FY 2012 budget, we have the responsibility to examine each funding stream and trim or cut those programs that are inefficient, overfunded, or have little connection to our national security interests.

RESPONSES OF SECRETARY OF STATE HILLARY RODHAM CLINTON TO QUESTIONS SUBMITTED BY SENATOR JOHN F. KERRY

Question #1. Overseas Contingency Operations: Why did the administration decide to present a portion of the FY 2012 request as overseas contingency funding that is distinct from the core State Department and USAID budget?

Answer. The Department and USAID FY 2012 request of $8.7 billion in the Overseas Contingency Operations (OCO) budget reflects the exceptional, extraordinary costs incurred in Iraq, Afghanistan, and Pakistan to achieve our high-priority national security objectives in these states. This approach, similar to the Department of Defense's OCO requests in these three countries, achieves several goals. First, by separating our OCO budget from the Department's base request, we provide greater transparency about the significantly higher costs encountered by our operations and foreign assistance programs as a result of the high-risk security environment in such "Front-Line States." Second, we emphasize that these extraordinary costs are temporary and can be phased out over time as our resource needs change. Finally, our OCO budget presents a more whole-of-government approach, better aligning our costs with those of DOD while highlighting savings across the U.S. Government that occur as we shift from military to civilian-led missions.

Question #2 & #3. Why is all funding for Afghanistan, Iraq, and Pakistan not included under the OCO budget? (3) How was it determined which activities in these countries were considered OCO and which are core functions?

Answer. Your second and third questions are very closely related and I would like to answer them together as they are mutually reinforcing. By requesting $8.7 billion in an Overseas Contingency Operations (OCO) budget, the Department of State and USAID strive to be as transparent as possible about the extraordinary and temporary resource demands we face due to operating in frontline states (Iraq, Afghanistan, and Pakistan)—treating these exceptional requirements as the Department of Defense (DOD) has been treating them for several years. At the same time, we must recognize that there will continue to be enduring diplomatic presences and base assistance programs in all three states, consistent with our past relations, and to ensure that the gains made by the Department of State and the DOD are not reversed as we foster long-term strategic partnerships. These expenses are included in the FY 2012 core budget request of $5.3 billion for the frontline states.

Our efforts to stabilize the frontline states and transition from military-to-civilian led missions in Afghanistan and Iraq, has led the Department and USAID to take on extraordinary roles and costs, that are greater than our operations and assistance programs in other regions of the world. We anticipate that as these missions mature and the political, economic, and security fortunes of these countries change, these resource demands will ebb.

Specifically, the OCO costs for the Department and USAID include higher personnel expenses, enhanced security to operate in a high-threat environment, new facilities to support expanded operations, and the greater logistical demands such as fuel costs and transportation of personnel. In Iraq, foreign assistance OCO costs are specifically related to the transition of police training and military assistance from the DOD to the Department of State. In Pakistan and Afghanistan, OCO directly supports civilian-led counterinsurgency efforts—the Pakistan Counterinsurgency Capability Fund and economic and development programs tied to counterinsurgency efforts. Specific criteria are detailed below:

Number	Description
1	Temporary in nature.
2	Particular to the unique operational hazards in a frontline state such as security to cover transition activities, life support and vehicle/aviation recovery, acquisition of aviation and/or secure vehicles for transition activities.
3	Specific to supporting counterinsurgency operations and provincial stability, such as PRT funding in Afghanistan and the EBOs in Iraq.
4	Transitioning programs from military-to-civilian responsibility, such as the police training and military assistance programs in Iraq.
5	Extraordinary in terms of scale required to meet political imperatives such as infrastructure programs in Afghanistan and the interagency civilian uplift.

The core components of the request are those programs with the primary objective of promoting sustainable solutions in Afghanistan, beyond our stabilization objectives. These programs primarily focus on longer term capacity-building and sustain-

able solutions that will help ensure the irreversibility of transition from international to Afghan lead. The rule of law and governance programs, for example, are critical to building Afghan institutions that are responsive to citizen's needs after military-led efforts have scaled down. Under infrastructure, the physical construction of projects is considered OCO because of the extraordinary size of the near-term investment. But the sustainability components of the project that focus on commercialization of electricity delivery and the capacity-building within the government to manage these programs are part of the core program. Health and education fall under the core program because they are cornerstone investments that will ensure a stable and productive society, but also build the capacity of the Afghan Government to provide these services independently.

Similar considerations were used in developing the State Operations requests. The enduring program component covers the anticipated longer term platform that resembles our presence in comparable posts the region. For example, while the static guard force in Iraq is made up largely of third-country nationals (TCNs) that require sustainment, the longer term force is anticipated to consist of local guards, as is the case at other posts. The extraordinary costs associated with the contracts to provide the TCNs and their sustainment is considered to be in OCO, while the component of the current contracts that are estimated to cover the cost of a future local guard program in Iraq is part of the enduring portion of the request. In Afghanistan and Pakistan, the enduring request supports long-term programs, permanent facilities, and staffing at the level prior to the civilian uplift. The enduring funding level was initially based on post requirements and staffing at FY 2007 levels, with adjustments for the operating costs of new consulates and other permanent facilities. The extraordinary costs above and beyond the enduring presence would be considered OCO. The enduring and OCO split will be continuously reviewed as policy decisions dictate what the future enduring presence will be.

Question #4. House of Representatives Continuing Resolution (H.R. 1). The House FY 2011 Continuing Resolution severely cuts funding for the Department of State and USAID. It funds Department of State, Foreign Operations, and Related Programs at $44.95 billion, which is a cut of $9.99 billion (18 percent) below FY10 levels, $11.7 billion (21 percent) below President Obama's FY11 Request, and $5.8 billion (12 percent) below the current CR level. Can you comment on what effect these cuts, if enacted, would have on State and USAID's ability to deliver key diplomatic, development and humanitarian programs?

Answer. The House for Representatives Continuing Resolution (H.R. 1) would have dire consequences for the Department of State and the U.S. Agency for International Development (USAID) and their programs. The $43.2 billion provided in H.R. 1 for State/USAID is nearly a 20-percent cut from the FY 2011 President's request, and over 15 percent below FY 2010 enacted levels. This deep reduction would put at risk major national security priorities, including stabilization efforts in the frontline states, keeping Americans safe at home and abroad, and responding to the transformational changes taking place throughout the Middle East.

Some specific impacts of these funding levels on State/USAID programs are identified below:

Economic Support Fund (ESF): The House CR cuts ESF by $2.1 billion (27 percent) from the FY 2011 President's Request. At this level, if the Department/USAID chose to fully fund the vital war needs for ESF for Afghanistan, Pakistan, and Iraq, there would barely be enough resources left to meet bilateral commitments to Egypt and Jordan; and economic assistance programs worldwide, including those in Mexico, Yemen, the West Bank, Sudan, and Liberia, would be shuttered. Initiatives, such as Feed the Future—a program funded through ESF and Development Assistance (DA)—would be curtailed, hampering the Department's efforts to promote food security, drive economic growth, turn aid recipients into trading partners, and mitigate destabilizing trends such as escalating food prices.

Humanitarian Assistance: At a time when the United States is responding to three new, urgent humanitarian crises in Libya/Tunisia, Japan, and Côte D'Ivoire/Liberia, the House CR would cut Humanitarian Assistance by 40 percent from the FY 2011 President's Request. This level would severely curtail our ability to maintain required levels of assistance to address ongoing disasters and respond to large emergencies. For example, this level would force us to withhold life-saving food assistance from up to 15 million people; jeopardize U.S. support for 1.6 million Afghan refugees in Pakistan and 100,000 Afghan refugees returning to Afghanistan this year alone; and endanger security in the Horn of Africa by curtailing assistance to Somalis fleeing to Kenya and Darfuris in Sudan and Chad. This level would severely constrain our ability to react to future unforeseen emergencies with the timeliness and strength of our response in Haiti this past year.

Global Health: The House CR cuts the Global Health Initiative by $1.5 billion (18 percent) from the FY 2011 President's Request. If enacted, this funding level would force the Department to make deep reductions to a bipartisan program that has helped to: save and improve the lives of millions of people worldwide; stabilize societies that have been devastated by HIV, malaria, tuberculosis, malnutrition, and other diseases; and limit the global spread of diseases that might otherwise reach Americans, such as pandemic influenza, HIV, and tuberculosis. A cut of this magnitude would lead the United States to turn away at least 400,000 people from HIV/AIDS treatment under PEPFAR; deny malaria treatment and preventive interventions to 5 million children and family members; and deprive more than 500,000 children of highly effective nutrition interventions.

Diplomatic and Consular Program: Diplomatic and Consular Programs is the backbone of the Department of State operational programs, supporting Foreign Service and Civil Service workers and diplomatic missions in almost every country. The proposed House funding level is 19 percent below the President's request of $10.33 billion. This would significantly weaken this key foundation for the Department. We would be forced to cut necessary infrastructure and security from the Iraq transition plan from a military to civilian-led mission; new Foreign Service and Civil Service hiring would not be possible; and we would fail to keep up with Foreign Service attrition, creating nearly 400 new vacancies.

Overseas Building Operations: Overseas Building Operations maintains over $47 billion in U.S. infrastructure assets and ensures that U.S. diplomats and other government officials abroad are housed in a safe and secure work environment. The largest cut in the House bill for this account is in Worldwide Security Upgrades, which would incur a $50.8 million reduction from FY 2010 and a $137 million reduction from the FY 2011 request. The House bill would also cause the Department to fall short of its capital security cost-sharing contribution and fund one fewer new embassy construction. Facility management, repair, and improvement would also be curtailed.

International Organizations: Under the proposed House FY 2011 budget, the Department would be forced to breach its commitments to many of the more than 40 international organizations it belongs to. The lower levels would require the administration to renege on its treaty obligations and financial obligations for membership to these organizations and force FY 2011 arrears of more than $100 million even after available credits are exhausted.

Education and Cultural Exchange Programs (ECE): Education and cultural exchanges are a principal way the nation engages with the rest of the world. The proposed House CR represents a 21-percent cut from the President's Request of $633.2 million. These cuts would force the Department to scale back the scope of many of these programs at a time when the United States cannot afford to pull back from a rapidly changing world. The reductions would cut 18,000 participants from the 57,000 that took part in ECE programs in FY 2010; cut by 72 percent the number of English Access Micro-scholarships for teaching English abroad; and eliminate 1,000 Gilman scholarships for undergraduate overseas study.

Question #5. What are the national security implications of these potential cuts?

Answer. The proposed cuts for the Department and USAID outlined in the House Continuing Resolution (H.R. 1) would seriously hamper our national security mission.

Along with Defense Secretary Gates and Chairman of the Joints Chiefs of Staff, Admiral Mullen, I have tried to emphasize that we need a fully engaged and fully funded national security team—one that includes State and USAID as full partners. We can only be successful in meeting our national security objectives through the combined power of defense, diplomacy, and development.

The proposed funding levels would put at risk the integrated civilian-military approach needed to meet our national security priorities, including stabilization efforts in the frontline states of Iraq, Afghanistan, and Pakistan. It would harm our efforts to keep Americans safe at home and abroad, and our ability to respond to the transformational changes taking place throughout the Middle East. Our critical work securing our borders and protecting against those who would harm us at home could be weakened. Reductions in food security assistance, economic aid, and health programs could lead to further instability in developing countries, presenting potential national security challenges in the future.

I fully recognize the extraordinary fiscal challenges we face as a country. Elected Members of the Congress, representing American people, have to make tough budget decisions. However, we must resist the temptation to reduce funding for critical elements our national security agenda. This means focusing on the full scope of national security, including development and diplomacy.

The current funding levels for State Department and USAID programs in the Continuing Resolution (H.R. 1) do not support this approach.

Question #6. Winners & Losers. The administration requested significant new resources for several accounts, including global health ($9.8 billion: 11 percent increase), development assistance ($2.9 billion: 16 percent increase), food security ($1.41 billion: 42 percent increase), and climate change ($1.33 billion: 30 percent increase). Concurrently, a number of accounts face significant cuts: assistance for Europe, Eurasia, and Central Asia ($626.7 million: 15 percent decrease), international organizations—voluntary ($348.7 million: 11 percent decrease), and foundations (National Endowment for Democracy, independent exchange programs—$131.5 million: 19 percent decrease).

- Please comment on how the administration determined which programs to plus up and which to decrease.

Answer. We recognize that that we are in an exceptionally tight budget environment. With the resources outlined in this budget, the State Department and USAID can continue to make the American people safer, promote economic growth at home and abroad, and project our interests and values. National security is a fundamental objective of development and diplomacy. By protecting our interests and promoting security and prosperity abroad, we shape the world in a way that ensures the security and prosperity of Americans at home.

The FY 2012 budget is a lean budget for lean times. We launched the first-ever Quadrennial Diplomacy and Development Review (QDDR) to maximize the impact of every dollar we spend. We scrubbed this budget and made painful but responsible cuts. We cut economic assistance to Europe, the Caucasus and Central Asia by 15 percent, and we cut foreign assistance to over 20 countries by more than half. These are important relationships but we are reorienting our resources toward more volatile regions. As part of our top-to-bottom commitment to finding efficiencies and making better use of every dollar in our budget, we have committed to reduce our reports to Congress to save tens of thousands of person-hours while still meeting our legal obligations.

We built our budget through heavy input from every level of the Department of State and USAID using guidance from missions worldwide. We considered our budget using the Presidential Policy Directive on Development and our QDDR to help focus and concentrate our resources where they would be most effective and efficient.

Generations of Americans have grown up successful and safe because we chose to lead the world in tackling its greatest challenges. We invested the resources to build up democratic allies and vibrant trading partners in every region. Whether negotiating arms treaties, brokering talks with belligerent states, fostering stability through development projects, helping to rebuild countries shattered by war, countering nuclear proliferation, enhancing economic opportunity for U.S. businesses abroad in order to create jobs here at home, protecting our Nation's borders and Americans abroad, or serving as the platform from which the entire U.S. Government operates overseas, our diplomatic and development work is dedicated to strengthening national security.

The FY 2012 budget request for the Department of State and USAID clearly reflects this essential mission. Our work in Iraq, Afghanistan, and Pakistan is focused on promoting stability in these three nations, to keep them from becoming havens for extremists who threaten the United States. The request promotes conflict prevention and crisis response in other fragile states, from helping Haiti stabilize after a devastating earthquake to civilian and military efforts to strengthen governance and security capacity in places battling terrorist groups. Human security is a major goal of our budget and a critical part of supporting global productivity and prosperity, supporting programs that promote health, education, and nutrition and counteract infectious diseases, like pandemic flu, tuberculosis, and HIV/AIDS, which directly threaten America. By funding new technologies and research, we increase agricultural productivity and promote food security with the goal of preventing economic and political crises that can arise from food shortages and price spikes. Finally, we help nations adapt to the effects of climate change, efforts meant to ensure that these shifts do not disrupt vital trade and economies.

These goals represent a wise investment for the American taxpayers. By supporting diplomacy and development, the Nation is able to respond to problems before they escalate into crises that require a more significant, and usually much more expensive, response. It costs far less to deploy a diplomat or development expert than a military division. And by using a preventive approach to global issues, we are able to stave off potential threats before they become major risks to our national security.

Assistance that addresses global climate change, food security, and health challenges helps to create the conditions in developing countries for the growth of democracy, economic expansion, and ultimately, increased stability. If we want to lighten the burden on future generations, we have to make the investments that will make our world more secure.

As you note, we are in a tight, austere budget climate this year and our budget reflects this. In order to target specific increases for key national security priorities that I have highlighted above, we had to make some tough tradeoffs. Cutting across all of our endeavors is a serious and sustained focus on reform, efficiency, and savings to the American taxpayer. We are serious about making tough tradeoffs to sustain the programs and operations that are most vital.

Question #7. Has top-level corruption in Afghanistan increased, decreased, or remained unchanged since November 2009?

Answer. Corruption in Afghanistan remains a serious concern for the United States and Afghan Governments, as well as for the broader international donor community. It is difficult to measure quantitatively whether top-level corruption has increased, decreased, or remained unchanged since November 2009 in Afghanistan. According to the Asia Foundation survey conducted in 2010, the number of Afghans who reported that corruption exists in Afghanistan as a whole remained unchanged from 2009 to 2010, but the number of Afghans who felt that corruption exists in their provincial governments increased by 5 percent from 2009 to 2010.

At the same time, the increased capacity of Afghan law enforcement investigators working on anticorruption cases has also revealed more accounts and allegations of official corruption that were not easy to detect before this capacity was developed. U.S. officials at all levels continue to raise this issue with Afghan officials, and we maintain a high level of vigilance in oversight over U.S. taxpayer dollars.

Kabul Bank, the largest bank in Afghanistan, recently suffered a run due to concerns of fraud and mismanagement at the bank. These fraudulent practices resulted in enormous losses which the IMF estimates to be at least $500 million and perhaps as much as $900 million. Additionally, there is evidence that Kabul Bank paid bribes to Da Afghanistan Bank (Afghan Central Bank) regulators and other government officials to secure favorable treatment. The Central Bank has placed the bank into conservatorship and is working to fully uncover the role corruption played in this financial crisis. The United States has no plans to bail out Kabul Bank. Furthermore, all U.S. funds that have passed through the bank to pay for civilian and military salary payments can be accounted for.

Question #8. Has corruption at the provincial and local level increased, decreased, or remained unchanged since November 2009?

Answer. We are not able to measure local and provincial corruption quantitatively. However, the perception of corruption at the provincial level has increased among the local population since November 2009. According to the Asia Foundation survey of the Afghan population in 2010, the percentage of people who viewed corruption as a problem in Afghanistan as a whole stayed the same in 2010 as 2009, while the number of Afghans who viewed corruption as a problem in their provincial governments increased by 5 percent in 2010 from 2009. Corruption at both the national and local levels negatively impacts our counterinsurgency (COIN) efforts. The perception that the government is not working in the best interests of its people undermines trust in local and national-level government officials and structures and ultimately helps the Taliban exploit these grievances to recruit from the local population.

Question #9. In which provinces has it increased, and in which has it decreased? [Referring to Corruption in Afghanistan]

Answer. We do not have data on which provinces have experienced an increase or decrease in corruption, particularly because of the difficulty that exists in measuring corruption quantitatively in each province. However, according to the Asia Foundation survey in 2010 of the Afghan population, the number of people who viewed corruption as a problem in Afghanistan stayed the same in 2010 as 2009. According to the same survey, the number of Afghans who viewed corruption as a problem in their provincial governments increased by 5 percent in 2010 from 2009.

Embassy reporting indicates that the provincial leadership in Khost, Kunar, Herat, Kandahar, and Helmand have taken steps address "predatory" corruption, which alienates many local residents and denies them from receiving support from the government. These Governors highlighted the useful role of the Afghan Social Outreach Program (ASOP) that reestablished district councils and gave the area leadership a role in addressing corruption at the local level. Poor provincial leadership in Uruzgan and Kapisa were noted by the Embassy as a key reason why cor-

ruption in those areas has not been addressed and local and national power brokers faced no serious challenge from the government structure.

Question #10. What are the most significant specific, concrete actions taken by the Government of Afghanistan to combat corruption since November 2009?

Answer. The Afghan Government has taken some steps to remove corrupt or ineffective government officials, and we continue to press for full accountability and further action. For example:

- In mid-December 2010, President Karzai relieved the Afghan National Army Surgeon General, the National Military Hospital (NMH) Commander, the Deputy Commander, and 19 other senior staff officers, after he was briefed on corruption problems at the NMH. In Kandahar province, the provincial chief of police fired the chief of police of an Internally Displaced Persons camp, and the Minister of Finance terminated the head of customs at Kandahar airport. In Helmand province, the district governor of Kajaki was removed. Taken together, these decisions may indicate increased Afghan Government awareness of the risk posed by ineffective or corrupt officials.
- In November 2010, the Afghan Attorney General announced investigations of at least 20 senior officials, including two sitting members of the Cabinet. The Afghan Government has not requested international assistance with these investigations and few additional details have been provided since the November 2010 announcement.
- The Afghan Interior Ministry has dissolved seven private security companies connected to Afghan officials, citing its "commitment to transparency and the rule of law." The ministry also disclosed the names of 45 other companies that will remain open for another year, but will then be replaced by Afghan public protection forces.
- With regard to Kabul Bank, the Central Bank has removed the former chairman and president of the bank, established conservatorship over the bank, and the Attorney General launched an investigation into corruption at the bank. There have been no prosecutions thus far, but select individuals have been barred from leaving the country during the investigation. The USG continues to convey the message to Afghan authorities that they must take aggressive, concrete steps to address Kabul Bank issues, strengthen the Afghan financial sector, and qualify for a strong IMF program. We have been encouraging the Afghan authorities to take prompt action and we are working with international donors to speak with one voice regarding the need for Afghan action on Kabul Bank.
- The Afghan Government is making progress toward improving fiscal transparency. The Ministry of Finance drafted a Public Financial Framework in July 2010 to strengthen budget execution and fiduciary controls. Budget execution rates continue to be a concern, due largely to weak capacity in line ministries and security. The Ministry of Finance continues to post annual Afghan Government budgets online, as it has since 2004, in addition to mid-year reviews of the national budget. The Afghan Government's execution and disbursement reports are also available online.
- The Afghan National Police commander for Kandahar was convicted on charges related to having hundreds of ghost officers on the books and embezzling public funds.
- The Ministry of the Hajj's treasurer was prosecuted for misuse of Ministry funds.
- In March 2011, the Attorney General's Office arrested the former Minister of Transportation and Aviation Enayatollah Qasimi on charges of misusing public funds in a corruption case that cost the Afghan Government more than $9 million.
- Seven security companies connected to Afghan officials were dissolved by the Afghan Interior Ministry, citing its "commitment to transparency and the rule of law." This is the latest in a series of moves by President Karzai to curb the use of private security companies and transition, as possible, to Afghan forces.
- Since its establishment, the Anti-Corruption Unit (ACU) has submitted 416 cases to the courts, including 149 cases of misuse of power and 71 cases of bribery. Eight warrants have been issued for high level officials to prevent them from leaving the country. In February 2011, Major Crimes Task Force (MCTF) investigators initiated a preliminary inquiry on a district police chief in Herat and presented enough evidence to prosecutors for them to issue an arrest warrant for the Afghan Border Police Commander in charge of all the eastern provinces.

Question #11. If the level of corruption and government effectiveness in Afghanistan remain relatively stable over the next 2 years, what impact, if any, would this have on the ability of the U.S. Government to ensure that development and reconstruction assistance is responsibly spent?

Answer. Over the next 3 years, Afghanistan will be undertaking a well-publicized transition process ending in Afghan security lead. In parallel, enhanced and targeted U.S. Government efforts will continue to have an impact in combating corruption, improving governance, and ensuring that U.S. taxpayer funds are effectively tracked, spent, and accounted.

U.S. Government development and reconstruction assistance addresses needs across a range of sectors. Despite substantial challenges, many successes have been secured over the course of our involvement in Afghanistan, from large increases in children in school to significant improvements in health indices. At any given time, some sectors may be more impacted than others by corruption and other governance deficiencies. While the current state of corruption and government effectiveness in Afghanistan presents serious challenges which must be addressed, progress in many sectors continued during this same period.

USAID operates multiple oversight systems to ensure U.S. taxpayer money is spent properly. These include: pre-award conferences (to set oversight and reporting standards); regular monitoring and evaluation actions (to track expenses against work plans and services delivered); site visits; and reviews of payment claims (which require invoices for work completed).

We have seen positive results from having more civilian personnel in ministries and PRTs, whether they are auditors, technical advisors, or Foreign Service officers. They can identify and report on specific allegations of corruption for further investigation.

We also support a robust role for the Special Inspector General for Afghan Reconstruction (SIGAR) and the USAID Inspector General in Afghanistan to investigate vigorously any allegations of diversion of U.S. taxpayer funds from our programs. SIGAR's role in evaluating internal controls and implementation of assistance programs, and the State OIG Regional Inspector General's expanded role in shaping program design and implementation, have helped us reduce fraud and improve accountability.

We are also closely scrutinizing the process by which we award contracts to local entities. This is at the Afghan Government's request. Our goal is to ensure that our contracting procedures reinforce our support for the Afghan Government and do not inadvertently distort local economic and political circumstances by disproportionately benefiting one party.

A substantial portion of our funding and programs are designed to address the very issues of corruption and diversion of assistance that you have highlighted. For example, we have introduced performance-based implementation mechanisms and significantly decreased the overall percentage of multiyear contracts to U.S. entities.

Question #12. How much of FY 2009 and FY 2010 funds have we already disbursed in Afghanistan?

Answer. USAID obligated $2,095,601,081 and disbursed $1,066,484,881 of the FY 2009 Economic Support Fund and Global Health and Child Survival funding as of December 31, 2010. Of FY 2010 base funds, USAID obligated $1,810,791,190 and disbursed $286,510,285 as of December 31, 2010. This does not include USAID funds transferred to other U.S. Agencies.

An additional $1.3 billion of FY 2010 funds became available for obligation on December 27, 2010. Of this, approximately $951.36 million is unavailable for obligation pending resolution of the reporting requirements within the FY 2010 supplemental.

INL obligated $483,876,000 and disbursed $142,494,000 of FY 2009 International Narcotics Control and Law Enforcement (INCLE) funds as of February 24, 2011. Of the FY 2010 base funds, INL obligated $290,269,000 and disbursed $31,871,000.

Seventy million dollars of the FY 2010 funds and $169,000,000 of FY 2010 supplemental funds are pending the completion of legislative reporting requirements and are not available for obligation.

ESF, GHCS	Appropriated	Obligated	Disbursed
FY 2009	2,106,234,000	2,095,601,08	1,066,484,881
FY 2010 Base	2,129,327,000	1,810,791,190	286,510,285
FY 2010 Supplemental*	1,309,000,000	0	0
* Approximately $ 951.36 million is being held up by legislative restrictions.			

INCLE	Appropriated	Obligated	Disbursed
FY 2009	484,000,000	483,876,000	142,494,000
FY 2010 Base	420,000,000	290,269,000	31,871,000
FY 2010 Supplemental*	169,000,000	0	0
* Approximately $144 million is being held up by legislative restrictions.			

Question #13. What percentage of FY 2009 and FY 2010 funds was direct assistance (on budget) to the Government of Afghanistan?

Answer. For FY 2009, approximately $347 million—21 percent of USAID's development budget in Afghanistan—went to on-budget assistance, including major initiatives such as the World Bank-managed Afghanistan Reconstruction Trust Fund (ARTF) and the National Solidarity Program (NSP). In FY 2010, approximately 35 percent of USAID's development assistance, distinct from stabilization programs, was planned for on-budget assistance. Additionally, 16 percent of INL's FY 2010 assistance was planned for direct assistance activities. State and USAID funds for direct assistance were contingent upon several factors, including the growth of existing on-budget mechanisms, the creation of new on-budget mechanisms, the completion of Ministry assessments, and the prioritization of new on-budget programs in cooperation with the Government of Afghanistan.

Question #14. What percentage of FY 2011 and FY 2012 funds is estimated to be provided as direct assistance (on budget) to the Government of Afghanistan?

Answer. For FY 2011, we estimate that between 37–45 percent of State and USAID development assistance, distinct from stabilization programs, will be on-budget, based on our FY 2011 base appropriation request level. In 2012, State and USAID aim to meet the London Conference goal of channeling at least 50 percent of development aid through the Afghan Government's core budget. The 50-percent goal is a shared responsibility, however, in that it requires the Government of Afghanistan to take critical steps to ensure its ministries and agencies are prepared to effectively and accountably implement assistance.

Question #15. Which Afghan Government ministries and entities currently receive funding from the United States?

Answer. The following Ministries and Agencies receive direct assistance from the Department of State and USAID:

USAID Supported Ministries and Agencies:[1]

Ministry of Finance
Ministry of Communications and Information Technology (MoCIT)
Ministry of Public Health
USAID Salary Sup Special Posts
Ministry of Agriculture, Irrigation, and Livestock (MAIL)
Independent Directorate of Local Governance (IDLG)
Ministry of Finance & World Bank
Ministry of Education
Ministry of Transport and Civil Aviation

INL Supported Ministries and Agencies:[1]

Ministry of Counter Narcotics
Ministry of Women's Affairs
Ministry of Justice
Attorney General's Office
Ministry of Interior

[1] Please see responses to QFR #20 for an overview of the process, criteria, and methods by which these entities receive U.S. funding.

Question #16. How much funding do [the Ministries/entities] receive and for what purposes?

Answer. As of December 2010, USAID/Afghanistan's on-budget assistance activities with the Government of Afghanistan included:

[U.S. dollars in millions]

Ministry/Agency	On-budget assistance—current status program title	Start date	End date	Total est. funding	Obligated to date
Ministry of Finance	Civilian Technical Assistance Program (CTAP).	2009	2011	$30.0	$5.5
Ministry of Communications and Information Technology (MoCIT).	The Policy Capacity Initiative Activity and Information Technology.	2009	2010	1.0	1.0
Ministry of Public Health	Provision of Health Services	2008	2013	236.5	56.0
USAID Salary Sup Special Posts	Salary Support to GIRoA	2010	2011	2.0	1.0
Ministry of Agriculture, Irrigation, and Livestock (MAIL).	Agriculture Development Fund (ADF)	2010	2014	85.0	0.0
Independent Directorate of Local Governance (IDLG).	District Delivery Program (DDP)	2010	2011	38.2	0.0
Ministry of Finance & World Bank	Afghanistan Reconstruction Trust Fund (ARTF).	2002	2011	2,079.5	972.0
Ministry of Education	Text Book Printing (DANIDA)*	2005	2012	25.0	23.8
Ministry of Transport and Civil Aviation	Regional Airport Construction	2010	2011	6.0	6.0
	Totals			$2,503.2	$1,089.8

*Assistance to the Ministry of Education to print textbooks is provided through the Danish Development Agency, which has a Limited Scope Grant Agreement with USAID.

Question #17. What is the current budget execution rate for the Afghan Government?

Answer. Recently, Embassy Kabul initiated a review of the Afghan Government's budget execution rate. A final determination is not yet complete, but early analysis shows that "Execution Rate" as a measure of funds utilization effectiveness is an inaccurate indicator. The Execution Rate is a ratio of actual disbursements against budgeted project funds. This measurement does not account for funds being committed or obligated to a project. Funds that are committed to a project are not reflected as a reduction in the budget balance because of the cash accounting system used by the Government of Afghanistan. An accrual system would permit accounting for anticipated disbursements. In addition, some budgeted projects are based on donor pledges, though no actual funds are ever received from the donor. Recently the Afghan Ministry of Finance presented a restatement of their most recent year's execution rate, discounting several of the factors above, and indicated that their core development rate could be as high as 65 percent.

Additionally, carry over cash balances in the government's budget are overstated, as projects run from year to year and do not go through a validation process. For example, a prior year project may be reflected in the budget supported by a donor pledge. However, no funds have been provided by the donor and the donor may never follow through on the pledge. Rather than being dropped from the rolls, the project remains on the rolls, and leads to an inaccurate budget balance.

It is worth noting that, according to the World Bank, domestic revenue collection in Afghanistan reached $1.65 billion in 2010/2011—double the 2007/2008 rate—as a result of significant efforts by the Ministry of Finance. Afghanistan's core budget, a combination of domestic revenue and off-budget expenditures, in this period was $4.6 billion, and its external budget (donor-financed off-budget expenditures) was reported by the Ministry of Finance to be $6 billion, though the actual amount may be as high as $16 billion.

Question #18. Which Afghan Government ministries and entities have been certified to receive U.S. funding?

Answer. To date, $307 million has been transferred and the capacities of the Ministries of Finance, Communications, and Public Health confirmed for specific projects. The U.S. Government is the largest contributor to the World Bank-administered Afghanistan Reconstruction Trust Fund (ARTF), which overseas important and successful on-budget programs such as the National Solidarity Program (NSP).

Question #19. Which Afghan Government ministries and entities are being considered to receive U.S. funding?

Answer. There are three Afghan Government ministries currently being considered: Ministry of Agriculture, Irrigation and Livestock (MAIL), the Ministry of Rural Rehabilitation and Development (MRRD), and the Ministry of Education (MOE).

A new water program will provide $50 million to MAIL and MRRD for watershed rehabilitation design and implementation, forestry, sediment control structures, on-farm water management, and agriculture technology.

Direct USAID funding of MOE programs will strengthen its capacity to develop and oversee education services, improve education sector governance and accountability, and improve the quality of education services that are valued and increasingly demanded by the Afghan public. Possible areas of support include teacher training; community-based education; literacy training and productive skills training for youth; and capacity-development within the education sector.

Question #20. What are the criteria for being certified?

Answer. Ministry certification is for specific activities, not an overall certification. USAID's assessments and certifications are valid only for USAID funding.

Assessment is the first step. USAID examines a given Ministry's capability, capacity, and integrity to account for USAID funds and to carry out a given program from beginning to end. Assessments examine six variables:

- Whether the organizational structure of the Ministry is adequate for the purpose of managing USAID direct grants;
- Whether the Ministry's operating systems, accounting and recording policies and procedures are adequate to account for USAID assistance;
- Whether internal controls are in place to provide reasonable assurance that USAID funds are protected from unauthorized use, abuse, and loss;
- Whether the Ministry has procurement systems and procedures that meet the procurement standards of USAID;
- Whether the Ministry's policies allow USAID access to its books and records in accordance with USAID's audit requirements; and
- Whether the Ministry is capable of advancing 30-day cash disbursement needs of a project from internally generated resources.

Certification for a given activity, the second step, only takes place if the Ministry conducts procurements with U.S. foreign assistance. Based on the assessment, USAID certifies whether the Ministry has the capability and integrity to carry out the specific activity financed by USAID. It is important to reiterate that a certification is for a specific activity, not a general certification of a Ministry overall.

Monitoring & Implementation is the third step, which includes site visits, progress reviews by COTRs and periodic Financial Reviews.

USAID has third party auditing rights for all direct assistance arrangements. For ARTF funding USAID does not have authority to directly audit ARTF and its programs, but this is mitigated by overall World Bank supervision of the fund and USAID's ability to audit line ministries receiving ARFT funding.

Question #21. Please break down FY 2009 and FY 2010 spending by province in Afghanistan.

Answer. Please see the following table for an estimate breakdown of USAID funding by province in Afghanistan for FY 2009–10:

FY 2009-10* Funding Projections based on Afghan Info Reporting

	FY 2009	FY 2010	FY 2009-10
	Est. FY 2009 Disbursements	Est. Total FY 2010 Disbursements	Est. Total FY 2009-10 Disbusements
RC-E	**480,720,702**	**758,467,495**	**1,239,188,197**
Bamyan	10,389,015	22,308,780	32,697,795
Ghazni	17,991,852	35,118,200	53,110,052
Kabul	272,405,860	410,186,791	682,592,651
Kapisa	1,505,436	9,047,093	10,552,529
Khost	32,134,481	42,036,207	74,170,688
Kunar	13,379,633	16,590,830	29,970,463
Laghman	12,860,013	10,685,955	23,545,968
Logar	5,126,924	11,133,390	16,260,314
Maydan Wardak	3,788,210	10,520,799	14,309,009
Nangarhar	42,227,543	50,431,694	92,659,237
Nuristan	4,494,306	3,062,241	7,556,547
Paktika	20,261,369	19,900,831	40,162,200
Paktya	39,590,071	66,270,711	105,860,782
Panjsher	1,899,901	7,645,293	9,545,194
Parwan	2,666,088	43,528,680	46,194,768
RC-N	**110,748,707**	**234,375,583**	**345,124,290**
Badakhshan	39,585,325	44,481,111	84,066,436
Baghlan	8,730,252	34,011,704	42,741,956
Balkh	22,318,044	42,257,332	64,575,376
Faryab	6,218,225	12,865,349	19,083,574
Jawzjan	10,272,682	12,176,068	22,448,750
Kunduz	9,333,491	54,631,492	63,964,983
Samangan	4,107,738	4,398,427	8,506,165
Sari Pul	3,716,315	11,775,688	15,492,003
Takhar	6,466,635	17,778,412	24,245,047
RC-S	**56,289,588**	**163,930,014**	**220,219,602**
Daykundi	11,039,569	13,765,982	24,805,551
Kandahar	23,998,822	119,865,352	143,864,174
Uruzgan	12,847,026	17,223,968	30,070,994
Zabul	8,404,171	13,074,712	21,478,883
RC-SW	**35,527,942**	**154,517,129**	**190,045,071**
Hilmand	35,111,906	148,450,967	183,562,873
Nimroz	416,036	6,066,162	6,482,198
RC-W	**43,153,367**	**91,143,516**	**134,296,883**
Badghis	3,762,325	6,397,608	10,159,933
Farah	10,194,750	15,344,975	25,539,725
Ghor	5,532,183	14,838,178	20,370,361
Hirat	23,664,109	54,562,755	78,226,864
Grand Total	**$ 726,440,306**	**$ 1,402,433,737**	**$ 2,128,874,043**

*Estimates do not include funds provided to national level mechanisms such as the Afghanistan Reconstruction Trust Fund , projects that provide direct services to USAID (e.g. Audit Firms, Construction Designs, etc.), or program funds attributed to supporting USAID (e.g. PASA, PSCs, FSLs, Embassy Air, etc.). These numbers only reflect USAID resources and not other agencies such as the Dept. of State and USDA.

INL's current contracts with its implementers are designed to deliver assistance on a nationwide scale, and reporting is not currently broken out by province or district. INL is working to change this mechanism so more discrete reporting data can be made available in the future.

In June 2009, USAID developed an interagency system to track foreign assistance and CERP implemented in Afghanistan. USAID worked with ISAF, the Office of the Director of Foreign Assistance, and the Coordinating Director for Development and Economic Assistance (CDDEA) to develop such an interagency system. USAID formally launched the system, known as Afghan Info, in November 2009. The purpose of Afghan Info is to provide a comprehensive and transparent interagency picture of how implementers (i.e., USG partners) use foreign assistance resources to support United States foreign assistance objectives in Afghanistan. Afghan Info includes implementer budget and programmatic summaries that describe the use of foreign assistance resources. The Afghan Info system addresses the following questions:

1. How do assistance activities support foreign policy and assistance objectives in Afghanistan?
2. Where are assistance programs located in Afghanistan?
3. How much assistance is implemented in each region? What are the expected results of these activities?

With support from CDDEA, Afghan Info will include all Embassy resources. CDDEA has also reached out to the Military Knowledge Management community to get information on CERP funded projects, which will also be included in Afghan Info.

Question #22. Please estimate FY 2011 and FY 2012 spending by province in Afghanistan.

Answer. Please see the following table for an estimate breakdown of USAID funding by province in Afghanistan for FY 2011. Projections for FY 2012 have not yet been established.

FY2011 Funding* Projections based on Afghan Info Reporting

Row Labels	Est FY11 1st Qtr	FY11 Q2 Projection	FY11 Q3 Projection	FY11 Q4 Projection	FY11 Total Projections
RC-E	**$ 169,161,101**	**$ 159,160,153**	**$ 171,559,046**	**$ 143,848,735**	**$ 643,729,035**
Bamyan	$ 3,190,022	$ 3,697,680	$ 4,284,947	$ 2,704,553	$ 13,877,202
Ghazni	$ 6,994,198	$ 8,411,036	$ 10,322,968	$ 10,162,788	$ 35,890,990
Kabul	$ 107,539,311	$ 75,687,929	$ 73,240,288	$ 61,549,011	$ 318,016,539
Kapisa	$ 3,038,154	$ 2,068,672	$ 2,330,986	$ 1,305,084	$ 8,742,896
Khost	$ 6,509,783	$ 10,595,332	$ 12,888,876	$ 13,209,194	$ 43,203,184
Kunar	$ 4,657,614	$ 5,948,707	$ 6,404,967	$ 4,168,954	$ 21,180,242
Laghman	$ 2,306,286	$ 3,176,344	$ 3,568,995	$ 1,894,113	$ 10,945,738
Logar	$ 2,790,611	$ 3,593,178	$ 4,249,281	$ 3,402,269	$ 14,035,339
Maydan Wardak	$ 3,962,344	$ 3,391,599	$ 4,042,606	$ 3,342,053	$ 14,738,602
Nangarhar	$ 9,494,646	$ 16,567,111	$ 19,035,733	$ 14,976,121	$ 60,073,611
Nuristan	$ 187,736	$ 1,146,650	$ 1,259,426	$ 432,283	$ 3,026,094
Paktika	$ 3,063,623	$ 5,217,690	$ 6,135,825	$ 5,632,174	$ 20,049,313
Paktya	$ 12,080,475	$ 15,470,193	$ 18,763,722	$ 17,678,746	$ 63,993,137
Panjsher	$ 1,145,777	$ 1,464,078	$ 1,809,874	$ 1,181,374	$ 5,601,102
Parwan	$ 2,200,521	$ 2,723,953	$ 3,220,553	$ 2,210,020	$ 10,355,046
RC-N	**$ 40,028,720**	**$ 46,275,040**	**$ 37,551,775**	**$ 20,543,870**	**$ 144,399,405**
Badakhshan	$ 12,002,609	$ 15,383,422	$ 2,938,258	$ 1,973,556	$ 32,297,846
Baghlan	$ 7,569,708	$ 6,842,537	$ 8,282,705	$ 4,077,008	$ 26,771,958
Balkh	$ 9,119,864	$ 6,752,133	$ 7,251,711	$ 4,493,550	$ 27,617,258
Faryab	$ 2,544,680	$ 3,429,384	$ 3,804,861	$ 2,522,660	$ 12,301,585
Jawzjan	$ 1,960,392	$ 2,735,442	$ 2,725,022	$ 2,013,122	$ 9,433,978
Kunduz	$ 2,361,631	$ 4,530,822	$ 5,086,327	$ 1,323,724	$ 13,302,504
Samangan	$ 715,529	$ 1,192,664	$ 1,374,854	$ 606,823	$ 3,889,870
Sari Pul	$ 957,180	$ 1,697,969	$ 2,102,411	$ 984,243	$ 5,741,803
Takhar	$ 2,797,127	$ 3,710,668	$ 3,985,626	$ 2,549,184	$ 13,042,605
RC-S	**$ 33,651,538**	**$ 33,917,304**	**$ 38,992,729**	**$ 25,306,496**	**$ 131,868,068**
Daykundi	$ 3,296,081	$ 3,639,349	$ 4,482,404	$ 4,650,031	$ 16,067,865
Kandahar	$ 22,834,075	$ 19,497,375	$ 22,123,172	$ 9,216,123	$ 73,670,744
Uruzgan	$ 3,794,363	$ 5,387,245	$ 5,738,633	$ 4,736,814	$ 19,657,056
Zabul	$ 3,727,019	$ 5,393,336	$ 6,648,520	$ 6,703,528	$ 22,472,403
RC-SW	**$ 13,570,487**	**$ 35,028,399**	**$ 40,586,542**	**$ 8,241,612**	**$ 97,427,039**
Hilmand	$ 12,608,860	$ 32,514,301	$ 37,528,041	$ 5,285,753	$ 87,936,954
Nimroz	$ 961,627	$ 2,514,098	$ 3,058,501	$ 2,955,859	$ 9,490,085
RC-W	**$ 10,570,177**	**$ 18,866,422**	**$ 17,824,982**	**$ 10,816,086**	**$ 58,077,667**
Badghis	$ 1,532,308	$ 1,765,134	$ 1,892,384	$ 382,618	$ 5,572,444
Farah	$ 2,213,202	$ 6,652,626	$ 4,579,123	$ 3,779,875	$ 17,224,826
Ghor	$ 1,238,435	$ 3,194,582	$ 3,932,771	$ 1,571,129	$ 9,936,917
Hirat	$ 5,586,232	$ 7,254,080	$ 7,420,704	$ 5,082,464	$ 25,343,480
Grand Total	**$ 266,982,023**	**$ 293,247,318**	**$ 306,515,075**	**$ 208,756,800**	**$ 1,075,501,215**

*Estimates do not include funds provided to national level mechanisms such as the Afghanistan Reconstruction Trust Fund (est. FY disburement $600 million), projects that provide direct services to USAID (e.g. Audit Firms, Construction Designs, etc.), or program funds attributed to supporting USAID (e.g. PASA, PSCs, FSLs, Embassy Air, etc.). These numbers only reflect USAID resources and not other agencies such as the Dept. of State and USDA.

Question #23. What percentage of FY 2009 and FY 2010 funds have been audited by the State Inspector General, USAID Inspector General, and/or the Special Inspector General for Afghanistan?

Answer. The Middle East Regional Office for the U.S. Department of State's Office of Inspector General (MERO) has reviewed FY 2009 funding valued at approximately $559 million, and plans to review an additional $210 million. This totals more than 82 percent of all FY 2009 funding the Department received under the 150 account. MERO has also reviewed FY 2010 funding valued at more than $567 million, and plans to review an additional $588 million. This totals approximately 76 percent of all FY 2010 funding received under the 150 account. In addition, MERO has reviewed more than $267 million of FY 2009 and FY 2010 funds transferred from the Department of Defense to the Department of State in support of

training for the Afghan National Police and the Major Crimes Task Force at Camp Falcon.

Question #24. What percentage of FY 2011 and FY 2012 funds are estimated to be audited by the State Inspector General, USAID Inspector General, and/or the Special Inspector General for Afghanistan?

Answer. The Middle East Regional Office for the U.S. Department of State's Office of Inspector General (MERO) has currently completed no evaluations of FY 2011 or FY 2012 funding. MERO plans to evaluate the Worldwide Protective Services (WPS) task order for Kabul and the Kabul Embassy Security Force task order once they are awarded and the funding is obligated. Based on past task orders, we anticipate these combined obligations would be approximately $500 million, or about 45 percent of the 150 account requested for FY 2011. In FY 2011 and FY 2012, MERO also plans to begin new evaluations of the Correction System Support Program, as well as evaluations of internal management controls of funds provided to Embassy Kabul, the Antiterrorism Training Assistance program for Afghanistan, anticorruption training provided to Afghanistan, and the WPS task orders for consulate security in Mazar-i-Sharif and Heart. The amount of funding for these programs has not yet been determined.

In FY 2011, the Office of Audits audited $323.8 million in interagency cost transfers and payroll costs relating to the Implementation and Sustainability of the U.S. Civilian Uplift in Afghanistan. This was a joint audit with Special Inspector General for Afghanistan Reconstruction. These audited funds derive from FY 2009–2011. The Office of Audits also has a joint audit underway with DOD IG regarding the Afghan National Police Training Program. However, program funding is not from the Function 150 Account.

Question #25. How much of FY 2009 and FY 2010 funds were spent on capacity-building in Afghanistan?

Answer. Capacity-building is a key component, if not the primary objective, of almost every assistance project of the USG in Afghanistan. Because capacity-building is incorporated into almost all of the work we do, it is not possible to break out to the exact dollar how much funding is spent on capacity-building in a given year. Some projects like the Civilian Technical Assistance Project, which helps train civil servants and place them in key bureaucratic positions throughout the national and subnational government, is exclusively capacity-building. Many demining programs that we do, on the other hand, have a primary objective of clearing areas of explosive remnants of war, but a focus of the projects is also to build the capacity of local entities to carry on this work and take over responsibility for it in certain areas as early as FY 2013. Similarly, INL's Drug Demand Reduction program builds the capacity and human capital of Afghan NGOs to deliver drug treatment services within their provinces and communities, using an Islamic-based model developed in partnership with Afghan specialists. The program builds capacity to curtail addiction rates and to disseminate information on drug use and addiction on a broad, nationwide scale.

In order to derive an estimate of the level of funding going toward capacity-building, we reviewed the project descriptions for 156 projects planned for FY 2010. Of these projects, approximately 143 (92 percent) included capacity building among their primary or secondary objectives. While it is impossible to break out exactly what proportion of the budget goes specifically toward capacity-building, these 143 projects represent approximately $2.47 billion (94 percent) of the $2.62 billion appropriated in the FY 2010 base. Projects that had no capacity-building objectives were largely projects that purchased commodities, such as USAID's Central Contraceptive Procurement project, or provided some sort of support to ongoing projects such as INL's aviation program that provides air support to USG efforts in Afghanistan. Although exact allocations to programs will not be available for FY 2011 and FY 2012 until funds are appropriated, it is expected that similar trends for capacity-building as a core part of almost every project will continue.

Question #26. How much of FY 2011 and FY 2012 funds are estimated to be spent on capacity-building in Afghanistan?

Answer. Please see answer to question #25. Although exact allocations to programs will not be available for FY 2011 and FY 2012 until funds are appropriated, it is expected that similar trends for capacity-building as a core part of almost every project will continue.

Question #27. Which Afghan Government ministries and entities receive funds for capacity-building, and how much does each receive?

Answer. A central objective of all of State and USAID's on-budget assistance programs is to build and strengthen capacity within the Government of Afghanistan so that the Afghan Government can assume increasing leadership for ongoing assistance. USAID currently has nine on-budget programs. Longstanding partnerships include the Afghanistan Reconstruction Trust Fund (ARTF) and our host country contract with the Ministry of Public Health (MoPH); newer ones include the Civilian Technical Assistance Plan (CTAP) and the Agriculture Development Fund (ADF), which is administered by the Ministry of Agriculture, Irrigation, and Livestock (MAIL). State/INL is in the process of formalizing assistance with the ministries of Counter Narcotics (MCN), Interior (MOI), Women's Affairs (MoWA), Justice (MOJ), and the Attorney General's Office (AGO).

Over the next several years, State and USAID seek to expand existing on-budget programs and create new ministry partnerships. Embassy Kabul and the Ministry of Finance are working to ensure that on-budget programs are pursued with the ministries most committed to achieving defined performance goals and with the understanding that Afghan Government partners must achieve the necessary reforms to strengthen their public financial management systems, reduce corruption, improve budget execution, and increase revenue collection to finance key National Priority Programs.

Question #28. Are funds distributed to governors pursuant to the Performance Governors program being increased, and if so, please explain the changes being made to the program.

Answer. Yes, the Performance-Based Governors' Fund (PBGF) is being expanded. This is being done in line with (1) Embassy Kabul's strong belief in the importance of empowering Provincial Governors and strengthening provincial administrations more broadly (to include the provincial departments of line ministries, Provincial Councils and Provincial Development Committees) in advance of Transition; (2) the USG's subnational governance orientation; and (3) our direct assistance commitments.

The PBGF is expected to strengthen subnational governance via the development of provincial institutions and enhanced local decisionmaking and financial transparency. This effort will provide a critical tool and incentive in the transition toward full Afghan sovereignty and away from "parallel institutions." PBGF is being expanded to provide development funding to Provincial Development Committees and Provincial Councils, in addition to the current program which provides operational funding to Provincial Governors' Offices. Total monthly funding levels available per province would increase from $25,000 to $106,500.

The extended and expanded PBGF is currently in procurement and is with USAID's Office of Acquisition and Assistance. Provided requisite approvals in Kabul and Washington are granted, we expect this to be active around April 20, 2011.

Question #29. What steps are being taken to improve oversight over the disbursement of ARTF funds?

Answer. To ensure transparency, the World Bank provides quarterly and annual reports to donors, including detailed disbursement information. The United States and other donors have increasingly earmarked ARTF funds for specific programs ("preferenced funds") in an effort to improve donor oversight over disbursement.

A number of mechanisms are already in place to ensure that funds disbursed from the ARTF are properly used. ARTF expenditures can be found eligible only if they are included in the Afghan Government's budget. ARTF's share of financing for the yearly budget is approved by the ARTF Management Committee (MC). All goods and services must be procured and accounted for in accordance with Afghan Government law and regulations, and noncompliance with Afghan government regulations results in ineligibility for financing by the ARTF.

The ARTF MC consists of the World Bank, the Islamic Development Bank (IDB), the Asian Development Bank (ADB) and the U.N. (UNAMA and UNDP). The MC meets regularly in Kabul, with the Ministry of Finance as an observer, to carry out the day-to-day business of the fund. Once a quarter, ARTF Donors meet to discuss broader strategy with the government and ARTF management.

Question #30. Has the Afghan Government met the ARTF benchmark that requires it to enact an Audit Law that complies with international best practices?

Answer. At the Kabul Conference in July 2010 the Afghan Government pledged to, among other steps, submit an audit law within 6 months to ensure the strengthening and the independence of the Control and Audit Office (CAO), Afghanistan's supreme audit institution, which has audit authority over state and donor funds.

An external audit law has been drafted and approved by the Afghan Cabinet, though it has not yet passed into law; the Afghan Government has invited the donor

community to provide comments before it is enacted. The U.S. Government and donor community alike are currently analyzing the law to determine if it meets the ARTF benchmark.

Question #31. If not (referring to question 30), what will be the result of failure to meet that benchmark?

Answer. Failure to fully meet the Audit Law benchmark may result in the eventual forfeiture by the Afghan Government of $17.5 million (25 percent) from the Incentive Program window of the ARTF. The U.S. Government and donor community are currently analyzing the draft law to determine if it meets the ARTF benchmark. Overall, the Incentive Program totals $70 million and is contingent on the Afghan Government's meeting a number of benchmarks and having an IMF Country Program in place.

Question #32. Please describe steps the Department and USAID are taking to better communicate how U.S. funds are being spent in Afghanistan. Please include a timeline for implementation of these steps as well.

Answer. Over the past year Embassy Kabul and USAID have instituted measures to better oversee and provide information on the status of U.S. assistance programs and funds:

- The Embassy has established a Program Analysis and Evaluation Unit (PA&E) to monitor and provide information on USG assistance activities in Afghanistan.
- The Embassy has established a structure to coordinate USG gender activities in Afghanistan.
- The Embassy is partnering with the International Security Assistance Forces (ISAF), the Department of Defense (DOD), and other State implementers (INL and USAID) to develop a structure for oversight of USG contracting to ensure program efficiency.
- Within the office of the Coordinator Director for Development and Economic Affairs, a position to enhance the Embassy's donor coordination efforts has been created and filled.
- The Embassy recently initiated an effort to bring together USG-funded technical advisors who work in Afghan Government ministries and agencies on a regular basis to share lessons learned and coordinate activities.
- The Embassy's Executive Working Group (EWG) has been reinvigorated. This group is cochaired by the CDDEA Ambassador and the Deputy Chief of Staff for Stability Operations at ISAF. The EWG plays a key role, under the Principals group, in overseeing civilian-military cooperation, including issues identified by the 15 National Level Working Groups which serve under it.
- A single Embassy section has been designated to respond to all SIGAR, OIG, GAO Audits.
- State and USAID are in the process of making the information collected through the Afghan Info system available to the public. Project information is currently available at http://afghanistan.usaid.gov/en/projects. This Web site will expand to include the location of assistance activities, the level of effort directed to each district and province, the number of people benefiting from assistance activities, and performance indicators that measure project performance (including progress against set targets). Displaying the information geographically and providing public access to the information will increase transparency of assistance programs and enhance communication and coordination with GIRoA and other donor governments.
- USAID and the Department of State recently launched the Foreign Assistance Dashboard (www.foreignassistance.gov), which was created in response to the principles of the Paris Declaration on Aid Effectiveness and President Obama's Open Government Initiative. Its goal is to enable a wide variety of stakeholders, including U.S. citizens, civil society organizations, the Congress, U.S. Government (USG) agencies, donors, and partner country governments, the ability to examine, research, and track USG foreign assistance investments in an accessible and easy-to-understand format. The Dashboard is still in its early stages of development. Future versions will incorporate budget, financial, program, and performance data in a standard form from all USG agencies receiving or implementing foreign assistance, humanitarian, and/or development funds. The Dashboard currently contains Department of State and USAID budget and appropriation data.

Question #33. The following questions refer to the Kabul International Conference on Afghanistan Communiqué from July 20, 2010:

- Please describe the steps the Afghan Government has taken to successfully achieve the necessary reforms to strengthen its public financial management systems, reduce corruption, improve budget execution, and increase revenue collection to finance key National Priority Programs as listed below:

  8. To implement these principles of effective partnership, international Participants:
     —In line with the London Conference Communiqué, restated their strong support for channeling at least 50% of development aid through the Afghan Government's core budget within two years while, as committed at the London Conference, the Afghan Government achieves the necessary reforms to strengthen its public financial management systems, reduce corruption, improve budget execution, and increase revenue collection to finance key National Priority Programmes;

Answer. While considerable steps still need to be taken by the Afghan Government to strengthen its public financial management systems, reduce corruption, improve budget execution, and increase revenue collection, there have been indicators of progress.

The Afghan Government is making progress toward improving fiscal transparency. The Ministry of Finance drafted a Public Financial Framework in July 2010 to strengthen budget execution and fiduciary controls. Budget execution rates continue to be a concern, due largely to weak capacity in line ministries and security. The Ministry of Finance continues to post annual Afghan Government budgets online, as it has since 2004, in addition to mid-year reviews of the national budget. The Afghan Government's execution and disbursement reports are also available online.

In terms of revenue collection, the Ministry of Finance has established regional Taxpayer Offices and other initiatives to increase collection rates in the districts. Nonetheless, the Afghan national budget is growing at a faster rate than revenue collection, leaving a deficit which is paid for by donors. This remains a major concern.

Question #34. Given the Kabul Bank crisis, low budget execution rates, and other indications of financial incompetence or malfeasance within the Afghan Government, is delaying the commitment to increase on-budget funding to up to 50 percent under consideration?

Answer. The United States and other major donors continue to make it clear to the Afghan Government that in order to meet the 50 percent mark for assistance to Afghanistan's core budget by 2013, as defined at the Kabul Conference, the Afghan Government needs to make significant additional progress toward instituting public sector financial reform, addressing anticorruption, ensuring better budget execution, and increasing revenue collection. This means continued improvements in capacity not only at the Ministry of Finance, but other line ministries, as well as at the Provincial and District levels.

The U.S. Government continues to support the IMF in its negotiations with the Afghan Government. We believe that an IMF country program is essential to ensuring that the mechanisms of the Afghan economy function properly. U.S. officials, other donor nations, and the United Nations have made it clear that the absence of a country program jeopardizes aid disbursement.

Question #35. Please explain the current approach to this issue (referring to question 34).

Answer. We continue to convey the message to Afghan authorities that they must take aggressive, concrete steps to address Kabul Bank-related issues, strengthen the Afghan financial sector, and qualify for a strong IMF program. We are working with international donors to ensure that we are all speaking with one voice on these issues.

The IMF has identified a number of important steps that the Afghan authorities should take in order to address the problems at Kabul Bank and to strengthen the financial sector more broadly. These steps are currently preconditions for a new IMF Country Program, and would help restore Afghanistan's credibility with the international community. Credible law enforcement action on the part of the Afghan Government against those responsible for the crisis at Kabul Bank is one of the preconditions set out by the IMF for a program.

The United States has been working with the Afghan Central Bank to address fraud and mismanagement at Kabul Bank, and to enhance the Central Bank's ability to supervise the Afghan financial sector more broadly. However, the United States did not, and indeed should not, have an operational role in supervising

Afghan banks. U.S. efforts are appropriately focused on capacity-building, particularly with regard to strengthening those supervisory authorities responsible for safeguarding the integrity of the financial system.

Question #36. Please assess how successfully the Government of Afghanistan has implemented its Kabul commitments by providing specific examples of steps it has taken or not taken regarding sections in the communiqué that cover "Principles of Effective Partnership," "Governance, Rule of Law, and Human Rights," and "Economic and Social Development."

Answer. The Afghan Government's fulfillment of its Kabul Conference commitments is an ongoing process, as the timeline for commitments varies. Since the July 2010 Kabul Conference, the Afghan Government has made progress in undertaking a series of reforms to improve governance, promote economic and social development, and strengthen Afghan security capacities. The next Joint Coordination and Monitoring Board (JCMB) meeting (date to be determined) will provide an opportunity for the donor community and the Afghan Government to jointly assess progress on the London and Kabul Conference benchmarks.

With regard to "Principles of Effective Partnership," the Afghan Government has made strides in implementing ambitious public financial management reforms, but needs to take steps to further strengthen this area. In particular, the Afghan Government must improve budget planning and execution in order to effectively use domestic and international resources to implement its National Priority Programs. Strengthened internal and external audits, and other anticorruption measures, will also enhance the government's credibility. However, there has been progress. Over the past 3 years, domestic revenues grew on average 20 percent per year, and Afghanistan's rating in the Open Budget Index improved to 21 percent in the most recently released index in December 2010.

With respect to "Governance, Rule of Law, and Human Rights," the Afghan Government has made some progress on its Kabul Conference commitments, but we are concerned about slow progress on some key actions in anticorruption and rule of law. The Government of Afghanistan has established the statutory basis of the Major Crimes Task Force (MCTF) and the Anti-Corruption Tribunal (ACT) through decrees. A committee has been formed to finalize the draft of the law, which we would like to see improved in the areas of function and status. The Afghan Government continues to struggle with existing criminal and civil legal codes to bring them in line with the country's international commitments on freedom of religion and broader human rights.

With respect to the Afghan Government's commitment to improve audits of ministries and subnational government offices, an external audit law has been drafted and approved by the Afghan Cabinet. The U.S. Government and donor community alike are currently analyzing the law to determine if it meets international standards. The Afghan Government also committed to augmenting the number of ministries using transparent and merit-based appointment processes, and has begun to use such procedures for selection at the district governor level and recently for some deputy provincial governor positions. With regard to the commitment to provide budgetary support to the Afghan Independent Human Rights Commission (AIHRC), the Council of Ministers has approved AIHRC inclusion in the state budget, though not as a permanent budget unit and with a very modest amount of support ($500,000).

An important commitment that still needs to be met is the initiation of a strategy for long-term electoral reform by the Afghan Government, particularly addressing the sustainability of the election process, which has not been completed. With respect to the London Conference commitment to work closely with the U.N. to build on lessons learned from the 2009 elections to deliver improvements to the electoral process in 2010 and beyond, the Independent Election Commission (IEC) drew on a number of lessons learned from 2009 to improve technical aspects of the 2010 election process. The IEC and the Electoral Complaints Commission (ECC) conducted lessons learned workshops in January 2011, which could feed into technical electoral reform efforts and a broader electoral reform debate.

Under "Economic and Social Development," the Afghan Government committed to further the framework of the government's National Priority Programs (NPPs) by October 2010, including implementation and costing plans. A robust consultation process on the NPPs, and on 100-day progress reports to demonstrate accountability, is ongoing among the donors and government. The NPPs focus on six areas: Governance, Human Resources Development, Agriculture and Rural Development, Infrastructure Development, Private Sector Development, and Security.

The Afghan Government is making progress toward improving fiscal transparency. To meet its commitment, the Ministry of Finance published a Public Finan-

cial Management Roadmap in July 2010. This document laid out a comprehensive plan to strengthen the Afghan Government's capacity to improve planning and prioritization, increase budget execution, and to increase its Open Budget Index rating. The Ministry of Finance continues to post annual Afghan Government budgets online, as it has since 2004, in addition to mid-year reviews of the national budget. The Afghan Government's execution and disbursement reports are also available online. Budget execution rates continue to be a concern, due largely to weak capacity in line ministries, security concerns, and donor practices that create an uncertain budgetary environment for the Afghan Government.

Question #37. Please describe steps our Embassy in Kabul is taking to coordinate regional policy issues such as water, trade, and security with our Embassies in Central Asia.

Answer. Cooperation and coordination between our Embassies in the region happens routinely, at both working and senior levels. Inter-Embassy coordination and cooperation occurs primarily between our Border Coordination, Economic, Political, Political-Military and INL sections. In 2010, Embassy Kabul expanded the role of the Afghanistan-Pakistan border coordinator to Regional Coordinator, and this person is tasked with increasing cooperation and coordination between Embassy Kabul and our Embassies in Central Asia. The Regional Coordinator participated in the U.S.-Kazakhstan Annual Bilateral Consultation meeting in Astana March 17–18. In addition, we hold monthly regional economic cooperation calls between Washington, Kabul, and Central Asian countries to coordinate our cross-border and regional economic efforts.

The Regional Coordinator has also developed a virtual regional border coordination network to coordinate current and future cross-border and regional initiatives. The Coordinator also is working closely with the international community in Kabul to promote productive dialogue on cross-border issues with Afghanistan's neighbors to the north.

In recent months, the State Department, in conjunction with the Department of Defense, has undertaken high-level consultations on Afghanistan with the governments in Central Asia. In January, an interagency delegation that included CENTCOM's General Mattis, Bureau of South and Central Asian Affairs Deputy Assistant Secretary Susan Elliot, Office of the Secretary of Defense for Policy Deputy Assistant Secretary David Sedney, and Embassy Kabul's Regional Coordinator traveled to all five Central Asian countries to brief on U.S. policy in Afghanistan.

We are actively engaging Central Asian countries to consider joining the Afghanistan Pakistan Transit Trade Agreement (APTTA), which was ratified in January 2011, and is currently being implemented. Afghanistan's northern neighbors have expressed interest in signing similar agreements, most recently Turkmenistan.

We also continue to encourage progress on the TAPI pipeline, which would bring natural gas from Turkmenistan through Afghanistan to markets in Pakistan and India. Officials from the four countries signed an MOU regarding the 1,200-mile pipeline, and the countries are aggressively engaged to further define the project.

The U.S. Embassy in Kabul, the Bureau of South and Central Asian Affairs, and the Office of the Special Representative for Afghanistan and Pakistan are currently planning a conference for U.S. Ambassadors in Central Asia to meet in Kabul in June for further coordination on regional policy issues.

Question #38. Who at Embassy Kabul is responsible for day-to-day coordination with our Embassies in Central Asia?

Answer. The Regional Coordinator is responsible for day-to-day coordination between Embassy Kabul and our Embassies in Central Asia. In 2010, Embassy Kabul expanded the role of the Afghanistan-Pakistan Border Coordinator to Regional Coordinator and this person is now tasked with increasing cooperation and coordination between Embassy Kabul and our Embassies in Central Asia. In addition, there are monthly regional economic cooperation calls between Washington, Kabul, and Central Asian Embassies to coordinate our cross-border and regional economic efforts.

The U.S. Embassy in Kabul, the Bureau of South and Central Asian Affairs, and the Office of the Special Representative for Afghanistan and Pakistan are currently planning a conference for U.S. Ambassadors in Central Asia to meet in Kabul in June for further coordination on regional policy issues.

Question #39. What was the cost of operating the Embassy in 2010, including the cost of security, danger pay, and other benefits for State Department personnel, housing (including the cost of expanding housing), 3,161 contractors, armored vehicles, and all other expenses necessary to maintain the current diplomatic effort in the country?

Answer. The cost of the Afghanistan operations for nonsecurity requirements in FY 2010 totaled $475 million. This included personnel salaries and allowances, infrastructure and life support, equipment and vehicles, Afghanistan consulates fit-out costs, personnel costs, and support funding transferred by the Department of State to other USG civilian agencies for the Afghanistan civilian uplift, air mobility costs, and public diplomacy/strategic communications programs.

The total security cost to support the Diplomatic Mission in Afghanistan for FY 2010 was $347.3 million. This includes the Kabul Embassy Security Force guard contract for Afghanistan in FY 2010 which totaled $120.6 million. The total security cost also includes housing, armored vehicles and equipment costs for the guard force in Kabul and security contract for Camp Sullivan.

Question #40. What is the projected cost for 2011?

Answer. The projected cost for the FY 2011 for Afghanistan nonsecurity requirements is between $550 million and $650 million. The total cost will be dependent on a number of potentially significant costs, including the continuing increase in civilian personnel being deployed this year (including other USG agencies' personnel), the resources that could be required for diplomatic activities in a transition phase of reduced U.S. military operations/support, and additional infrastructure, life support, and air mobility requirements.

The projected total security costs to support the Diplomatic Mission in Afghanistan for FY 2011 are estimated to be $344 million. This includes the Kabul Embassy Security Force guard contract for Afghanistan in FY 2011 which is estimated to cost $118 million. This total includes housing, armored vehicles, and equipment costs for the guard force in Kabul.

Question #41. What are the three most important policy goals for the United States-India relationship for the medium term (3–5 years), and what specific, concrete deliverables can serve as benchmarks for progress in achieving these goals?

Answer. The historic visit to India of President Obama in November 2010 reaffirmed our shared values and increasing convergence of interests. We are off to a fast start in implementing many of the decisions and agreements outlined in the Joint Statement of the President and Prime Minister Singh. Looking ahead over the medium term, our primary objective is to continue to develop our strategic partnership to, among other things, ensure the security and openness of shared domains, such as space, maritime and cyber; to promote closer consultation and greater convergence in regional and multilateral policy, and cooperate in third countries on democracy and development initiatives. Increasing defense trade (the United States is presently India's third-largest defense supplier, after Russia and Israel), exchanges and joint exercises will underpin our strategic partnership, with the added benefit of bolstering our high technology and commercial relationship, driving U.S. exports and growing both economies. We also seek to elevate our government-to-government economic partnership to be commensurate with our global strategic partnership.

Our Top Three Medium-term Goals and our Benchmarks of Progress:

- 1. Build a Truly Global Strategic Partnership. Benchmarks include U.S.-India development projects in regions beyond South Asia, such as Africa, greater convergence on multilateral policy, engagement on Asia Pacific issues, climate change coordination, and continued nonproliferation dialogue and cooperation.
- 2. Deepen our Defense Trade and Cooperation. Benchmarks include increased defense sales, joint production and research, broadened joint exercises, and expanded maritime security cooperation.
- 3. Energize our Trade and Economic Relationship. Benchmarks include continued expansion of U.S. exports, greater Indian investment in the United States, partnerships in the expansion of clean and conventional energy, and commercial space cooperation.

Question #42. Do any of these goals require specific action from Congress?

Answer. Yes, in a few cases. A bilateral investment treaty (BIT), for example, would require Senate advice and consent in order to enter into force.

In addition, the United States has committed at least $50 million over 5 years to the Partnership to Advance Clean Energy (PACE); continued congressional support of international climate cooperation funding will be instrumental to continuing our joint work on PACE—our signature initiative to advance clean energy research and deployment.

More generally, we depend on sustained and concerted congressional advocacy to help us advance many of our top priorities with India, as well as our overarching goal of continuing to grow our robust people-to-people ties. To that end, we continue

to welcome congressional and staff travel to India and encourage engagement with visiting Indian officials, business executives, and civil society representatives.

Question #43. The attempt to sell advanced fighter aircraft to India (whether F–18s or F–16s) is regarded by many as a key goal for the administration. This goal, however, appears to be at odds with the administration's attempt to persuade Pakistan to shift more of its own military resources from the Indian border and Line of Control to the western theater of operations in the Federally Administered Tribal Areas. What are the administration's plans for reconciling these apparently contradictory imperatives?

Answer. We do not agree that these goals are contradictory. Our security relationships with India and Pakistan are both significant, but substantively different. This is reflected in our bilateral engagement. We do not view these relationships in zero-sum terms and support broad engagement with all countries in South Asia, including India and Pakistan. Military sales to India buttress the U.S.-India Strategic Partnership and support our desire to foster a deeper security relationship with India that complements India's expanding global influence. They do not alter the prevailing military balance in the region. At the same time, the United States is investing in programs such as the Pakistan Counterinsurgency Capability Fund, which has helped Pakistan to focus on the counterinsurgency raging on its western border. Pakistan has demonstrated an understanding of this threat by increasing the number of troops engaged in counterinsurgency operations along its border with Afghanistan from 80,000 (2001–03) to 148,000 in (2009–10).

Question #44. A key Indian request of the United States has been prioritization of counterterrorism efforts aimed at groups (particularly Lashkar-e-Tayyiba, and to a lesser extend Jaish-e-Muhammad) with a history of anti-India attacks. To what extent has this goal moved higher on our priority list in discussions with Pakistan since the 2008 Mumbai attacks?

Answer. Regional South Asian extremists groups remain a key issue in our security discussions with the Government of Pakistan (GoP) and other South Asian governments. Many of these groups, including Lashkar-e-Tayyiba (LeT), pose a serious risk to regional stability and also cite American interests as targets. Since the 2008 Mumbai attacks, we have consistently highlighted to our Pakistani partners the dangers posed by regional extremists. Through several bilateral channels, including the U.S.-Pakistan Strategic Dialogue, we clearly stress to the GoP that these groups are a direct threat to American lives, regional neighbors and, increasingly, Pakistan itself. We also encourage all South Asian partners to take aggressive, coordinated action against these extremists, including LeT.

Question #45. What has had to move lower on the list in response?

Answer. We have no such rankings or a priority list. As threats continue to evolve, we must focus on the muliple dangers we face. While we have increased focus on South Asia's regional extremists since the 2008 Mumbai attacks, we added them to our ongoing discussions of other terrorist groups with the Government of Pakistan (GoP). In these discussions, we cite the dangerous potential of these regional groups and their ability to syndicate with other high-priority threats, such as al-Qaeda.

Question #46. The Senate recently passed a resolution calling on the administration "to develop a comprehensive policy toward Sri Lanka that reflects United States interests, including respect for human rights, democracy and the rule of law, economic interests, and security interests."

- Does the administration plan to develop such a policy, and is there a specific timeline for doing so?

Answer. The State Department has developed and implemented a policy toward Sri Lanka that centers on supporting a peaceful, united, and democratic Sri Lanka. To this end, the United States Government engages the Sri Lanka Government, civil society, and diaspora to improve human rights, to strengthen democratic institutions, to develop a political framework that respects the rights of all Sri Lankans, and to address the root causes of the conflict, including a full accountability into allegations of violations of human rights law and international humanitarian law that may have occurred during the war. As the situation in Sri Lanka is dynamic, aspects of our policy are continually under review but our overall goal remains.

Key to our strategy is maintaining channels of dialogue and cooperation with the Sri Lankans to advocate these objectives. Our engagement extends to all levels of society, inside and outside the government. For example, we have provided nearly $62 million in food aid to the Sri Lankan people over the last 2½ years and $11

million for support, training, and equipment for the demining efforts of the government and its NGO partners,

Earlier this year we opened a new American Corner in Jaffna, a place where Sri Lankans can meet and share ideas, and help connect Jaffna with the rest of Sri Lanka, the United States and the world. We have provided more than $4 million in immediate assistance for victims of recent floods in northern and eastern Sri Lanka.

With respect to security, we work with the Government of Sri Lanka to identify sources of terrorist financing to ensure that no terrorist organization uses our financial systems. Broadly speaking, the ability of the United States Government to advance our interests, including respect for human rights, democracy and the rule of law, economic interests, and security interests, depends on our success in supporting a peaceful, united and democratic Sri Lanka while maintaining these channels of dialogue and cooperation.

Question #47. The same resolution called on the Sri Lankan Government, the U.N. and the international community to establish an independent international accountability mechanism. What has been the Sri Lankan Government response, if any?

Answer. The Sri Lankan Government is aware of the recent Senate resolution. The Sri Lankan Government maintains that it has in place a suitable mechanism for addressing matters related to post-conflict reconciliation, including accountability, in the Lessons Learnt and Reconciliation Commission (LLRC) established in May 2010. The Sri Lankan Government views attempts to establish an international commission as premature, as the LLRC has not yet completed its work and issued its report to President Rajapaksa.

Question #48. What further measures is the U.S. Government prepared to take to ensure that the Sri Lankan Government is committed to the peace process?

Answer. We are continuously and closely engaged with the Government of Sri Lanka (GSL) both in Colombo and in Washington. In addition to our discussions with the GSL on issues of accountability for alleged violations of international humanitarian law and human rights law—which we believe is essential to lasting peace—we also strongly encourage the GSL to move forward in talks with the Tamil National Alliance on political reconciliation with concrete measures to devolve power and provide the Tamil people with a greater voice in matters that pertain to them. Our private efforts include meetings between our Ambassador and the Sri Lankan President, Foreign Minister, and others. Our public efforts include Assistant Secretary Blake's February 2011 interview with an international media outlet in which he outlined the U.S. view on areas in which the GSL has made progress and ways in which we feel much more must be done, particularly with respect to accountability. Assistant Secretary Blake also stressed accountability and reconciliation in a March 14 panel at the Asia Society in New York with Sri Lanka's Permanent Representative to the U.N. Ambassador Butenis has also emphasized these points in media interviews. We support a range of programs through our NGO partners on livelihood development, legal aid clinics, peace education, human rights, and national reconciliation.

Question #49. The Constituent Assembly in Nepal is scheduled to draft and ratify a new constitution by May 2011. News reports suggest that the country is unlikely to meet this deadline and Maoist leader Pushpa Kamal Dahal (also known as "Prachanda") is reportedly advocating for an extension of the Constitutional Assembly's term. What assistance has the United States provided to help the constitution drafting and peace process?

Answer. The United States has provided extensive support to the Constituent Assembly, the body charged with drafting the new constitution by May 2011. The Department of State, USAID and their partners have supported projects that provided legal expertise and constitutional drafting training. Constituent Assembly members, government officials, civil society organizations, and community leaders have participated in our assistance programs. In addition, the U.S. Government has funded trainings and facilitated dialogue for key political party leaders, including through The Asia Foundation (TAF) and Karuna Center for Peacebuilding, to facilitate discussions and build consensus on the outstanding constitutional and security issues. We will continue to assist Nepal as it works toward completing the constitution and fulfilling all elements of the Comprehensive Peace Agreement.

Question #50. What is the basis for continuing to keep the Communist Party of Nepal (Maoist) on the Specially Designated Terrorist Groups list after the organiza-

tion has joined the political process and won a plurality of votes in the subsequent election?

Answer. The Communist Party of Nepal (Maoist) remains a designated Specially Designated Global Terrorist under Executive Order 13224 and is included on the Terrorism Exclusion List, pursuant to the Immigration and Nationality Act. We view their participation in the electoral process as a positive step that we would weigh in any consideration to remove them from these lists, but we continue to have areas of concern. We share these concerns with Maoist leaders through our Ambassador who has been engaged in an active ongoing dialogue in Kathmandu. Primarily, we remain troubled by the failure of the Maoists to complete the peace process and give up the substantive control they have over their approximately 19,000 former fighters in cantonments across Nepal and of the weapons that remain under their control. During discussions, we have told Maoist leaders that it is difficult for us to accept their assertions of a commitment to multiparty democracy and the peaceful resolution of political differences as long as they retain what is, in essence, a private army under their control. We also continue to call on the Maoist leadership to act on their promised reforms to their youth wing, the Young Communist League (YCL), and to formally renounce violence as a political tool.

We believe that the Maoists have made some progress on the path to transforming themselves into a democratic political party, and we urge them to continue to work with the other parties on the drafting and implementation of a democratic constitution. Until the issues related to their former fighters and their militant youth wing are addressed, however, we believe it would be premature for us to pronounce the transformation from terrorist organization to democratic political actors to be complete.

Question #51. What actions, if any, has the Communist Party of Nepal (Maoist) taken since joining the political process in 2006 that can be fairly described as terrorist actions?

Answer. Following the signing a Comprehensive Peace Agreement with the government in 2006, the level of Maoist violence has decreased significantly. Nonetheless, there is evidence that extortion, abduction, and intimidation by the Maoist party or Maoist-affiliated organizations continue in some regions of the country. Political party representatives, police, nongovernmental organization (NGO) workers, and journalists have reported threats and intimidation by Maoists and Maoist-affiliated organizations.

Question #52. A recent event at the United States Institute of Peace highlighted the difficulties of reintegration of Maoist ex-combatants—particularly women ex-combatants—back into civilian life. How does the Nepalese Government plan to ensure that ex-combatants are successfully integrated?

Answer. The Government of Nepal currently lacks a comprehensive plan for reintegrating ex-combatants into civilian life. The 19,600 Maoist ex-combatants remain in camps at seven sites around the country, as they have for more than 4 years. However, we have seen some progress on the integration and rehabilitation process in recent months, including in January the handing over of control of the ex-combatants to the Special Committee on the Integration and Reintegration of Maoist Combatants. Discussions between the key parties continue, and the Special Committee's Secretariat is working with the U.N. and other partners to build capacity and prepare for reintegration.

On women ex-combatants, the Government of Nepal (GON) recently approved a Plan of Action (Plan NAP) on the implementation of U.N. Security Council Resolutions 1325 and 1820, which provides encouragement both for the specific challenges of reintegration of female ex-combatants as well as an archetype for how the GON should approach the reintegration of all ex-combatants. Plan NAP is built on five pillars: (1) participation; (2) protection and prevention; (3) promotion; (4) relief and recovery and resource management and monitoring; and (5) evaluation. Plan NAP seeks to increase the participation and leadership of women at all levels of decision-making, conflict transformation and peace processes, including taking measures to address specific needs of women and girls in the design and implementation of relief and recovery programs.

Question #53. What type of support is the United States providing and does it address the specific challenges faced by women ex-combatants?

Answer. Because the demobilization and reintegration process for the 19,600 Maoist ex-combatants is stalled at the encampment phase, U.S. support has been mostly limited to engagement with key political contacts with a view to influencing, through technical advice, future plans and implementation of the reintegration proc-

ess. Embassy Nepal engaged a USAID Civilian Response Corps–Active specialist in disarmament, demobilization, and reintegration (DDR) to strengthen Embassy Nepal's operational contacts with key national actors as well as the international donor community. Direct support at this stage has been limited to increasing public dialogue about the demobilization and reintegration process in Nepal through support to national and community radio programs on the peace process, as well as new linkages between existing USAID programs in education and vocational training with current and future plans by the U.N. and other donors to support similar efforts for ex-combatants. USAID programming for community based reintegration, which is the most effective method to address challenges faced by female ex-combatants as well as other, often marginalized conflict-affected populations, is contingent on an official demobilization process for some or all of the 19,600 Maoist ex-combatants, as well as the availability of fresh funds.

Question #54. During his visit to Indonesia in November 2010, President Obama identified education as a key focus of our bilateral relationship for the near future. How is this priority reflected in the 2012 budget request?

Answer. Close cooperation in education is a fundamental element of our Comprehensive Partnership with Indonesia. In addition to support for basic education, in 2010 President Obama announced a Higher Education Partnership in which the United States will invest $165 million over 5 years to help build Indonesian capacity to provide world-class university education and to help significantly increase the number of American and Indonesian students who study in each other's country.

The FY 2012 budget request includes $35.5 million toward this 5-year commitment, including $15.5 million for exchange programs managed by the Bureau of Educational and Cultural Affairs, and $20 million managed by USAID to improve the quality of higher education in Indonesia, including through partnerships with U.S. universities.

In addition, the FY 2012 request includes $32.177 million for basic education programs managed by USAID to support improvements in institutional autonomy, academic quality, private sector engagement, and science and technology advancement.

Question #55. What specific programs does the administration plan to expand or initiate?

Answer. Under the Higher Education Partnership, the State Department's Bureau of Educational and Cultural Affairs (ECA) manages the Fulbright Indonesia Research, Science and Technology (FIRST) Program. The FIRST program is a 5-year, $15 million initiative that provides scholarships for Indonesians to study in the United States and conduct research in priority science and technology fields. It also allows Americans to study, teach, and conduct research in Indonesia in similar areas. The FIRST program expands the overall U.S. contribution to the Fulbright program in Indonesia to $8.5 million in FY 2012, making it one of the largest Fulbright programs in the world. In fall 2010, the first 10 American and Indonesian Fulbright students and scholars began studies under FIRST.

A second important effort is the Community College Initiative, which provides $2.5 million in funding per year for scholarships for approximately 50 Indonesian students to study in the United States in 1-year certificate programs. The initiative also funds professional development for approximately 15 Indonesian faculty and administrators at U.S. community colleges. In 2010, the first expanded cohort of 50 young Indonesians began their studies at U.S. community colleges through this initiative.

To encourage Indonesian students and American students to study in each other's country, ECA increased funding in FY 2012 to $4.5 million for English-language training, student advising services, and other exchanges. In 2010–11, the number of English Access Microscholarships awarded doubled, to more than 400, for after-school English classes for disadvantaged 14–18-year-olds. In 2010, the first cohort of 17 Americans studied Indonesian in intensive summer institutes in Malang, strengthening their language skills while deepening their understanding and respect for Indonesian society and culture.

USAID's FY 2012 request of $20 million will fund the Higher Education University Partnership, the Higher Education Leadership Management Program, and several other programs outlined below.

- First, USAID's FY 2012 request of $8.2 million for the Higher Education University Partnership program will support collaboration between U.S. and Indonesian higher education institutions by enabling selected institutions to improve the quality of teaching, research, and community service. In 2010, USAID awarded four of 25 planned university partnerships, in areas including marine

biodiversity, tropical plant curriculum development, child protection, and training in public health and applied research.

- Second, USAID's FY 2012 request of $8.7 million will support the Higher Education Leadership, Management, and Policy program. This program will assist the Indonesian Ministry of Education in introducing quality assurance systems into the organizational structure of the higher education system, raise overall quality, introduce fiscal sustainability, and enhance the efficiency of the system's use of resources.
- Third, the FY 2012 request of $3.1 million will support USAID's New Higher Education Initiative, the Aceh Polytechnic program, the Innovation Fund, the Participant Training Project, and program support.

Finally, USAID's FY 2012 request of $32.177 million for basic education programming will support greater institutional autonomy, academic quality, private sector engagement, and science and technology advancement. The largest component of the request ($28.4 million) will assist the Indonesian Government in replicating Decentralized Basic Education (DBE) modules and methodologies in targeted regions. Additional basic education programs will focus on helping Indonesian youth complete primary and secondary school, and include $3.8 million in funding to support opportunities for vulnerable children, innovation, participant training, and program support.

Question #56. Another key focus of the U.S.-Indonesia engagement is climate change. How does the 2012 budget request deal with this priority, with specific reference to the REDD program, the Coral Triangle Initiative, and other programs tightly linked to Indonesia?

Answer. U.S. foreign assistance plays a critical role in the implementation of the U.S.-Indonesia Comprehensive Partnership, which includes combating and adapting to climate change as one of its key focus areas. In addition to potential resources provided by the Millennium Challenge Corporation (MCC) and other U.S. Government agencies, the President's FY 2012 budget request includes $28 million in Development Assistance funds for the United States Agency for International Development (USAID) to strengthen the capacity of the Government of Indonesia to manage Indonesia's diverse terrestrial and marine resources sustainably and to catalyze its clean-energy development potential. All of USAID's activities support Indonesia's national strategies, including the national Reducing Emissions from Deforestation and forest Degradation (REDD+) efforts and other national climate change initiatives.

U.S. assistance supported by funding in the FY12 proposed budget request will be designed to foster sustainable forest management, reduce carbon emissions, support community livelihoods, and promote low-carbon economic development. USAID programs will be implemented in partnership with national and local governments, NGOs, the private sector, and communities who are dependent upon forest resources. Assistance will focus on reducing environmental threats, improving governance, developing sustainable land and resource use, and increasing access to markets and financing for sustainably managed natural resource products. USAID programs will strengthen community resilience to the effects of climate change while reducing the risks associated with disasters in highly vulnerable areas. Priority areas will include high conservation value landscapes and seascapes, orangutan habitats, and primary lowland forests.

USAID forestry projects will support Indonesia's national REDD+ strategy by implementing changes in land use and improved forest management. Forestry and climate change activities support U.S. commitments made at Copenhagen, and they will also support the implementation of Low Emissions Development Strategies (LEDS) for Indonesia. Projects will also extend work already started with previous years' funding that supports the Indonesian Climate Change Center to bring science and objective analysis to the policy decisionmaking process.

Indonesia, as well as other countries, will also benefit from separately budgeted Asia regional programs totaling $32.95 million for clean energy, REDD+, and biodiversity implemented by USAID's Regional Development Mission-Asia (RDMA). RDMA will also continue to strengthen capacity in managing coastal and marine resources, including through support of the Coral Triangle Initiative (CTI).

Question #57. The insurgency in the southern Thai provinces of Narathiwat, Pattani, and Yala (along with parts of Songkhla) has taken several thousand lives since 2004, but to date does not appear to have an international agenda or focus. It often falls between the bureaucratic cracks: Thai experts are unfamiliar with the Malay language and culture (the language and culture of the insurgents), Malaysia experts see it as a Thailand issue, and counterterrorism officials see it as a local

rather than a transnational phenomenon. Within the State Department, which Bureau or Office has the lead on tracking this insurgency?

Answer. The State Department remains deeply concerned about violence in southern Thailand that has claimed thousands of lives over the past 7 years. We closely monitor the human rights environment in southern Thailand and report on it in the annual human rights report. We support the Royal Thai Government's efforts to counter separatist violence in southern Thailand, and we encourage the investigation and prosecution of those responsible for violent acts. The Bureau of East Asian and Pacific Affairs is the lead Bureau for tracking developments in southern Thailand, working in concert with other Offices and Agencies. Embassy Bangkok is also actively engaged on this issue.

Question #'s 58–61. Under Section 203 subsection (a) of the Enhanced Partnership with Pakistan Act of 2009, it states "no security-related assistance may be provided to Pakistan in a fiscal year until the Secretary of State, under the direction of the President, makes the certification required under subsection (c) for such fiscal year."

- Has the Secretary of State made such a certification for FY 2011?
- If so, on what date?
- Has any security-related assistance been provided to Pakistan in FY 2011?
- If so, on what date?

Answer. The Secretary made this certification for FY 2011 on March 18 and delivered the certification package to Congress on March 30. In accordance with Section 203, no security-related assistance (defined as FMF in the legislation) has been provided to Pakistan in FY 2011. The administration has requested $296 million in FY 2011 FMF funding for Pakistan.

Question #62. The following questions refer to U.S. assistance from the Function 150 Account. Answers should reflect funding streams from both the State Department (i.e., INL) and USAID.

Answer. As Congress weighs appropriation of the administration's request for Kerry-Lugar-Berman funds for FY 2012, it will be very helpful to understand how the funds already appropriated have been spent. How much of the funds authorized by the Enhanced Partnership with Pakistan Act of 2009 have been spent on following line-items (for expenditures over $10 million, please provide the specific project, amount, and date of completion):

- Energy
- Bridges
- Roads
- Medical clinics
- Schools
- Dams/Irrigation
- Other agricultural programs
- Flood reconstruction (apart from items listed in categories above)

Answer. It is important to note that the Enhanced Partnership with Pakistan Act of 2009 authorizes FY 2010–FY 2014 funding for Pakistan. The United States disbursed about $1.7 billion for Pakistan from October 2009 (when the legislation was passed) through December 2010, including over $1.1 billion in bilateral civilian assistance for Pakistan. However, most of the funds disbursed in that timeframe were FY 2009 and prior year funding. Below is what was disbursed from FY 2010 funds as of March 2010, authorized under the Enhanced Partnership with Pakistan Act:

- Energy/Dams: $37.5 million (includes Gomal Zam Dam, $26.4 million, completion estimated June 2013);
- Schools: $45 million for the Higher Education Commission and $19.5 million for Fulbright exchanges;
- Other Agricultural Programs: $31.2 million (for seeds, agricultural inputs, flood-related cash-for-work programming in Sindh and KP);
- Flood Reconstruction (apart from items listed above): $30.8 million (includes $20 million for health services provided through Agha Khan University, WHO, UNICEF, and UNFPA); and
- Social Sector Support: $75 million for the Benazir Bhutto Income Support Program (BISP).

Question #63. How much of FY 2009 and FY 2010 funds have we already obligated in Pakistan?

Answer. As of December 31, 2010, USAID had obligated approximately $2.23 billion of FY 2009 and FY 2010 civilian assistance appropriations in Pakistan. INL has obligated $253.7 million of FY 2009 and FY 2010 funding.

Question #64. How much of FY 2009 and FY 2010 funds have we already disbursed in Pakistan?

Answer. The USG has disbursed about $1.7 billion of civilian assistance since the October 2009 passage of Kerry-Lugar-Berman (KLB) legislation, including funding in accounts covered by the KLB legislation and about $550 million in emergency humanitarian response funds for flood relief.

Recent developments include:

- $19.6 million disbursed toward signature initiatives throughout Pakistan, many of which the Secretary announced in past visits: Gomal Zam Dam, Tubewell Efficiency Improvement Program, Satpara Dam, Tarbela Dam, and Muzzaffargarh and Jamshoro Thermal Power Stations.
- $8.0 million disbursed to the FATA Secretariat for construction of roads in South Waziristan that contribute to stabilization and security by linking the remote region with outside markets.

As of March 2011, INL and USAID had disbursed $585 million of FY 2009 and $221 million of FY 2010 nonemergency civilian assistance to Pakistan, as well as a considerable amount of prior-year funds. We anticipate additional disbursements in the relative near term, including implementation of flood reconstruction activities and disbursement of $190 million for the Citizens' Damage Compensation Fund, once all accountability measures are in place.

Question #65. What percentage of FY 2009 and FY 2010 funds will go toward direct assistance to the Government of Pakistan?

Answer. We are committed to building Pakistani capacity to address Pakistan's most critical needs, and this includes coordinating closely with the Government of Pakistan and implementing programs when possible through Pakistani mechanisms.

We expect that about 48 percent of FY 2009 Pakistan civilian assistance funds (Economic Support Funds or ESF) will be implemented with direct assistance through Pakistani Government agencies, whether federal or provincial. In FY 2010, under current planning we anticipate that roughly 50 percent of Kerry-Lugar-Berman civilian assistance to Pakistan will be implemented through direct assistance to the government.

Question #66. What percentage of FY 2011 and FY 2012 funds is estimated to be provided as direct assistance to the Government of Pakistan?

Answer. As we do not yet have a year-long appropriation for FY 2011 and FY 2012, we have not yet determined the percentage of civilian assistance funds that would be implemented through the Government of Pakistan. However, the United States remains committed to providing a substantial portion of its assistance through Pakistani entities. We anticipate that the general trends would be in line with our current practices in Pakistan, with roughly half of civilian assistance being implemented through Pakistani Government institutions, whether federal or provincial.

Question #67. What percentage of FY 2009 and FY 2010 funds will go to Pakistani entities outside of the Government of Pakistan?

Answer. The United States has made a deliberate effort to change its model for assistance to Pakistan, toward implementing a greater portion of U.S. civilian assistance through Pakistani institutions. This is critical to strengthening our partnership with Pakistan and building the long-term capacity of Pakistani organizations. As of December 31, 2010, USAID has made 64 awards to Pakistani nongovernmental organizations (NGOs), totaling approximately $260 million, which is approximately 12 percent of USAID's FY 2009 and FY 2010 civilian assistance funding for Pakistan. For assistance to Pakistan managed by the Bureau of International Narcotics and Law Enforcement, $2 million of FY 2009 and FY 2010 funding will go to Pakistani NGOs, for narcotics demand reduction programs.

Question #68. What percentage of FY 2011 and FY 2012 funds is estimated to be provided to Pakistani entities outside of the Government of Pakistan?

Answer. As we do not yet have a year-long appropriation for FY 2011 and FY 2012, we have not yet determined the percentage of civilian assistance funds that would be provided to Pakistani entities outside the Government of Pakistan. However, we would expect to maintain or increase from FY 2010 levels, given our positive experience with Pakistani NGOs and the importance of aligning our assistance implementation with our strategic goals of building Pakistan civil society.

Question #69. How much of FY 2009 and FY 2010 funds will go toward flood assistance?

Answer. As of March 2010, the United States had provided a total of $690.8 million for flood assistance using both emergency and bilateral assistance funds in the International Disaster Assistance (IDA), PL–480 food assistance, Economic Support Funds (ESF), Migration and Refugee Assistance (MRA), U.S. Emergency Refugee and Migration Assistance Fund (ERMA), International Narcotics Control and Law Enforcement (INCLE), and Overseas Humanitarian, Disaster and Civic Action (OHDACA) accounts. Funding from FY 2009 and FY 2010 amounted to $30.8 million and $559.5 million, respectively, in emergency and bilateral assistance accounts. In line with the public pledge of November 2010, in addition to emergency humanitarian assistance, $500 million of FY 2010 bilateral assistance funds to Pakistan will be redirected or reprogrammed for flood reconstruction and recovery.

Question #70. Why has only $23.3 million been disbursed for flood assistance so far from Kerry-Lugar-Berman funds?

Answer. The initial U.S. response to the flooding was to bring to bear the full panoply of emergency humanitarian assistance available, and indeed the U.S. was "the first with the most" among donor response to the floods. The USG interagency, including State, USAID, DOD, and USDA teamed up and coordinated the delivery of over $550 million in emergency relief assistance.

In addition, we have enhanced the effectiveness of the flood assistance by working to meet priorities identified by the Pakistani Government (GOP). When Richard Holbrooke announced in November 2010 that the U.S. would redirect $500 million of FY 2010 Kerry-Lugar-Berman (KLB) funding for flood reconstruction priorities identified by the GOP, this required a reorientation of our assistance to find funding for this effort. By December 31, 2010, only 1 month later, $23 million was reoriented and disbursed, meeting the critical needs outlined by the Pakistani Government. We expect substantial disbursements in calendar year 2011, based on discussions with our Pakistani counterparts. As of April 2010, USAID has disbursed $64.3 million of FY 2010 KLB (bilateral) funds for flood assistance. USAID has also disbursed $30.8 million of FY 2009 funds for flood assistance.

Question #71. How long will it take for this [KLB flood] money to be disbursed?

Answer. We are moving to disburse flood reconstruction funding as activities are in place, and notifications/certifications are processed as required. Even as flood reconstruction is a time-sensitive response, it is a separate and distinct effort from emergency flood relief, where absorptive capacity and consultations with the Pakistani Government are important considerations. We expect substantial disbursements of KLB flood money in calendar year 2011. However, we anticipate that it may take 24 months from the onset of the floods until all flood assistance funds are expended, with projects such as road and school reconstruction spanning multiple years. We have already disbursed over $62 million (in FY 2010 and prior year bilateral funds) for agriculture recovery, providing seeds and agricultural inputs to farmers devastated by flooding in Sindh, Baluchistan, Punjab, and Khyber Pakhtunkhwa provinces. This has in many places increased wheat crop yields by 60–70 percent. We envisage disbursing the $190 million U.S. contribution to the Citizen's Damage Compensation Fund by mid-2011. However, our contributions to school, irrigation, and road reconstruction, requiring reorientation of our programming, renotification, and working with Pakistan's provinces, may take somewhat longer.

Question #72. How much of FY 2011 and FY 2012 funds is estimated to go toward flood assistance?

Answer. At this time, $96 million in FY 2011 of emergency food aid (IDA) and Food for Peace (P.L. 480) have been obligated for flood assistance in Pakistan. As $500 million of FY 2009 and FY 2010 funds are expected to be directed to go toward flood reconstruction, we have not planned for the use of any FY 2011 or FY 2012 funds authorized under the Enhanced Partnership for Pakistan Act for flood assistance at this time.

Question #73. Please describe plans for how the Department will apply operations research as defined in the Enhanced Partnership with Pakistan Act of 2009 as "the application of social science research methods, statistical analysis, and other appropriate scientific methods to judge, compare, and improve policies and program outcomes, from the earliest stages of defining and designing programs through their development and implementation, with the objective of the rapid dissemination of conclusions and concrete impact on programming" to funds spent in Pakistan.

Answer. The Enhanced Partnership with Pakistan Act of 2009 has been critical both in articulating a multiyear vision of U.S. civilian assistance to Pakistan in support of a long-term strategic partnership, and in encouraging best practices for as-

sistance. Here are a few examples of how the United States uses such "operations research" analysis to improve program effectiveness.

USAID guidelines require all programs to utilize a variety of types of analyses, including quantitative studies or other types of social science methods, during the design stage. Before committing any money to a project, USAID conducts environmental assessments that take into consideration the environmental, social, and economic background of the intended beneficiaries and geographic locations and how the project in consideration could impact their lives and their communities. A special focus is placed on gender and how the project may impact women of the community. In addition, the U.S. Government carefully researches the various ways to disburse funding to determine the most appropriate benchmarks to use in order to achieve the intended results of the project under consideration. For example, before committing to support the Citizens' Damage Compensation Fund, U.S. Embassy Islamabad embedded an officer with the World Bank Assessment team to assess the program and its social, economic, and environmental impact, as well as the accountability and transparency of the delivery methods. Only when we were satisfied with the results of the assessment did we consider obligating funds towards the activity, pending certification.

Question #74. Please describe the communications strategy for how the Department is communicating and will communicate our intent with respect to Kerry-Lugar-Berman funds in Pakistan.

Answer. The United States seeks to maintain and deepen its long-term bilateral strategic partnership with Pakistan. That partnership is advanced by addressing Pakistan's economic and social challenges, particularly with civilian assistance.

Under the direction of the Mission Director of Communications in Islamabad, State and USAID communications teams work together to amplify the impact of civilian assistance in Pakistan and reinforce the U.S. message about its commitment to a long-term partnership with Pakistan. A number of engagements—the U.S.-Pakistan Strategic Dialogue, Secretary Clinton and Administrator Shah's visits, renewed branding of U.S. assistance, high-level leaders discussing the importance of economic assistance—have helped increase the Pakistani public's confidence and trust in the United States.

In communications about the Kerry-Lugar-Berman (KLB) authorization and civilian assistance, the objective is not simply to promote the size and dollar value of our civilian assistance program, but to show how it is improving the lives of average Pakistanis. For example, reducing energy outages across the country is essential for both society and industry in Pakistan to prosper. Last year, Secretary Clinton announced funding for the Gomal Zam dam, a hydroelectric dam that will serve 250,000 people in Waziristan. For projects that are still "in the pipeline," efforts will be made to highlight progress throughout the development timetable—from announcement of the commitment through groundbreaking and production, as well as connecting back to the local populace to highlight results that are evident on the ground.

Media engagement on KLB includes outreach across multiple mediums in English and the local language (Urdu, Sindhi, and Pashto), including robust engagement with the DC-based press corps and facilitating reporter access to project development sites across the country. We have undertaken substantial outreach on U.S. civilian assistance, including:

- Print Media: We have proactively built relationships with journalists from local language publications, facilitated exchanges and project access for Pakistani journalists to see progress firsthand, and provided interviews with experts who can discuss assistance programs in the local language.
- Radio: USAID coordinates a biweekly 30-minute live radio talk show, "Aap Hum Aur Behtar Zindagi" ("Together, for a better future—from the American people"). On this Urdu language program, U.S. Government officials serve as technical experts to explain how our projects benefit ordinary Pakistanis. The Pakistan Broadcasting Corporation, which reaches more than 80 stations around the country, regularly hosts roundtables with visiting U.S. officials that include call-ins from local residents.
- Television: Visits by principals to Pakistan are amplified through television roundtables. We have coordinated with a speakers' bureau to facilitate U.S. Government and third party surrogates in the United States to speak on television stations in Pakistan via satellite and in the local languages. USAID has also begun filming project implementation across the country, with footage available for use by Pakistani television stations and produced into short films.
- Internet: The State Department has an active presence on Facebook, YouTube, Twitter, and other social media outlets dedicated to informing communities in

both countries about developments in the United States-Pakistan relationship. USAID is creating a series of web pages to show how funds authorized under KLB legislation are being used.

- Diaspora Outreach: State and USAID have regularly organized speaking engagements with think tanks, held a series of seven Pakistan Open Houses nationwide that attracted hundreds of Pakistani Americans, and attended community events and conferences. In the wake of the 2010 floods in Pakistan, the Department led weekly conference calls with the Pakistani-American diaspora community. Sometimes including several hundred participants, these calls were a critical channel for exchange of information.

Question #75. Please describe steps the Department and USAID are taking to improve their Web sites in English and Urdu to better communicate how Kerry-Lugar-Berman funds are being spent in Pakistan.

Answer. U.S. Embassy Islamabad has recently hired a staff member in Islamabad who will focus on improving Web presence and USAID is in the process of hiring a Web editor to focus on this as well. In addition to increasing staff capacity, USAID is coordinating an effort to create Web pages dedicated to projects authorized under the Enhanced Partnership for Pakistan Act, and to have those cross-posted throughout the interagency network of Pakistan pages. These new pages aim to provide answers and information on a variety of frequently asked questions, such as the legislation text, how the money is being used, its benefits and how it is distributed, how to apply for grants and contracts, and where to report concerns about funds being spent.

Question #76. Please include a timeline for implementation of these steps as well.

Answer. We intend to have the beta Web site live by the end of April for comment and suggestions.

Question #77 & #78. Legislation to reauthorize the State Department for FY 2012–2013 and strengthen U.S. diplomatic capabilities would authorize funds for the state operations account, include important increases to our diplomatic corps, provide vital funds and resources to international organizations, address critical pay equity issues for Foreign Service officers, and enhance our public diplomacy and consular efforts.

- How big a priority is passing State Department authorization legislation to you?

Answer. In any budget discussion the State Department's authorization and appropriation is a priority for both our national security and our national well-being. In our current fiscal environment, the Department's budget becomes an imperative. I have noted often that American leadership in the world is more essential than ever. From the rise of emerging powers and transformations of the Arab Awakening to global challenges like proliferation and climate change, we are witnessing dramatic developments that demand America's engagement. Such challenges—and the notable opportunities that they present—make us an indispensible partner with many countries for resolving such issues.

- How will this legislation support the Department's broader foreign policy goals?

Answer. The activities and programs of the Department of State and the United States Agency for International Development (USAID) play an especially vital role in driving America's leadership and protecting our well-being at home. We are managing America's response to the Arab Awakening. We are working to secure America's preeminent role as a power in the Asia-Pacific, the most consequential region of the 21st century, while upholding our strategic commitments elsewhere. We are elevating the role of economics in foreign policy and empowering women and girls around the world.

The work of State and USAID makes Americans safer and more prosperous. We help build the peace that underwrites global economic growth. At our Embassies and Consulates from Beijing to Bogota, we engage with friends and adversaries, reducing the risk of conflict; we help American businesses find new markets and lay the conditions for creating jobs at home; we provide training to allies and partners to improve our collective security; and we promote effective, democratic governance around the world. Continued investment in long-term global stability is more important than ever.

In such a difficult, demanding context, our budget must reflect our unique role in protecting our Nation's security. Our budget is constructed to allow us—in a time of constraint—to continue building the relationships and investing in the programs necessary to protect our country.

Question #79. Please explain what Overseas Comparability Pay is, and what the base salary difference is currently between a diplomat serving in Washington and a diplomat serving overseas.

Answer. The State Department has implemented "overseas comparability pay" to address pay inequities that resulted from the exclusion of U.S. Government employees serving abroad from locality pay. The current locality pay system for all U.S. Government employees was implemented in 1994. Locality pay is intended to recognize the differences in the cost of labor, not the cost of living, in various cities in the United States where the U.S. Government competes with private industry to recruit and retain employees. The system excludes most civilian employees overseas, including members of the Foreign Service, in effect creating two different basic pay rates: one for employees assigned domestically and one for those assigned overseas.

The State Department has worked since early 2000 to resolve this disparity in pay for our Foreign Service employees when stationed abroad. The Supplemental Appropriations Act, 2009 (Pub. Law 111–32) included a temporary authority to make overseas comparability payments, up to the locality pay rate for Washington, DC, to Foreign Service generalists and specialists at grade FS–01 and below who are assigned overseas. Subsequent appropriations acts have extended the authority and provided funding to implement the first phase of the Department's planned three-phase implementation schedule, despite opposition from Members of Congress who believed that these employees already received adequate compensation for overseas service through various allowances and differentials.

Before the introduction of overseas comparability pay in 2009, an entry- or mid-level Foreign Service employee transferring abroad experienced a significant cut in basic pay as a result of the exclusion of these positions from locality pay. For example, a Foreign Service employee serving in Washington, DC, made more that employees in serving in many hardship posts. In 2009, the reduction due to the loss of locality pay was 23.10 percent of base salary. Since 2009, we have closed the gap between rates of basic pay in Washington, DC, and abroad by nearly 70 percent. Entry and mid-level Foreign Service employees serving in Washington, like most other Federal employees working in Washington, earn their base salary plus 24.22 percent locality pay. Their counterparts overseas currently earn base salary plus 16.52 percent comparability pay. The Department has worked to close this gap in phases, the third and final of which was scheduled to be implemented this August and would have increased comparability pay to the Washington, DC, locality pay rate.

The pay disparity does not just result in a short-term reduction in pay for Foreign Service employees serving abroad; rather, the effects are long-lasting and compound over the course of an employee's career. Retirement contributions to the Federal Thrift Savings Plan (TSP) are based on an employee's basic pay, which includes locality pay. This means that without overseas comparability pay, Foreign Service employees who spend large portions of their careers representing and protecting their country's interests abroad, would receive smaller employer contributions than their colleagues who remained in Washington.

Overseas comparability pay is not a pay raise, nor is it an additional allowance or benefit. It corrects a 17 year-old unintended inequity in the worldwide Foreign Service pay schedule. Without overseas comparability pay, the disparity in basic pay between overseas and domestic assignments would continue to grow once annual locality adjustments are reinstituted after the current Federal pay freeze, and would increasingly undermine existing incentives to serve overseas.

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Question #81. Explain what that cut would mean to the diplomats serving in places like Egypt, Libya, Afghanistan, and Iraq.

Answer. Foreign Service employees serving overseas generally receive certain allowances and differentials that are not part of basic pay but are intended to offset the higher costs and different and dangerous living conditions that exist overseas. Before the implementation of overseas comparability pay, a Foreign Service employee serving in Washington, DC, made more than employees serving in many hardship posts. This created a significant financial disincentive to overseas service—a disincentive not ameliorated, as critics argue, by existing incentives and allowances. Hardship differential and danger pay are designed to compensate employees for extraordinarily difficult living conditions and for the threat of physical harm in specific circumstances; they are not intended to serve the same purpose as locality pay. But, for the sake of comparison, even the 25 percent combined hardship differential allowance and danger pay of posts such as Egypt would barely surpass Washington, DC's 24.22 percent locality pay.

While the existing hardship differentials and danger pay for service in our most difficult overseas posts would remain if overseas comparability pay is reduced, their value as incentives to overseas service and compensation for hardships endured would diminish. Most allowances and differentials provided at overseas posts are calculated based on an employee's rate of basic pay (including any applicable comparability pay). Accordingly, if a cut to Foreign Service basic pay is made, the value of hardship and danger pay differentials in Afghanistan or Iraq will be significantly diminished from their current levels, and, as in the case of Egypt, cease to be the incentives they were designed to be for those undertaking the hardship and risk of these posts relative to Washington.

Like all of their colleagues serving overseas, our entry- and mid-level diplomats serving in these arduous assignments would suffer reductions in their basic pay and in applicable hardship differentials and danger pay. At a time when we are asking these employees to do more on the front line to advance our Nation's interests, we would be damaging their—and their families'—financial well-being.

Question #'s 82–84. On December 16, after a 17-month review, the Department released the long-awaited Quadrennial Diplomacy and Development Review (QDDR), which provides a broad assessment of how State and USAID can become more efficient, accountable, and effective in a world in which rising powers, growing

instability, and technological transformation create new challenges and opportunities. It specifically focuses in four areas: (1) Build America's civilian power by bringing together unique contributions of civilians across the Federal Government to advance U.S. interests, (2) elevate and transform development by focusing on results, targeting investments, and supporting innovation, (3) build civilian capacity to prevent and respond to crisis and conflict, (4) change the current business model by seeking efficiencies, planning and budgeting to accomplish our priorities, and measuring results of U.S. investments.

- Can you please describe efforts at the State Department and USAID to implement the recommendations in the QDDR? Is there a timeline? What are the next steps in the process?

Answer. Implementing the QDDR's many recommendations, given the breadth and depth of culture change much of this effort compels, will be challenging. Elevating the role of civilian power in our national security efforts and reinvigorating the responsibility and accountability of State and USAID will require more than just moving boxes on an organizational chart.

The Department of State and USAID are approaching implementation in a structured, phased manner, the goal of which is to fully institutionalize our efforts within the next year. At State, QDDR working groups identified 19 objectives that we plan to implement. USAID working groups identified 24, several of which fall under USAID Forward, an institutional renewal effort which was an early outcome of the QDDR process. Multiple QDDR objectives share equities between agencies, so joint consultation and collaboration efforts have and will continue to take place. I will continue to call on senior officials from throughout both agencies to lead and deliver these reforms and results. In January, I convened the first-ever worldwide Chiefs of Mission Conference in order to specifically target the views and insights of these CEOs of diplomacy and development.

Question #85. HAITI: The runoff election for the Haitian Presidency is scheduled to be held on March 20, 2011. Are you confident that the sweeping allegations of fraud that marred the first round of elections will not occur for the March runoff?

Answer. Initial assessments suggest that the March 20 elections took into consideration some of the lessons learned from the November 28 elections and were largely peaceful. While there were limited problems with voting supplies in a number of polling stations in Port-au-Prince, most of them appeared to have been corrected in a timely fashion and hours extended at those locations to accommodate all voters. There have been allegations of fraud, though fewer than in the last round, and observer groups and we are still evaluating the extent of any wrongdoing.

The OAS electoral observation mission believes turnout may have been slightly higher than November 28.

Haiti's Provisional Electoral Council (CEP), with assistance from major electoral donors including the United States, implemented a series of measures to tackle some of the major problems encountered during the first round. These included improving the accuracy of the voter lists, expanding voter outreach activities and services to ensure that voters know "where" and "how" to vote, dismissing poll workers implicated in malfeasance during the first round, and implementing a number of the Organization of American State (OAS) recommendations regarding streamlining and institutionalizing processes in the vote tabulation center (CTV).

For its part, the USG focused its on-the-ground capacity on minimizing voter disenfranchisement by supporting activities which helped voters locate their names on voter lists, and find their polling stations; improved organization and transparency at the polling stations with the aim of increasing the credibility of the electoral results; and promoted transparency and credibility of the tabulation process. Some of our specific areas of support included the expansion and the launch of the CEP call center, and support for a UNDP and CEP led "SMS push" to send texts to thousands of voters via their cell phones inviting them to text back their ID card numbers, free of charge, to receive their polling station location information. These efforts yielded positive results as reflected by the success of the CEP call center, which fielded over 247,000 calls between its February 21 launch and March 18, and the fact that over 1 million voters, out of an estimated 4 million total, received their voting center information thanks to the SMS messaging campaign. As a result of these efforts, observers noted much less confusion over the location of polling places compared to the first round.

Question #86. What impact might the election of either Manigat or Martelly have on relations with the United States and on reconstruction and humanitarian assistance efforts?

Answer. The United States looks forward to a timely, peaceful transition from one democratically elected President of Haiti to the next. We are confident that both Madame Manigat and Mr. Martelly will want to continue Haiti's solid partnership with the United States in post-earthquake recovery efforts. A government that enjoys public support and legitimacy will be crucial in order to make the difficult decisions necessary for Haiti's reconstruction.

Question #87. Is it fair to hope that the pace of reconstruction programs will pick up?

Answer. As President Obama has made clear, the United States commitment to Haiti will be sustained. We and our international partners have made progress, and will make more. It often takes 18 months or more for a foreign assistance to hit its stride, particularly in an environment with as many challenges as Haiti faces.

We know progress in Haiti's recovery is not always obvious, and we understand people's frustration, but it is nevertheless there. Thanks in part to efforts of the United States, the Haitian Government led a proactive preparation and response to Hurricane Tomas, and the Ministry of Public Health, including its National Laboratory, identified cholera as soon as it appeared and since then has been coordinating the international response to the outbreak. We have employed over 350,000 people through temporary employment programs, which have injected needed cash into the economy. Our agricultural programs have increased crop yields by up to 75 percent among participants. For several months after the earthquake, the U.S. Government, working with the U.N. World Food Programme and other partners, provided food for over 4 million people—the largest emergency urban food distribution in history—and continue to provide 1.9 million Haitians with targeted food assistance.

The U.S. Government and international partners provided basic shelter materials to 1.5 million people before the start of the rainy season in May. Since the earthquake, the U.S. Government has supported the immunization of more than 1 million Haitians against highly communicable disease including polio and diphtheria.

The unprecedented collaboration between governments, multilateral organizations, and the private sector to marry development dollars and private investment to create permanent jobs likewise takes place out of the spotlight. The Department of State signed two Memoranda of Understanding with the Government of Haiti, the Inter-American Development Bank and two of the world's largest garment manufacturers from Korea. These MOUs laid the groundwork for an industrial park that will provide tens of thousands of permanent jobs, permanent housing for thousands of Haitians, and a significant economic bump for the nation.

There is still much to do. The best chance Haitians have of transforming their country and embarking on a path toward economic opportunity is now. To support this path, we are planning and implementing our assistance in such a way that it empowers the Government of Haiti and strengthens its core institutions of governance, while ensuring accountability to the Haitian people. One of our most valuable assets in this effort will be a democratically elected government that enjoys public confidence and can therefore make difficult decisions. As that next government gains experience, the pace of Haiti's recovery should increase.

Question #'s 88–90. Global Security Contingency Fund.—For fiscal year 2012, the administration is proposing a "Global Security Contingency Fund" that would provide very broad authority for the Departments of State and Defense to pool up to $500 million per year to train and equip foreign military, internal security, and—in some cases—law enforcement forces.

- Can you cite specific examples from your time as Secretary where the United States missed an opportunity to shape events in a particular crisis because it did not have the authority you are proposing?

Answer. There have been several occasions in the past when this fund would have been useful. For example, in Yemen, counterterrorism (CT) responsibility lies with multiple organizations including some that do not report to the Ministry of Defense (MOD). To be effective, assistance programs must also target these non-MOD civilian security providers as well, not just the military. State accounts like FMF could accomplish this but did not have sufficient funding. DOD's 1206 account had sufficient funding, but lacked the authority to provide assistance to non-MOD CT forces in Yemen. Consequently, the administration had to seek a new authority for DOD to provide assistance to non-MOD CT forces in Yemen, thereby delaying the provision of assistance. The Global Security Contingency Fund (GSCF) would have allowed us both to engage earlier and to avoid seeking additional niche assistance authorities.

We envision specific uses of the GSCF in the future will vary depending on the emergent threat or opportunity and operating environment. Current events in the

Middle East suggest increased flexibility and agility in U.S. Government responses within the budget cycle will certainly be necessary to respond to rapidly changing circumstances in regions critical to U.S. interests. We believe that the GSCF would enable the U.S. Government to respond more rapidly and more comprehensively to emergent requirements through programs that provide assistance to both security forces and the governmental bodies responsible for such forces. We envision that such assistance would often include instruction on accountability, human rights, and resource management to help develop responsible security forces.

- Many times last year during the New START debate we used that old phrase from nuclear arms control, "trust but verify." If Congress trusts the executive branch with this flexible authority to equip foreign military and internal security forces, how should we go about verifying that this and future administrations will use this authority effectively and will at the same time uphold other key values and principles, such as human rights, controls over sensitive military technologies, and preventing a destabilizing proliferation of small arms and light weapons?

Answer. We will continue to collaborate with Congress as this fund is established and put to use. In a manner similar to that of the Complex Crisis Fund, we expect to conduct regular consultations with Congress on the use of the Global Security Contingency Fund (GSCF). We will report to Congress on the use of GSCF funds on a quarterly basis so that you can indeed verify that our use of the authority provided in the GSCF is both prudent and effective. We have drafted this initiative as a pilot program in order for both the administration and Congress to evaluate its use and confirm its utility before extending the duration of the authority. We believe these steps are in keeping with a "trust but verify" approach.

- Why do you see a need to insulate this proposed account from limits on support to gross violators of human rights, state sponsors of terrorism, or military coups that overthrow duly elected governments?

Answer. The Global Security Contingency Fund is not being insulated. We are requesting, as we do for all funds related to crises, urgent circumstances, or emergent needs, special flexible authority (e.g., "notwithstanding" authority). Such flexibility does not mean that the fund would be isolated from existing limits; rather, it provides us the ability to overcome such limits should the need arise.

Question #91. Separate from this pooled resources proposal, what other steps are the Departments of State and Defense taking to improve their ability to work together in response to complex security situations?

Answer. A strong partnership between the State Department and the Department of Defense (DOD) is critical to address the serious international challenges that the United States faces today. Whether it is referred to as Smart Power, the three-legged stool of diplomacy, development, and defense (3D), or simply interagency collaboration, the goal is the same: to fully use the talents of all our people and our resources in the most effective and efficient way possible in pursuing U.S. national interests.

When most people think of State and DOD coordination, they focus on what occurs in Washington, but it is also important to appreciate what has long been the case outside the Beltway, in the field. Country Teams at each of our embassies reflect close, productive State-DOD collaboration. Interagency cooperation takes place very effectively under the leadership of our Chiefs of Mission around the globe.

Our partnership with the Department of Defense spans the full spectrum of regional and functional diplomacy at the Department of State. On a daily basis State and DOD collaborate on issues ranging from global defense posture to energy security and from partner capacity-building to countering weapons of mass destruction. Counterterrorism, counterpiracy, counternarcotics, counterproliferation and counter-trafficking are just some of the areas where we work together to address threats to our national interests. Our collaboration and cooperation occurs daily and crosses the full spectrum of activities from contingency planning to humanitarian relief, and from coordinating strategic, diplomatic messages to evacuating our citizens in danger overseas. In the broad area of foreign policy in the security sector, it is impossible to find an instance where State-DOD dialogue is not occurring.

Our partnerships with DOD's Combatant Commands (COCOMs) are a key component of a seamless, whole-of-government approach to national security. We partner with COCOMs to achieve the peaceful resolution of conflict, promote democracy and good governance, and address transnational challenges worldwide. We work diligently to provide State Department personnel to all COCOMs. We have COCOM personnel working inside U.S. embassies and State Department employees working at COCOM headquarters to coordinate programs and improve partner nations' secu-

rity capacity. We detail personnel to those commands through a robust and growing State-Defense exchange program and through our Foreign Policy Advisor (POLAD) program so commanders can be better informed by foreign policy as they pursue military or civilian-military activities, often in support of State-led activities. The commanders of U.S. Southern Command, U.S. Africa Command, and U.S. European Command have gone so far as to empower three Ambassadors as Deputies to the Commander, giving them unprecedented oversight responsibilities. U.S. Southern Command tells us that having our POLAD serve as a civilian Deputy to the Commander helped them coordinate a fast and effective response to the heartbreaking earthquake in Haiti.

Back at the State Department our Bureaus benefit from having military advisors on our staff and we coordinate with DOD in a number of ways, not least of which is State participation in DOD planning here in Washington—a means to ensure DOD plans, force posture, and operations are fully informed by foreign policy considerations.

True interagency coordination cannot be realized if two of the legs in the 3–D stool are perennially short and unstable. We have had no greater champion than Secretary Gates in stressing the need for this balance and support, especially when thinking about efficiency and long-term effectiveness. Given the range of dynamic national security challenges facing our country and the budget constraints we all face, there is no alternative for the State Department and the Defense Department, but to continually work to improve interagency coordination every day and at every level. We owe the American people—and our talented, hard-working, and dedicated professionals, whether soldiers, diplomats, or development experts—nothing less.

Question #92. When you visited Ecuador last year, you stressed the Andean countries' political progress and economic growth, much of which was enabled by ATPDEA. The program expired on February 12. Do you support a renewal of ATPDEA, and do you agree that a longer extension would better support U.S. foreign policy priorities than a short one?

Answer. We urge the Congress to reauthorize the Andean Trade Promotion and Drug Eradication Act (ATPDEA), as well as the Generalized System of Preferences (GSP), at the earliest opportunity, and for the longest period possible. These programs support U.S. jobs, promote economic development overseas, and provide greater certainty for American businesses and investors. The lapse in GSP and ATPDEA authorization has already cost U.S. businesses millions of dollars in additional import duties, has increased costs to American manufacturers and consumers, and has undercut efforts by Peru, Colombia, and Ecuador to grow their economies and fight poverty. If the programs are not reauthorized soon, many U.S. importers may be forced to find other sources for their GSP and ATPDEA imports, raising costs for all, and undermining the development objectives of the programs. Failure to renew the ATPDEA program has already adversely affected a number of Ecuadorian exporters through lost sales and damaged business relationships as U.S. importers have sought alternate suppliers.

Ecuador is a significant transit country for cocaine and heroin with a final destination in the United States. Counternarcotics cooperation with Ecuador in recent years has led to numerous multi-ton interdictions and other successes, such as the seizure of the world's first fully submersible submarine used for drug trafficking. Losing ATPDEA could potentially reduce the Government of Ecuador's willingness to cooperate with the United States on counternarcotics.

Question #93. Peru has an FTA, and the administration has declared a commitment to secure an FTA for Colombia. Looking down the road, what are the implications of those FTAs for Ecuador and others in the region that do not have FTAs with the United States?

Answer. The administration is committed to working with our partners around the world and in the region to foster a trade-based prosperity that is more widely shared. Increased trade holds the promise of boosting economic development and improving lives in poor and developing countries around the world. The Andean Trade Promotion and Drug Enforcement Act (ATPDEA) would give Ecuador limited preferential access to the U.S. market and is therefore vital to Ecuador's ability to remain competitive in the U.S. market, as the United States trade promotion agreement with Peru and our pending agreement with Colombia give those countries much broader opportunities for growth and development. Failure to renew and extend ATPDEA has put in jeopardy the economic development efforts of Colombia and Ecuador, and has negatively affected U.S. businesses and consumers. Therefore, we urge Congress to reauthorize ATPDEA, as well as the Generalized System of Preferences (GSP), at the earliest opportunity, and for the longest period possible.

Question #94. In the absence of ATPDEA, what other mechanisms of trade engagement is the administration considering?

Answer. The United States continues to engage Ecuador on trade matters through the U.S.-Ecuador Bilateral Dialogue. This dialogue covers a range of topics of common interest under four broad themes—security, migration, trade, and issues involving investments, cooperation, and technical assistance. The range of issues highlights the depth and breadth of bilateral relations between the United States and Ecuador. A more focused discussion of trade issues is also conducted within the U.S.-Ecuador Trade and Investment Council process managed by the Office of the U.S. Trade Representative. The next Bilateral Dialogue and Trade and Investment Council meetings are presently scheduled for June 2011 in Quito.

Question #95. What will the money be spent on?

Answer. The focus of our assistance programs in Cuba remains on providing humanitarian assistance to political prisoners and their families, strengthening Cuban civil society and encouraging civic participation, and promoting fundamental freedoms and basic human rights, including free expression.

We continue to stress the importance of access to information and the free circulation of information to, from, and within the island. To improve human rights conditions on the island, our programs will increase the capacity and professionalism of civil society groups to monitor and document human rights abuses. Programs also provide for dissemination of information about market economies. All such programs will be designed to reach a broad range of Cuban society.

Question #96. What lessons have been learned from the case of USAID contractor Alan Gross?

Answer. As you know, program implementation in Cuba presents unique challenges. After the detention of Mr. Gross, USAID and Department of State developed and formalized guidelines designed to improve implementation of the programs. In addition, collaboration between U.S. foreign assistance agencies has also substantively improved, particularly in terms of communication about grantee relationships and information-sharing. We are confident that these programs are receiving proper oversight and are meeting their key objective of supporting the Cuban people's desire to freely determine their own future.

Question #97. Kyrgyzstan has experienced tremendous upheaval over the past year. Following the ouster of President Kurmanbek Bakiyev last April, violence erupted between ethnic Kyrgyz and Uzbek communities. Over 400,000 people were displaced from their homes, many of whom took refuge in neighboring Uzbekistan, and more than 400 were killed. The situation has stabilized but remains precarious.

• What is the status of plans to assist with reconciliation efforts in Kyrgyzstan?

Answer. The United States is working with the people of the Kyrgyz Republic through a broad spectrum of engagement and assistance programming to build democracy and promote peace and reconciliation. Following the June 2010 violence, the United States directed significant emergency resources to address humanitarian needs and begin the process of reconciliation. Shortly after the conflict, USAID's Office of Transition Initiatives began a $20 million community-level stabilization project which is working to relieve tension between ethnic communities through local-level economic development. In addition, $15.88 million of Section 1207 FY 2010 funding will be used to address underlying causes of instability, support local sources of resilience, and develop the capabilities of Kyrgyz security and governance institutions in southern Kyrgyzstan to respond accountably and effectively to conflict. Two million dollars in DRL funding for FY09 and FY10 are targeted to increase discussion of human rights issues and ease access to independent sources of information.

Many portions of the funding requested for FY 2012 will assist in the reconciliation process, including approximately $2 million for a USAID Youth Empowerment Program aimed at reducing the potential for conflict and addressing reconciliation and a significant portion of the expected $750,000 budget for Embassy-sponsored small grants. In addition, $3.8 million will be used to facilitate reform of security forces including the goals of improving police respect for human rights, and greater representation of ethnic minorities in police forces. The USG will also use $2.2 million to support reform and training for prosecutors and judges to improve professionalism and reduce the occurrence of ethnically motivated prosecutions. Programs focused on the educational sector will use $2.3 million to ensure universal access to primary and secondary education for children in conflict affected areas of southern Kyrgyzstan. In addition, the $10.6 million food security and agricultural improvement project will include activities focused on conflict affected areas to ensure

equitable access to water for irrigation and agribusiness partnerships between Uzbeks and Kyrgyz to increase farmer incomes in all communities.

Question #98. Kyrgyzstan has experienced tremendous upheaval over the past year. Following the ouster of President Kurmanbek Bakiyev last April, violence erupted between ethnic Kyrgyz and Uzbek communities. Over 400,000 people were displaced from their homes, many of whom took refuge in neighboring Uzbekistan, and more than 400 were killed. The situation has stabilized but remains precarious.

- In particular, what measures are we considering to bolster economic cooperation between ethnic Kyrgyz and Uzbek communities?

Answer. Shortly after the June 2010 violence, the United States directed emergency resources to initiate the process of reconciliation and facilitate economic recovery in the most violence-prone areas of southern Kyrgyzstan. USAID's Office of Transition Initiatives (OTI) established a $20 million community-level stabilization project known as the Kyrgyzstan Confidence Building Initiative , which seeks to relieve tension between ethnic communities through local-level economic development. This effort provides small grants to civil society, local government, and private sector partners to facilitate reconciliation and stability. The project supports community-defined, high-impact, short-term activities in volatile communities to enhance public services, engage youth and other potentially restive populations, and provide an injection of income and employment into marginalized communities. To date, the OTI has completed or initiated a total of 103 activities totaling $5.5 million.

One focus of the program is to build or emphasize economic links between Kyrgyz and Uzbek businesses to increase connections between the two communities. Recent projects have helped to mitigate conflict through increased access to irrigation water in Tashbulak; engaged at-risk youth during the April 2010 anniversary; brought together Kyrgyz and Uzbek entrepreneurs and government representatives for a 2-day economic recovery roundtable in Osh; improved street lights to restore citizens' confidence in Jalalabad city; and built community cohesion by rehabilitating Osh's Kelechek Youth Center.

Question #99. On February 8, 2011, the United States and Kyrgyzstan signed an amendment to the Manas Transit Center's (MTC) leasing agreement that will allow a Kyrgyz state-owned enterprise, the Manas Refueling Complex, to supply up to 50 percent of the fuel consumed at MTC. Can you update the committee on these negotiations and the steps the United States is taking to encourage the Kyrgyz Government to handle fuel payments in a transparent and accountable manner?

Answer. The agreement signed on February 8, 2011, is a new bilateral agreement which will allow the United States to contract with a Kyrgyz Government-designated entity or entities to supply a portion of the fuel requirements of the Manas Transit Center (MTC). The February 2011 agreement awaits ratification by Kyrgyzstan's Parliament and has not yet entered into force. The Defense Logistics Agency altered the most recent fuel solicitation, which was awarded competitively in November 2010, to allow for a second organization to supply 20–50 percent of the fuel requirement.

A Defense Logistics Agency team recently traveled to Bishkek to advise Kyrgyzstani officials on how to meet technical requirements for fuel supply to the Transit Center. After the agreement enters into force, we will expeditiously seek to conclude a commercial contract with a Kyrgyz Government-designated entity to supply fuel.

The United States is working with the Government of Kyrgyzstan to provide maximum transparency in all aspects of the bilateral relationship with special emphasis on fuel contracts for the Manas Transit Center. The United States has published details of the impact of the MTC on the Kyrgyz economy, including all quarterly access payments made to the Government of Kyrgyzstan since fiscal year 2008 on the MTC and U.S. Embassy Web sites. Similarly, both the U.S. Embassy and MTC Web sites now publish current data on the volume, price, quantity, and vendor for fuel shipments to the MTC. The United States also encourages the Government of Kyrgyzstan to publish detailed data on its budget and budget adoption process to give citizens of Kyrgyzstan a better understanding of their country's fiscal situation. These and other enhanced transparency measures are an essential first step toward eliminating public corruption and waste. The United States has encouraged the Government of Kyrgyzstan for its initial steps and will continue to look for other opportunities to promote transparency in our relations.

Question #100. The United Nations Office on Drugs and Crime estimates that the extent of drug trafficking in Central Asia is "significantly higher than the volume seized and increasing annually." Could you highlight for the committee what steps are being taken to reverse these trends?

Answer. We have also noted with concern that seizure rates in Central Asia are not very high considering the extent of the traffic through that region. There have been increases in some countries but they have been offset by decreases in others. In particular, the change in government and subsequent interethnic violence in southern Kyrgyzstan, the locus of most trafficking in that country, has had a serious negative impact on seizure rates. However, while seizures are important, they are only one tool toward addressing the problem of narcotics trafficking. Even in developed countries, including the United States, only a small portion of illicitly trafficked drugs are seized. More effective is targeting and breaking up the organized criminal rings that oversee the trafficking. We therefore work to promote intelligence collection and sharing, and counternarcotics vetted units in our assistance to governments in the region. The aim is to use intelligence collection and analysis, and effective investigative teams, including police, prosecutors and judges, to target organized traffickers, seizing and confiscating their assets and bringing them to justice. We will further our goals by employing lessons learned and successful strategies from our counternarcotics program in Afghanistan, and will work with international institutions including the U.N. Office on Drugs and Crime and the Central Asian Regional Information and Coordination Center. In addition to promoting the development of counternarcotics intelligence-sharing and vetted units, we also work to build the political will of governments to support such activities.

Question #101. The United Nations Office on Drugs and Crime estimates that the extent of drug trafficking in Central Asia is "significantly higher than the volume seized and increasing annually.

- How do we translate the Paris Pact Initiative into sustainable action on the ground?

Answer. Under the Paris Pact umbrella, the U.N. Office on Drugs and Crime (UNODC) operates three major tools for participants: a 56-member consultative mechanism to define regional policy priorities and develop expert-level recommendations for combating the drug trade; an online database, called the Automated Donor Assistance Mechanism (ADAM), through which U.N. Member States and other international organizations exchange information on bilateral and multilateral capacity-building programs; and a network of research analysts that work with major transit and destination countries to improve data collection and information-sharing on the drug trade.

Since 2003, the Paris Pact has helped consolidate regional political agreement regarding the primary causes and effects of the Afghan drug trade, and has guided donor support to Afghanistan and other countries affected by Afghan narcotics. Over the past 2 years, the United States has worked with the UNODC Secretariat and other Paris Pact members to focus expert-level working groups on emerging, critical issues that can only be addressed via a regional response. Several examples include combating the diversion of heroin precursor chemicals from neighboring states into Afghanistan; examining the domestic and international legal framework for engaging in controlled deliveries between Afghanistan and its neighbors; and recommending improvements to joint cross-border law enforcement operations in the region.

The United States continues to view the Paris Pact as a mechanism to bridge political differences surrounding the Afghan drug trade and to engage in collaborative responses to this transnational challenge. Based on guidance and feedback from Paris Pact members in 2008, UNODC produced a series of thematic strategy papers—on precursor chemical control, border management, illicit crop eradication, drug demand reduction, and other relevant issues—called the Rainbow Strategy, which generally form the basis for UNODC-led programmatic responses to the Afghan drug trade today. While not all of these papers have been implemented as originally envisioned, concrete examples of progress to date include three iterations of a regional law enforcement operation to seize heroin precursor chemicals under the Targeted Anti-Trafficking Regional Communication, Expertise and Training (TARCET) initiative; the development of a highly successful Container Control Program to strengthen law enforcement capacity at major commercial ports in Afghanistan, Pakistan, and Central Asia; and the establishment of the innovative Central Asian Regional Information and Coordination Center (CARICC), an intelligence hub that promotes information-sharing and joint operations between Central Asian law enforcement and drug control agencies. The Paris Pact has also supported the Triangular Initiative's efforts to build political will and technical capacity for Iran, Afghanistan, and Pakistan to engage in cross-border counternarcotics activities to combat the estimated 255 Metric Tons of opiates that exit Afghanistan via Pakistan and Iran.

On March 17, the Paris Pact's Policy Consultative Group approved a proposal by the Russian Federation for UNODC to host a Third Ministerial Meeting of the Paris Pact in late 2011. The United States joined consensus during these deliberations, and on March 25, cosponsored a resolution at the U.N. Commission on Narcotic Drugs endorsing the Paris Pact's decision to convene Foreign Ministers.

Question #102. Given the complicated relationship with Pakistan, alternate supply routes into Afghanistan are critical to our national security interests. How are we balancing the need for reliable access to such routes with our responsibility to protect the fundamental rights and freedoms of the people of Central Asia and of Uzbekistan in particular?

Answer. We highly value the contributions that Central Asian countries have made toward our goals in Afghanistan, including providing critical transit routes for non-lethal cargo and reconstruction efforts. At the same time, we continue to urge the governments in the region to create more space for freedom of the press, civil society, freedom of religion, and independent political parties. In 2009, the United States began holding annual bilateral consultations (ABCs) with each of the Central Asian countries to broaden and deepen our cooperation across the full range of bilateral issues, including in the areas of security and human rights. Senior representatives from the Bureau of Democracy, Human Rights and Labor and the Helsinki Commission participated in the February 17–18 ABCs in Tashkent . The United States has also spoken out on human rights issues in multilateral fora such as the Organization for Security and Cooperation in Europe. Senior U.S. Government visitors to the region make it a point to meet with representatives from civil society and the independent media and also have frequent wide-ranging and detailed discussions on human rights with the senior Central Asian government leaders.

In addition to meetings and consultations, the State Department issues annual reports on human rights, religious freedom, and trafficking in persons that identify shortcomings and note progress. U.S. assistance programs in the region include significant support for democracy, rule of law, antitrafficking, and human rights along with strengthening border controls and security cooperation. In the case of Uzbekistan, the United States is pursuing cooperation through independent NGOs and the government to realize President Karimov's stated desire, expressed in his November 2010 speech, to strengthen civil society, the media, and the rule of law in Uzbekistan.

Question #103. According to Reporters without Borders' 2010 Press Freedom Index, the countries of Central Asia have seen a net decline in press freedom over the past year. Do you agree with their conclusions?

Answer. Yes. In recent years, the general trend across Central Asia has seen media freedom increasingly restricted, though there have been limited exceptions, such as in Kyrgyzstan.

A free media is a vital cornerstone of modern democratic society, a benchmark for respect of freedom of expression, including the reporting of news and competing views on policy options. Free and independent media enables consumers of news to know their rights, to be informed, and thus to be able to effectively exercise their rights. Wherever independent media are under threat, accountable governance and human freedom tend to be undermined.

For the last 35 years, the United States has produced the "Country Reports on Human Rights Practices," providing the most comprehensive record available of the condition of human rights around the world. Each country-specific report includes a robust section on freedom of speech, including for the press and on the Internet. For the most detailed assessment of these freedoms, I encourage you to consult the forthcoming 2010 Country Reports.

Question #104. What steps can we take to reverse the negative trend lines? [Of press freedom as reported by Reporters without Borders' 2010 Press Freedom Index]

Answer. One mechanism we use to strengthen our engagement and to promote dialogue on human rights such as freedom of expression and independent media is the Annual Bilateral Consultations (ABCs) that we instituted in 2009 with each Central Asian country. Each ABC consists of a face-to-face structured dialogue between our governments, led on the U.S. side by Assistant Secretary Blake and including senior representatives from the Bureau of Democracy, Human Rights and Labor and other Department of State bureaus as well as other government departments.

The United States has repeatedly urged the repeal of laws criminalizing defamation and other expressions of opinion in multilateral fora such as the Organization for Security and Cooperation in Europe as well as in the ABCs and other bilateral venues. We appeal to the governments not to apply excessive civil penalties or crimi-

nal statutes that cripple media outlets, threaten journalists directly and limit freedom of speech indirectly through self-censorship.

In addition to government-to-government interactions, our embassies regularly engage with nongovernmental organizations, civil society, and media outlets to discuss human rights concerns.

Through a variety of public diplomacy and foreign assistance programming, the United States provides funding and programming to help reverse these negative trends in media freedom. Specifically, we provide opportunities for foreign journalists and aspiring journalists to undertake formal and informal study in the United States; arrange dialogues between U.S. media experts and foreign journalists—both in person and through the Internet; provide capacity-building training for journalists, bloggers, and human rights advocates; and support numerous NGOs dedicated to the advancement of human rights and democratic values though small grants.

We view our assistance funding to the region as a critical tool in accomplishing our policy goals.

At the Organization for Security and Cooperation in Europe (OSCE), the United States is one of the leading voices on behalf of media freedom, and works closely with the OSCE Representative on Freedom of the Media, Ms. Dunja Mijatovic. At the OSCE Permanent Council, we frequently raise cases of states that have failed to implement their media freedom commitments fully, especially in Central Asia. We also fund two annual conferences hosted by the OSCE Representative on Freedom of the Media, including one in Central Asia.

Question #105. Please provide the committee with the latest interagency strategy on Central Asia.

Answer. Since the early 1990s, the primary U.S. policy goal in Central Asia has been to ensure that the countries remain sovereign and independent, and help them develop toward stable, market-oriented democracies. The events of September 11, 2001, made clear our common security concerns and led to a significant broadening of the relationship. We also believe that developing a more substantive, consistent relationship with these countries in areas of mutual interest will open room for progress on democracy and human rights.

Our Central Asia strategy includes integrated priorities: we seek to expand cooperation with the Central Asian states to support efforts in Afghanistan; we seek to promote development and diversification of the region's energy resources; we encourage greater political liberalization and respect for human rights; we aim to help develop competitive market economies and promote economic reforms; and we seek to address problems of poverty and food security. These issues are interconnected, and progress in one area can help reinforce progress in another area.

Last fall the National Security Council initiated an interagency review of U.S. strategy in Central Asia which is ongoing but we believe the basic priorities of our approach are sound.

Question #106. During the hearing, you noted the progress made by other nations, such as China, in expanding their government-sponsored international broadcast activities. As these broadcasters expand their reach to U.S. audiences, it is still the case that China and other closed societies severely limit the ability of U.S. international broadcasting to report on and broadcast to these markets. For example: China jams BBG radio and Web content; limits the number of visas it will provide to BBG reporters to work in and report on China; and does not allow U.S.-sponsored programming to be broadcast on local media, cable networks, and the Internet.

In the meantime, reporters from Chinese and other national broadcasters have free and open access to travel in the United States, can be posted to the United States on long-term assignment, and report freely on the news without personal threats or harassment.

- How we can expect to expand our reach if we don't make this a more prominent point in our bilateral discussions?

Answer. The State Department shares your concern about the obstacles we face in communicating directly with the Chinese people. We frequently raise the issue with the Chinese—with their Embassy here and at various high-level meetings. Given the heavy censorship of the print and broadcast media, both the Department and BBG are increasingly taking advantage of the Internet to expand outreach to the Chinese public. The proposed Internet strategy for VOA would focus resources on the media most used by audiences in China, provide a more cost-effective approach, and position U.S. broadcast efforts for the future. There has been a sharp decline in shortwave listenership in China. In contrast, the use of the Internet and mobile technology is increasing rapidly. China has the highest number of Internet users in the world. Despite blocking by the Chinese Government, many Chinese ac-

cess BBG content through proxy servers. VOA will continue to produce audio and video programs which will be distributed on Web and mobile systems. Radio Free Asia will continue to broadcast to China via shortwave, giving RFA access to transmissions during peak listening hours and effective frequencies that were previously utilized by VOA. In addition, we will continue to advocate with the Chinese for the granting of more visas for BBG journalists to work in China.

In addition, our mission in China increasingly focuses on Chinese portals and bloggers so as to reach broader and younger audiences. Due to a constant need for new content, Chinese Internet portals are very receptive to U.S. proposals for cooperation. These projects, including Web chats and blog hosting, cover topics including visas, U.S. elections, trade and the environment, and regularly generate over half a million page views each. President Obama's 2009 townhall with students in Shanghai generated more than 50 million hits. Active State Department Twitterfeeds target diverse audiences with content tailored to the interests of followers. Currently, the U.S. mission in China is piloting three new cell phone applications. Meanwhile, the Department continues to strongly advocate for Internet freedom in China.

We do not believe limiting access by Chinese journalists to our country would serve our goals. The more Chinese journalists report from American soil, the more likely it is that important details of U.S. values and society will reach Chinese audiences. The open and democratic nature of the U.S. system does not lend itself to restricting access to Chinese journalists in the same fashion that is unfortunately imposed on U.S. and other foreign journalists in China.

Question #107. During your rollout of the 2009 "Trafficking in Persons Report," you emphasized the need to build effective partnerships in the fight against human trafficking. The role of diplomacy, early and often, is vital in building such bridges.

- a. How have you been using diplomacy to create partnerships with Tier 3, Tier 2 Watch List, and Tier 2 countries in the common fight against human trafficking?

Answer. While the report is an occasion for publicity, analysis, and engagement, the real action in the fight against modern slavery takes place throughout the year, too often unpublished and unseen, through the ongoing efforts of U.S. diplomats in Washington and in our embassies around the world. Our staff works daily in partnership with foreign governments and nongovernmental organizations to fight this heinous crime. U.S. diplomatic and programmatic achievements have included the passage of comprehensive antitrafficking laws, the establishment of shelters for victims, increased conviction rates, and support for antidemand efforts, especially for commercial sex. We are marshalling the resources of the entire State Department to tackle the issue of human trafficking worldwide and to embed it within our foreign policy. We realize that these achievements are not our own, but are created and brought to fruition with our foreign government partners.

The fourth "P" of partnership in the fight against trafficking informs all of our work either in coordination with other federal agencies, the private sector, academic institutions, or NGOs. G/TIP actively works to create public/private partnerships in order to expand and share its unique expertise on human trafficking, leverage finite government resources, and advance new approaches to solving trafficking-related challenges. In 2010, we collaborated with UC Berkeley School of Law to assess promising government practices in prevention and protection. With the State Department's Senior Advisor for Innovation, we coordinated with the University of Southern California Annenberg School's Center on Communication Leadership & Policy, on a Human Trafficking and Technology seminar. We worked with the International Business Leaders Forum and the hospitality industry to offer life skills and employment training for human trafficking survivors; with federal agencies, NGOs, academics, and business in the development of a stronger set of standard practices to ensure that agricultural goods imported into the United States are not made with slave labor; and with the United Nations and the private sector on groundbreaking guidelines for corporate social accountability and human trafficking.

Additionally, a message that we carry around the world is that law enforcement and NGOs, governments and civil society, and public and private sectors, must work together in partnership to achieve true antitrafficking accomplishments in the areas of prevention, prosecution, and protection. While we target our technical assistance and programming efforts primarily at Tier 2 Watch List and Tier 3 countries, this messaging is embedded in the message we share with every country that we engage—Tier 1 through Tier 3.

- b. Is the FY 2012 request of $20.8 million for the Office to Monitor and Combat Trafficking in Persons sufficient to fulfill the partnership mandate you have given it?

Answer. Currently, our partnerships are largely developed through the convening and engagement of potential partners. Some of these partnerships do not require specific funding beyond staff to accomplish. We routinely provide advice, comments, and our expertise to civil society partners as they develop antitrafficking initiatives; in this way, we leverage our subject-matter expertise and further their programs because they compliment and support our targeted goals. Right now, we are partnering with the NGO and business community to promote and encourage the adoption of some corporate social accountability guidelines on human trafficking. In other partnerships, the Office has relied on the partners to provide the financial support for the particular project. A good example of this was the development of a partnership forged by the Office, USAID, NetHope, and the Demi and Ashton Foundation to find technological solutions to trafficking in Russia; the Office was unable to contribute financially to this effort, yet staff helped to ably guide and shape the content of the project. There are certainly other partnerships that the Office could undertake or even augment with the availability of matching funds to contribute.

Partnerships also figure prominently as we work to ensure that the antitrafficking funds we administer are used most effectively. Through our competitive grant programs we support scores of projects each year in which we partner with U.S.-based NGOs, public international organizations and foreign NGOs to build the capacity of government institutions and civil society and develop or expand critical services for victims of trafficking.

- c. To live up to the "partnership" approach, the State Department through the Office to Monitor and Combat Trafficking in Persons (G/TIP) must be able to respond to unforeseen urgent requests by governments, particularly those in Tier 2 Watch List, for assistance to protect and assist victims of human trafficking. I believe that through such assistance, we can help governments build expertise, gain ownership of the issue, and credibly graduate from Tier 2 Watch List. Does your 2012 budget foresee some element of "urgent" assistance capability and funds for G/TIP to offer assistance in such situations?

Answer. The ability to respond quickly to provide technical assistance or training when foreign governments request it and to respond to emergency assistance needs of trafficking victims when no other source of assistance is available are both critical as we work to advance antitrafficking goals worldwide. Although the 2012 budget does not include specific funding for these two "urgent" response capabilities, our office has established mechanisms for such endeavors within the limited funding of the budget request.

If there were additional funding available to the office we anticipate that we would expand these initiatives to include the formation of a dedicated training and technical assistance team. This multidisciplinary team would be comprised of subject-matter experts (investigation, prosecution, victim assistance) that could develop trainings and be deployed to train in foreign settings. They could also deploy short-term countertrafficking professionals already in the specific country or region to provide targeted, country-specific assistance. These target training efforts would be available to those countries ranked on the lower tiers of the annual "Trafficking in Persons Report.' The results of these efforts would assist countries in addressing human trafficking thus raising their tier ranking in the annual "Trafficking in Persons Report."

We would also expand our capacity to swiftly respond to the needs of victims in situations where no other emergency assistance is available to meet basic needs such as food, shelter, clothing, and immediate medical care. While these situations are not frequent, when they arise they require prompt but deliberate action by professionals with subject matter and programmatic expertise.

- d. Section 203 of the 2008 reauthorization of the Trafficking Victim Protection Act of 2000, Public Law 110–457, 122 Stat. 5057 (Dec. 23, 2008), set forth requirements for and limitations on the issuance of A3 and G5 visas, including a requirement in Section 203(a)(2) that the Secretary of State suspend issuance of A3 and G5 visas to applicants seeking to work for officials of a diplomatic mission or an international organization in certain circumstances. Have you ever determined that Section 203(a)(2) has been triggered with respect to any diplomatic mission or international organization?

Answer. The State Department takes very seriously its role in attempting to prevent the abuse of domestic workers and to address allegations of abuse, as appro-

priate. Toward that end, the Department has created an internal working group consisting of representatives from the Office of the Chief of Protocol, the Office of the Legal Adviser, the Office to Monitor and Combat Trafficking in Persons, and the Bureaus of Consular Affairs and Diplomatic Security, as well as relevant regional bureaus. The working group meets on a periodic basis to share information, discuss ongoing cases and coordinate Department strategy to address this issue. The Office of the Chief of Protocol coordinates this effort and is the central collecting and disseminating point for information obtained by those offices about allegations of abuse.

The Department of State has implemented dramatic changes in its response to trafficking of domestic workers including: prenotification of application for A3 and G5 visas (to be able to keep track of domestic workers being employed by foreign missions in the United States and to facilitate the denial of eligibility for such workers for diplomatic personnel where there is credible evidence that they have abused a previous worker); proof of ability to pay prevailing or minimum wage whichever is higher to be eligible for such workers; a system that provides objective evidence of salary payments (as salaries must be paid either by check or direct deposit); and contracts with specified provisions (kept on file with the visa application) including the requirement that domestic workers retain possession of their passports, provided to the worker in a language s/he understands. The Department has also established a mechanism to facilitate NGO reporting of allegations to the Office of Protocol.

In the fall of 2009, the Department hosted a briefing along with Department of Justice experts for the Diplomatic Corps on the Department regulations regarding employment of domestic workers and the relevant requirements of the William Wilberforce Trafficking Victims Protection Reauthorization Act (TVPRA). The briefing included information on section 203 providing that the Secretary of State "shall suspend, for such period as the Secretary deems necessary, the issuance of A3 visas or G5 visas to applicants seeking to work for officials of a diplomatic mission or an international organization, if the Secretary determines that there is credible evidence that one or more employees of such mission or international organization have abused or exploited one or more nonimmigrants holding an A3 visa or a G5 visa, and that the diplomatic mission or international organization tolerated such actions."

The Department has not yet suspended the issuance of A3 or G5 visas to any diplomatic mission or international organization pursuant to the TVPRA. In the cases of reported abuse that have come to the Department's attention since enactment of the TVPRA, the Department has referenced its obligations under the TVPRA as part of its demarche to the relevant diplomatic missions and has found that the possibility of A3 or G5 visa suspension has served as vital leverage that has encouraged a response to address allegations of abuse or exploitation. The TVPRA requires that the Secretary herself determine that there is credible evidence of abuse and credible evidence that the mission tolerated the abuse. In one case, the threat of visa suspension under the TVPRA motivated the government at issue to take concrete measures to demonstrate that it did not tolerate the abuse, which included the issuance of a formal reprimand of the employee, working with the diplomat such that he made an offer to provide compensation to the former domestic worker, and advising its diplomats that abuse of domestic servants is not tolerated and has consequences.

The Department's internal working group meets regularly to assess any and all allegations of abuse or exploitation of domestic workers by diplomatic personnel and to determine appropriate steps to be taken, including bringing allegations to the attention of the Department of Justice's Human Trafficking Prosecution Unit, Criminal Section of the Civil Rights Division; issuance of a diplomatic note to a specific mission when allegations of abuse of a domestic servant by one of its employees is brought to the Department's attention; denial of A3 or G5 visas for domestic workers for a diplomat against whom there are credible allegations of abuse; and, where appropriate, preparing an action memo for the Secretary recommending suspension of A3 or G5 visas for a specific mission or organization.

- e. If so, please provide the name of the diplomatic mission or international organization in question.

Answer. The Department has not yet determined that section 203(a)(2) has been triggered with respect to any diplomatic mission or international organization.

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Answer. Currently, our partnerships are largely developed through the convening and engagement of potential partners. Some of these partnerships do not require specific funding beyond staff to accomplish. We routinely provide advice, comments, and our expertise to civil society partners as they develop antitrafficking initiatives; in this way, we leverage our subject-matter expertise and further their programs because they compliment and support our targeted goals. Right now, we are partnering with the NGO and business community to promote and encourage the adoption of some corporate social accountability guidelines on human trafficking. In other partnerships, the Office has relied on the partners to provide the financial support for the particular project. A good example of this was the development of a partnership forged by the Office, USAID, NetHope, and the Demi and Ashton Foundation to find technological solutions to trafficking in Russia; the Office was unable to contribute financially to this effort, yet staff helped to ably guide and shape the content of the project. There are certainly other partnerships that the Office could undertake or even augment with the availability of matching funds to contribute.

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Answer. The State Department takes very seriously its role in attempting to prevent the abuse of domestic workers and to address allegations of abuse, as appropriate. Toward that end, the Department has created an internal working group consisting of representatives from the Office of the Chief of Protocol, the Office of the Legal Adviser, the Office to Monitor and Combat Trafficking in Persons, and the

Bureaus of Consular Affairs and Diplomatic Security, as well as relevant regional bureaus. The working group meets on a periodic basis to share information, discuss ongoing cases and coordinate Department strategy to address this issue. The Office of the Chief of Protocol coordinates this effort and is the central collecting and disseminating point for information obtained by those offices about allegations of abuse.

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Question #111. If so, please provide the name of the diplomatic mission or international organization in question.

Answer. The Department has not yet determined that Section 203(a)(2) has been triggered with respect to any diplomatic mission or international organization.

Question #112. We are on the verge of a new Southern Sudan but also a profoundly different northern Sudan. Do current U.S. laws provide the needed flexibility to address these changes?

Answer. Current legislation imposes numerous restrictions upon Sudan. While present authority allows the United States to provide assistance to the South, assistance to the government in the North, with the exception of Darfur and the Three Areas (Abyei, Southern Kordofan state, and Blue Nile State), remains prohibited,

largely consistent with, but not limited to, Sudan specific restrictions that appear in the annual appropriations act (e.g., Section 7070(f) of the FY 2010 Appropriations Act) as well as the Darfur Peace and Accountability Act.

Question #113. For example, how would USAID's work in the North be affected?

Answer. If the USG decides to expand assistance to the North, modifications to the current restrictions, or waivers of those restrictions where statutorily allowable would be necessary.

Question #114. Are there opportunities that the United States should explore to expand this work in order to promote overall peace and security?

Answer. We are discussing these options currently through an interagency process and will continue to engage with Congress going forward as the promotion of peace and security in the North is linked to ensuring the viability and security of both the North and the South.

Question #115. Current law prohibits all transactions by U.S. persons relating to the Sudan's oil industry. How is that affected if Southern Sudan is independent but its oil continues to flow through the North, as it must for the South to be an economically viable state?

Answer. We are continuing to explore this issue, but under current law U.S. sanctions against the Government of Sudan would continue to limit the ability of U.S. persons to invest in the oil sector in the South because it would directly benefit the North.

Question #116. What is your perspective on the Government of Sudan's call for the "domestication" of the Darfur peace process?

Answer. While we believe that it is important that a broad range of Darfuris have the opportunity to discuss their grievances and participate in discussions about their future, we do not support the Government of Sudan's "domestication" of the Darfur peace process. The United Nations and African Union have begun to set up a Darfur Political Process (DPP) which they will manage; the Government of Sudan would not be involved until the last stage of these Darfuri consultations. We have not yet taken a position on the DPP, but we believe that any result from the peace negotiations in Doha must be connected with any Darfur-based process.

Question #117. Could civil society freely and safely participate in such a process?

Answer. At the present time, we do not believe that civil society could freely and safely participate in a Darfur-based consultative process due to conditions on the ground. Various conditions would need to be in place for such consultations to take place. These conditions include lifting the State of Emergency in Darfur; permitting unrestricted access across Darfur to UNAMID, humanitarian agencies, and NGOs; granting UNAMID a radio transmitter for independent broadcasting of news; full inclusion of representatives of all stakeholders, to include women, IDPs, refugees, and political opposition; granting of visas for NGOs working with IDPs; significant steps to end impunity in Darfur; freedom of assembly, movement, and expression to all participants; and a ceasefire agreement among armed movements and the Government of Sudan.

Question #118. The United States has shifted its approach to Somalia, from one solely focused on bolstering the Transitional Federal Government (TFG), to a "two-track approach" that also aims to engage clan leaders and the semiautonomous regions of Somaliland and Puntland. What are the short- and long-term goals for U.S. policy in Somalia and how do you plan to assess progress?

Answer. The United States has in place a long-term process to stabilize Somalia. We announced the Dual Track approach to Somalia in September 2010 to allow us the space to broaden our approach by taking into account the complex nature of Somali society and politics, as well as to allow our engagement to be more flexible and adaptable. On Track One, we continue support for the Djibouti Peace Process, the Transitional Federal Government (TFG), and the African Union Mission in Somalia (AMISOM) as a first line of effort to stabilize Somalia, as well as to repel al-Shabaab's advances in Mogadishu. On Track Two, we are deepening our engagement with the regional Governments of Somaliland and Puntland, as well as with local and regional administrations throughout South Central Somalia who are opposed to al-Shabaab, but who are not affiliated with the TFG. Progress over the short- and long-term in Somalia will be based on the successful achievement of representative governance in Somalia, the degree of safe international access to Somalia, mitigating the security threat to the region caused by instability inside Somalia,

including the absence of piracy from Somalia's shores, and a reduced Somali dependence on international humanitarian assistance.

In the short term, we will continue our political and security sector support to the TFG and AMISOM in close partnership with the U.N., the African Union (AU), and other international partners. Politically, we are focused on establishing a clear path forward after the August 2011 expiration of the TFG mandate. We were disappointed with the Transitional Federal Parliament's (TFP) mid-February unilateral 3-year extension. We continue to push, along with international partners, for a reversal of that position and a commitment to TFG governance reforms.

On the security sector, our ongoing and critical support to AMISOM and the TFG is essential to maintaining a safe space from which the TFG can operate and to preventing an al-Shabaab takeover of Mogadishu. We are undertaking these efforts in lockstep with our international and regional partners, including the U.N. and the AU.

Meanwhile, we are working with U.N. and AU partners to convene broad meetings aimed at bringing more groups together in political dialogue, including the TFG, Puntland, Ahlu-Suna Wal Jama (ASWJ), and regional administration representatives from Galmuduug. We also are incorporating discrete community-based projects aimed at employment and tradecraft.

We realize that state failure is the root cause of piracy in the waters off the coast of Somalia. Achieving stability and good governance in Somalia represents the only sustainable long-term solution to piracy. Through our dual-track approach in Somalia, we will continue to support the most important lines of action for countering piracy: building governance, security, and economic livelihoods on land in Somalia. We are working through the U.N. Contact Group on Piracy off the Coast of Somalia to emphasize the role of Somalia itself in counter-piracy efforts, and press Somali authorities to take the necessary steps to pass and implement antipiracy legislation upon which the international community can help Somalia build enforcement capacity in the context of the rule of law.

Long term efforts on Somalia will continue to focus on security, governance, and humanitarian and development assistance as we deepen our engagement outside of Mogadishu and, security permitting, find it possible to operate from inside Somalia on a more regular basis. We are working toward a Somalia that is at peace with itself and its neighbors, and one that is inhospitable to terrorist organizations. Long term success toward Somalia's stabilization will require international support in all of these areas for the foreseeable future.

Question #119 & #120. There is no U.S. diplomatic presence in Mogadishu or any remotely sustained U.S. diplomatic presence elsewhere in Somalia. While the security of U.S. personnel is of paramount importance, what are the opportunity costs in terms of U.S. policy that are lost by not having our people in the country?

Answer. Although the United States never formally severed diplomatic relations with Somalia, the U.S. Embassy in Somalia has been closed since the collapse of the Siad Barre government in 1991. The United States maintains regular dialogue with the Transitional Federal Government and other key stakeholders in Somalia through the U.S. Embassy in Nairobi, Kenya. Consular coverage for Somalia is maintained by U.S. Embassy Nairobi, while American Citizens Services in the self-declared "Republic of Somaliland" are provided by the U.S. Embassy in Djibouti.

The United States suffers a strategic disadvantage in critical policy areas by not having a sustained diplomatic presence inside Somalia. The first image of U.S. diplomacy our foreign partners should see is that of engaged diplomats and aid workers operating in an open and constructive manner. Our international partners, namely the United Kingdom and the European Union, enjoy somewhat greater access to areas like Somaliland and Puntland on a semiregular basis, further diminishing our ability to demonstrate the national priority we place on Somalia or to effectively lead on policy issues where travel into Somalia would promote those priorities.

The continued absence of U.S. diplomatic personnel from Somalia, which is driven by concerns for the safety and security of U.S. personnel, has the unfortunate impact of defining the U.S. image of engagement in Somalia as one that is hands-off, disinterested, and driven by fear of the unknown. We are unable to reach beyond Mogadishu or Hargeisa with meaningful counterpiracy or counterterrorism programming, despite the clear priority of supporting programming in these areas throughout the United States Government. In addition, we have very limited means through which to explore or oversee humanitarian and development operations inside Somalia. Finally, we lose the ability to engage partners on the ground directly, as we are forced to conduct political work by cell phone, hold meetings in regional

capitals, and triangulate information gathered from our embassies in Nairobi, Addis Ababa, Kampala, Bujumbura, and Djibouti.

As security permits, we will seek to expand the ability of U.S. personnel to travel into Somalia, including Mogadishu, Bossasso, and Galcayo. In the short term, the inability to visit these destinations consistently will remain a significant challenge. Without a more consistent presence of United States diplomats and aid workers, determining viable actors with whom to engage will be difficult and establishing greater credibility with key players on the ground will be an uphill battle.

Question #121. Recent newspaper accounts have described expanding roles by private security contractors in Somalia. Could you describe the role of private security contractors in supporting U.S. policy and the AMISOM mission in Somalia?

Answer. The Department has contracted two logistics providers, PAE and AECOM to deliver equipment and training to African Union Mission in Somalia (AMISOM) and the Transitional Federal Government (TFG), which is central to our efforts to build the capacity of AMISOM and the TFG's National Security Force (NSF) to defend the TFG from al-Shabaab and other extremist groups. Additionally, we are funding two cooperative agreements with the Governments of Burundi and Uganda to provide their AMISOM contingents with noncombatant advisers and mentors. Both of these countries subsequently contracted with Bancroft Global Development, a Washington-based nonprofit organization that specializes in advisory and mentoring services to governments operating in conflict or post-conflict environments. Bancroft is providing AMISOM's Burundi contingent with counter-IED training and mentoring to help that unit better operate in Mogadishu. It is also assisting the Ugandan contingent with its efforts to organize and train the TFG's NSF.

Question #122. Given that the U.S. Government does not have a diplomatic presence in Somalia, to what extent does the Department feel confident in its oversight of their activities?

Answer. The Department contracts with two U.S. logistics companies to deliver equipment and supplies to Mogadishu in support of the African Union Mission in Somalia (AMISOM) and in support of our security sector efforts with the Somalia Transitional Federal Government's National Security Force (TFG/NSF). These two companies also provide training and construction assistance to both entities. In order to oversee the performance of these two companies, the Department contracts with a separate company for a Technical Monitor, who splits his time between Kampala and Mogadishu to verify all equipment deliveries and other services under these contracts. As a result, the Technical Monitor spends approximately 2 weeks of his time in Mogadishu during any 1-month period. Through the Monitor's evaluations and weekly reporting, the Department has confidence that our logistics contractors are performing in accordance with their contracts' Statements of Work.

We are also reasonably confident of the performance of work being done in Mogadishu by Bancroft Global Development, which is funded through our cooperative agreements with Burundi and Uganda. Because much of Bancroft's work is performed in nonsecured areas of Mogadishu, we rely heavily on the two grantees to monitor and report on their performance. Our Technical Monitor does, however, observe and report on Bancroft's activities in the areas of Mogadishu where he is able to operate safely.

Question #123. What role are private security actors playing in Somaliland and Puntland?

Answer. We are aware of and have been closely monitoring reports about the involvement of private security companies (PSCs) in Puntland, including reports that the PSCs are providing training and equipment to Puntland security forces and militias in the absence of authorization from the U.N. Security Council Committee established pursuant to resolutions 751 (1992) and 1907 (2009) concerning Somalia and Eritrea. We are concerned that these unregulated efforts could play a significant destabilizing role in the region.

We are not currently aware of any significant activities undertaken by PSCs on behalf of the regional authorities in Somaliland.

Question #124. The Democratic Republic of Congo remains the scene of often horrific violence. U.S. policy and attention have particularly focused on two facets of Congo's struggle in the East: gender based violence and conflict minerals. Those issues are extremely important, but they are in many ways products of Congo's larger struggles with governance, security, and the rule of law. I am concerned that without a more holistic approach and without greater attention to the DRC as a whole, our policies will fall short of our intended objectives.

- Please outline the U.S. strategy to help the DRC make progress in these areas. Does the administration intend to name a special adviser on the Great Lakes to help coordinate and advance this strategy in the region?

Answer. The root of most of the DRC's problems is the lack of functioning state authority in much of the country. Many of the organs of state authority, including the security services, and the providers of basic services such as health care, education, and infrastructure, are all either woefully inadequate or nonfunctioning. Corruption, lack of capacity and resources, arbitrary application of laws, and a largely informal economy create a vicious circle. All U.S. Government efforts (diplomatic, security, and developmental) focus on strengthening the government's ability to function and provide services to its citizens.

Our top priorities in the DRC are building government capacity and improving security in the east to protect civilians and territory. Sustained effort in both of these areas is vital for consolidating the DRC's stability over the long term. In the coming months, our immediate priority is to ensure that the Presidential and legislative elections scheduled for November are credible and their results are accepted by the general population and losing candidates. Our success in all priority areas will be contingent on our ability to work constructively with the Congolese leadership and demonstrate how our specific efforts can meet their needs.

We have taken under advisement the recommendation to name a special envoy or adviser for the Great Lakes Region. At this time, based on extensive discussions with NGO groups, regional states, donors, and others with interest in the Great Lakes Region, we believe the selection of such an envoy or representative would not be the most effective means to advance U.S. interests or to utilize limited resources. Some critical issues in the region are transnational in nature, such as efforts to stop the Lord's Resistance Army and the illicit trade in natural resources. However, the regional states have not been particularly receptive to Great Lakes special envoys—either from the United States or from other governments. In the past, the DRC, Ugandan, and Rwandan Governments have never worked solely with regional envoys to resolve regional issues. Instead, each sought the support of bilateral ambassadors who could also address other problems and challenges specific to the country. Engagement through our resident ambassadors, with support from senior U.S. Government officials, has proven significantly more effective from both diplomatic and cost perspectives. Assistant Secretary of State for African Affairs, Ambassador Johnnie Carson, and his team are actively managing the Great Lakes regional portfolio in close coordination with the Chiefs of Mission in relevant capitals, as well as with the concerned governments and regional organizations.

Question #125. In 2011 alone, 27 countries in Africa are scheduled to hold Presidential, legislative and/or local elections. While these elections are positive signs for democratization on the continent, they also have the potential to enhance existing national divisions and foster instability. To what extent have you seen positive returns on the U.S.'s long-term investment in Africa's electoral systems and in what ways do you hope to augment or refine our existing assistance?

Answer. The fact that there are 27 elections this year shows how much our investments of assistance and time have paid off; it was not so long ago that an entire year could pass in Africa without any democratic elections whatsoever. Indeed, our assistance has resulted in positive returns in building electoral systems in key democratic countries in Africa including Mali, Benin, Ghana, Sierra Leone and Liberia, among others. USG assistance has helped each of these countries consolidate democratic gains over several electoral cycles.

For example, in Ghana's successful, fifth consecutive democratic Presidential and parliamentary elections in December 2008 USG support helped guarantee the smooth transition to a new President and reduced political tensions that could have led to violence. For the first time in Ghana's history, Ghanaian civil society organizations used a parallel vote tabulation (PVT) to confirm official election results, which reinforced the validity of John Atta Mills' razor-thin margin of victory. The strong observer presence—along with the independent poll—reassured the public and enabled political parties and the electorate to accept the results of the elections.

Going forward, we hope to amplify and further refine our electoral assistance activities in Africa. It is important that we continue to work closely with African Governments and civil societies to strengthen the infrastructure for credible elections not only at the national but also at the provincial and local government levels. Accountability at the local level is often the key to public confidence in democracy. In addition, we believe that it is critical to move beyond technical support to election commissions and international observation to focus equally on increasing societal demand for credible elections. In that context, we hope to expand work with local civil society groups to assist in their advocacy for election reforms and to enable

them to carry out their own domestic monitoring of elections and parallel vote tabulations. In this realm we aim to increase the use of new technologies, from the use of SMS to report voting irregularities to the use of cell phones to educate and prepare voters well in advance of election day. We have seen that support for civic education and election commissions in the few months prior to elections is insufficient to build the strong democratic states needed in Africa. Rather, we must expand assistance activities to maintain a consistent, holistic approach on this issue.

Question #126. Peacekeeping.—H.R. 1, as passed by the House of Representatives, would cut our peacekeeping contribution to the United Nations by over $200 million which would put us back into arrears.

What would the impact of cutting these funds be on United States policy objectives, particularly in countries such as Sudan and the Democratic Republic of Congo where the United Nations peacekeeping missions are playing critical roles in civilian protection, conflict prevention, and stabilization efforts? While these missions lack all the tools and capabilities that they need to fully carry out their mandates in these difficult environments, without their presence both individual lives and American hopes for progress would be jeopardized.

- Which regions might you anticipate a need for funding that is not in the current budget request?

Answer.

- H.R. 1 provides $1.898 billion for the Contributions for International Peacekeeping Activities (CIPA) appropriation. In FY 2011, it is anticipated that U.N. peacekeeping assessments will be approximately $2.353 billion, which reflects additional mission requirements. Even with anticipated offsets from U.N. peacekeeping credits and FY 2010 carryover funds, the reduced level for CIPA in H.R. 1 would be insufficient to meet our treaty obligations. It also must be recognized that our paying 27.14 percent for a peacekeeping operation is significantly less expensive for the United States than our shouldering all or the majority of the burden ourselves.
- The $2.182 billion requested for CIPA in FY 2011 is required to pay our assessments for these critical U.N. peacekeeping missions. Less than full funding will impact all missions, including those in Sudan and the Democratic Republic of the Congo. Failure to obtain the full funding would place increasing strain on critical U.N. peacekeeping operations by reducing funds available to support deployments, support key tasks and roles, and lengthen delays in reimbursements to troop contributing countries.
- U.N. peacekeeping requirements are inherently unpredictable; however, at this time, we do not anticipate a request for funding currently not identified in the budget request.
- In the FY 2012 request, the administration assumes the application of approximately $200 million in credits to offset U.N. peacekeeping assessments. Application of these credits in FY 2011 would mean that the FY 2012 request would not contain sufficient funds for the United States to meet its treaty obligations in full in FY 2012.
- Prompt payment of U.S. peacekeeping assessments in full is essential to meet U.S. treaty obligations and to avoid reducing resources available to support deployments and mission aims, which strains critical U.N. peacekeeping operations and lengthens delays in reimbursements to troop contributing countries.
- H.R. 1 also does not provide for the requested increase in the statutory cap on the U.S. share of assessed contributions for each U.N. peacekeeping operation, from 25 percent to 27.2 percent, for assessments received in calendar year 2011. Limiting U.S. contributions to 25 percent as of January 2011, as well as providing insufficient funding, would negatively impact the U.N.'s ability to support peacekeeping operations and relationships with troop contributing countries and would likely result in the accrual of additional U.S. arrears. This would in turn undermine U.S. global stabilization goals.

Question #127. Global Health. H.R. 1 would drastically cut the Global Fund to Fight HIV/AIDS, Tuberculosis, and Malaria. The Global Fund is a public-private partnership where every American dollar is leveraged twice over, and—as required under the 2008 Lantos-Hyde Reauthorization Act, U.S. HIV/AIDS, malaria, and TB programs are deeply intertwined with the Global Fund.

- What would the impact of the House's proposed cuts to the Global Fund be on bilateral and multilateral efforts to combat these diseases?

Answer. The United States is the largest donor to the Global Fund to Fight AIDS, Tuberculosis and Malaria (Global Fund). Through our contribution to the Global Fund the United States is able to: support the delivery of concrete health results;

expand the geographic reach of and enhance bilateral efforts; catalyze international investment in AIDS, TB, and malaria; build capacity, country ownership, and sustainability; and demonstrate political commitment to international cooperation.

The Global Fund has estimated that the cuts proposed by the House Appropriations Committee, if enacted, would have the following impact on the Fund's ability to provide services in 2012 alone:

—10.4 million bed nets to fight malaria will not be provided;
—414,000 people will not be provided with antiretroviral (ARV) medications;
—58,286 HIV positive pregnant women will not receive drugs to prevent transmission of the virus to their children; and
—372,000 people will not be tested and treated for tuberculosis.

Given the interdependence of PEPFAR's bilateral programs and Global Fund-financed programs, both multilateral and bilateral resources are needed to maximize our results. Cuts to the U.S. contribution to the Fund would also have a profound impact on U.S. bilateral programs to fight the three diseases. In most PEPFAR countries, PEPFAR bilateral programs work with Fund grant recipients to support a wide range of services. PEPFAR bilateral resources are allocated strategically in coordination with Fund resource allocations, and the PEPFAR programs would be unable to achieve maximum results in the absence of Fund programs. The discontinuation or reduction of Fund-financed programs would also place severe pressure on U.S. bilateral programs to fill resource gaps. The Fund disbursed over $3 billion to country-level programs for the three diseases in 2010, and the United States does not have the resources to fill the gaps if these resources are reduced.

U.S. contributions to the Global Fund catalyze continued investments from other donors in AIDS, TB, and malaria. Every dollar the U.S. contributes to the Fund leverages an additional $2.50 from other donors. It is difficult to estimate the impact that decreased contributions from the United States would have on the investment decisions of other donors.

Question #128. The fight against terrorism needs to be multifaceted but Anti-Terrorism Programs tend to be overshadowed by "hard" approaches such as drone strikes and direct military intervention. How does the State Department plan to better integrate its efforts with those of the Defense Department and the Intelligence Community?

Answer. The Office of the Coordinator for Counterterrorism (S/CT) works closely with all departments and agencies on comprehensive counterterrorism strategies that draw on all elements of national power, including diplomatic, law enforcement, military, and intelligence.

S/CT has staff dedicated to coordinating with the Department Of Defense (DOD) on counterterrorism operations, including several DOD officers currently assigned and housed at the State Department. While current liaison activity provides a direct line of effective communication with DOD, discussions are ongoing to further enhance our coordination and relationship. A similar discussion is underway with the Intelligence Community (IC) that will also augment current mechanisms and further improve coordination. Having a direct open line of communication with our intelligence and defense partners is key to whole of government coordination that seeks to integrate hard and soft power, matching the right tool or coordinated approach to the situation.

For example, S/CT is working with the IC and the military to identify hotspots of radicalization. In close collaboration with the Combatant Commands, USAID and the IC we are developing programs to ameliorate radicalization through Countering Violent Extremism (CVE) efforts. By virtue of being a State office with responsibility for U.S. Government counterterrorism efforts overseas, S/CT is uniquely situated to coordinate CVE efforts. At S/CT's request, USSOCOM created a pilot polling initiative that is measuring radicalization at the provincial level in three countries (Bangladesh, Maldives, and Yemen). When the results are complete, we will work with USAID and the Combatant Commands to develop programs to address the drivers of radicalism where it is most virulent.

Additionally, in collaboration with other agencies, S/CT leads the Department in Anti-Terrorism Assistance (ATA), a law enforcement training program carried out in partnership with State/Diplomatic Security. The ATA law enforcement capacity-building program for foreign partners reaches the security forces of some 55 nations. With a budget of $215 million in fiscal year 2010, ATA is a valuable tool to provide a wide variety of tailored counterterrorism training to a broad range of civilian security officials. The ATA program creates host country capacity, giving them more ownership of CT challenges and creating viable partners for the United States. Our work on ATA is done in light of the other U.S. counterterrorism capacity building

efforts underway, including DOD efforts, and in a coordinated fashion designed to achieve our counterterrorism goals.

While these specific examples provide an insight to our collaborative work, each situation is different and requires a tailored response. S/CT seeks to combine the options available to the U.S. Government and employ the right approach to achieve U.S. objectives. In all cases, we are committed to working in collaboration with other departments and agencies to make the best possible use of government resources and expertise.

Question #129. How is the Department measuring the efficacy of Anti-Terrorism Assistance to determine which programs are worth keeping and perhaps expanding and which programs have failed?

Answer. The Secretary's Office of the Coordinator for Counterterrorism (S/CT) determines which foreign countries will be invited to participate as Partner Nations in the Antiterrorism Assistance (ATA) programs. S/CT establishes the policy goals and strategic objectives for each Partner Nation. To measure success, S/CT's primary implementation partner, the Bureau of Diplomatic Security's Office of Antiterrorism Assistance (DS/T/ATA), develops programmatic objectives derived from each Partner Nation's strategic objectives into programmatic objectives.

A team of representatives from DS/T/ATA, S/CT, and other agencies, as appropriate, conduct in-country counterterrorism capabilities assessments using performance standards approximately every 2 to 3 years. These assessments help to inform the development of Country Assistance Plans for each partner nation. The assessments also establish a baseline that is used in subsequent in-country program reviews to determine the degree to which the Partner Nation's capabilities are improving or faltering.

The improvement or decline in capabilities in turn serves as the primary indicator of the ATA program's effectiveness in accomplishing its programmatic objectives. S/CT also uses findings of the program reviews—along with political, diplomatic, and other factors—to evaluate whether the ATA program is making progress toward accomplishing its strategic objectives and whether programs in particular partner nations should be maintained, discontinued, redirected, expanded, or diminished.

Question #'s 130–132. Global Climate Change. The President's FY12 request for the Global Climate Change Initiative is focused on promoting clean energy and increasing resilience to climate change in the most vulnerable regions of the world. While U.S. leadership in Copenhagen brought the world's major emitting nations together in an agreement to reduce greenhouse gases, unfortunately today we are seeing our commitments come under international scrutiny because of significant proposed budget cuts to vital climate programs coupled with attempts to remove existing authorities from the Environmental Protection Agency to address carbon pollution.

- Given how important our leadership has been in securing global commitments to address greenhouse gases, can you please discuss how the proposed FY12 budget for climate finance promotes export opportunities for clean technology, strengthens our diplomatic relations with key emerging economies to secure global reductions in carbon pollution, and enhances our national security?
- How do these investments help reduce future costs for the U.S. by bolstering preparedness for increasingly extreme weather events?
- Recently Admiral Mullen said, "climate change . . . not only could produce a humanitarian crisis, but also could generate conditions that could lead to failed states and make populations more vulnerable to radicalization." As vulnerable regions of the world face increasingly severe droughts, floods, crop losses and water shortages, how does the FY12's climate-related investments address the future costs caused by conflicts and instability (caused by resource scarcity and other impacts) that will require U.S. resources and engagement?

Answer. Global climate change indeed has serious implications for U.S. national security interests. The impacts of climate change will worsen problems such as poverty, social tensions, environmental degradation, resource pressures and competition, and weaken political institutions internationally, according to the 2008 National Intelligence Assessment on climate change.

The administration's planned investments in international climate programs will:

- Support an international climate approach in which all major countries—including developing countries—contribute to the global effort to reduce greenhouse gas emissions.
- Conserve forests, foster sustainable land management, and combat illegal logging around the world.

- Build resilience in developing countries to reduce the risk of damage, loss of life and instability that can result from extreme weather and climate events. (The World Bank and U.S. Geological Survey estimate that every dollar spent on disaster preparedness saves $7 in disaster response.)
- Help put developing countries on a clean energy path, improving air quality and human health around the world. Our climate change assistance to developing countries can help strengthen their economic growth, increasing export and investment opportunities for U.S. businesses.
- Help the United States meet its international commitments, putting us in a better position to ensure that other countries meet theirs.
- Mitigate risks to U.S. national security by reducing climate change impacts internationally. The more we can reduce such impacts, the more success we will have in reducing climate change-induced internal conflicts, migration, radicalization or other destabilizing developments.

American clean energy businesses are well positioned to provide the innovative technology and services needed to meet rapidly growing demand in developing countries. U.S. support for international clean technology programs mobilizes these kinds of investments, and helps create the functioning, fair, and competitive markets in which American businesses thrive.

U.S. investments in international climate programs increase our leverage to ensure that Brazil, South Africa, India, and China take action, and build opportunities for U.S. clean energy exports in big emerging markets.

Question #133 & #134. On February 17, the State Department announced $150 million to support democracy and economic initiatives in Egypt.

- How can we ensure that these funds will be disbursed quickly, effectively, and directly to initiatives in support of the democratic and economic transition currently underway?

Answer. The Department of State and USAID have been working closely to develop assistance programs that can produce quick, concrete results and have a tangible impact on Egypt's economic and democratic transition.

In order to quickly and effectively disburse funds in support of the transition, USAID issued two open calls for proposals on March 8 to address democracy and economic growth priorities. For the democracy Annual Program Statement (APS), USAID is actively soliciting proposals from both registered and unregistered Egyptian NGOs, giving us the flexibility to fund those organizations most capable of and willing to implement urgent transition priorities. The economic growth APS was released directly to Egypt's private sector, ensuring that the best Egyptian ideas are ready and able to meet Egypt's most pressing transition needs.

USAID will hold Arabic and English language information sessions in Egypt—in Cairo, Alexandria, and Luxor—for representatives from nongovernmental organizations. These information sessions will speed up the dispersal of these grants by helping organizations write proposals focused on specific needs and that can be more quickly reviewed awarded.

The two calls for proposals request responses that are focused on our near-term priorities for Egypt, including supporting free and fair elections and a successful democratic transition, economic stabilization to support this transition, and the promotion of broad-based and equitable private sector growth. Funding decisions for our near-term assistance package will be guided by these priorities and be designed to demonstrate results. Programs will be managed by USAID, as well as the State Department's Middle East Partnership Initiative (MEPI) and Bureau of Democracy, Human Rights, and Labor, and will continue to support both unregistered and registered Egyptian NGOs.

In addition to the open calls for proposals, USAID will transfer $4.5 million to the State Department's Near East Bureau's Middle East Partnership Initiative (MEPI) to provide direct support to Egyptian NGOs; provide NGO capacity and coalition building for MEPI grantees; and to engage Egyptian activists, reformers, and civil society organizations on issues immediately relevant to the transition. USAID will also soon transfer $16 million to the State Department's Bureau of Democracy, Human Rights, and Labor to fund projects which will focus on preparations for the upcoming parliamentary and presidential elections, and strengthen independent media and independent labor unions. USAID is also working with State Department regarding funding of entrepreneurship programs, and OPIC regarding funding for small business efforts.

- How do you plan to distribute the funds?

Answer. Funds will be distributed primarily through grants awarded to proposals responding to the two APSs and selected by the Technical Evaluation Committees

that have been established by the USAID/Egypt Office of Procurement. Some funds will be distributed through transfers from USAID to the State Department for grants to be awarded and administered by MEPI and DRL.

The U.S. Government assistance priorities for Egypt include support for free and fair elections, overall stability, and economic recovery. In the short-term, our assistance efforts will leverage existing funding to focus on areas where we can produce quick, concrete results and where we can have a tangible impact in support of Egypt's democratic and economic transition. We recognize that a prosperous and democratic Egypt, buoyed by economic growth and a strong private sector, could be an anchor of stability for the Middle East and North Africa.

Question #135. Will the State Department utilize all of the government mechanisms at its disposal—including the Agency for International Development, the Bureau for Democracy, Human Rights and Labor, and the Middle East Partnership Initiative?

Answer. Yes. In order to support Egypt's economic recovery and democratic transition in the immediate term, we are reprogramming $150 million from previous year bilateral USAID funds to be directed through DRL, MEPI, and USAID, and $2.6 million in funds from the Middle East Partnership Initiative (MEPI). These funds will support the political development necessary to conduct free and fair elections and to establish a responsive, accountable government that respects the universal human rights of the Egyptian people. OPIC will also provide up to $2 billion in financial support to encourage private sector investments in the Middle East and North Africa. Additionally, the U.S Export Import Bank has approved $80 million in insurance cover to support letters of credit issued by Egyptian financial institutions. Finally, the administration is working with a bipartisan group of Members of Congress to establish an Enterprise Fund for Egypt that will stimulate private sector investment, support competitive markets, and provide business with access to low-cost capital.

Question #136. How will USAID address the policy, adopted at the behest of the Egyptian Government in 2009, which restricts it from providing support to non-governmental organizations that are not formally registered with the Egyptian Government?

Answer. The dramatic political change in Egypt has created a new environment. We are reprogramming $150 million in prior-year ESF to support economic recovery and democratic transition efforts. From these funds, we will review new NGO proposals equally—whether registered, unregistered, U.S., or Egyptian—in light of how they best support the needs as expressed by Egyptians themselves.

Question #137. The United States has been criticized for providing much greater sums of military assistance than civilian in Egypt. The military assistance seems to have had some impact in discouraging the Egyptian Army from responding forcefully against protesters. On the other hand, Egypt's economic and political needs will be great in the coming months. Do we have the proper calibration between our civilian and military assistance programs?

Answer. Our civilian and military assistance programs are key, complementary elements of our overall engagement with Egypt, and both are important to our support of a successful transition in Egypt. During this time of unprecedented change, we have seen the military assume a much larger decisionmaking role. Our military assistance helps to reinforce our cooperation with Egypt on many of our shared security objectives in the region. It also enables a strong military-to-military relationship that contributes to the achievement of U.S. policy goals in the region. Our close cooperation with the Egyptian military gives us an opportunity to discuss with Egypt's military leadership values that we care deeply about—freedom of expression and association, and a process of transition to democracy in which Egyptians can have confidence.

Congress' annual appropriation of $1.3 billion in Foreign Military Funding (FMF) assists Egypt in maintaining a strong and disciplined defense force, which is critical to ensuring Egypt's continued role as a regional leader. Our FMF program and military cooperation also help ensure our privileged Suez Canal access and unfettered over-flights.

At the same time, we understand that Egypt's success will hinge on a successful economy and on democratic institutions to carry it through the transition. That is why we are also looking for new possibilities to support Egypt's economic and democratic priorities. Our March 15 announcement of additional steps to support Egypt's economy was part of this effort.

Question #138. Tunisia was the first country to undergo a popular uprising in the Middle East. As a small country with an educated workforce, it appears well-positioned for a successful democratic transition, but international assistance in the coming months may be critical. Last month, the State Department notified the committee of a $500,000 obligation of Economic Support Funds for Tunisia. However, there is no separate budget allocation for foreign assistance to Tunisia in the FY 2012 international affairs budget proposal.

- Do you anticipate that more funding will be announced for Tunisia in the critical coming months?

Answer. We must work closely with the Tunisian people and the international community in assisting Tunisia during its democratic transition. The State Department, through the NEA Bureau's Middle East Partnership Initiative, has identified $20 million in FY 2010 and FY 2011 Economic Support Funds that we will reprogram to support the Tunisian transition. Our Bureau of Democracy, Human Rights and Labor (DRL) has identified an additional $1.1 million from its global democracy fund that it plans to use to support transitional justice processes in Tunisia. USAID has made $3 million available for programs that will help prepare Tunisia for elections and has identified $2 million in transition initiatives funding to promote stabilization in marginalized areas and to encourage new and emerging groups to contribute to the national dialogue. We will also work with Congress to establish an enterprise fund for Tunisia to stimulate investment in the private sector and provide businesses with low-cost capital, particularly in the less-developed areas of Tunisia.

Finally, the Overseas Private Investment Corporation (OPIC) will offer financial support in the form of direct loans, guarantees, and political risk insurance. OPIC is already supporting one Tunis-based private equity firm that is focused on small- and medium-size businesses, is conducting diligence on two additional Tunis-based funds that will invest in the same, and will support investor visits by American businesses to Tunisia.

Looking ahead, we will continue to prepare assistance levels that reflect our commitment to supporting the democratic change underway.

Question #139. The State Department's foreign assistance to Yemen has increased dramatically in recent years, from about $30 million in FY 2009 to more than $115 million in the FY12 budget request.

- What impact does the current political instability in Yemen have on current programs, both on economic programs (for example, the ESF and Global Health and Child Survival accounts) and security assistance (for example, FMF, 1206, NADR, IMET, and INCLE accounts)?

Answer. The current political situation in Yemen has an impact on both economic and security assistance programs in Yemen. Economic programs continue to operate; specifically, USAID is relying heavily on programming and monitoring through both international and Yemeni partners. Existing security assistance programs are also continuing although new project proposals are being carefully scrutinized and in some cases delayed to ensure that new assistance is appropriate given the evolving political situation.

Continuing USG programs, including youth employment, education, health, counterterrorism, as well as much-needed Humanitarian Assistance during this period of political instability ensures that the basic needs of the Yemeni people are being met and that critical national security priorities are not abdicated. We are exploring all options to continue basic programming should the situation in Yemen change significantly. In particular, USAID's governance and livelihoods programs are flexible and were designed for stabilization purposes; as the situation evolves, USAID can look for opportunities to respond to changing needs on the ground through these programs.

Question #140. [Regarding Yemen] What kinds of contingency planning is the Department of State undertaking for the provision of U.S. assistance, in both the economic and security sectors, in the event that the situation continues to deteriorate?

Answer. We face truly historic circumstances in a region of great strategic value, but existing budget levels and earmarks greatly limit our flexibility to respond to contingencies. In spite of these challenges, we will need to be creative and flexible in identifying resources to support Yemen's security and prosperity. We are actively reevaluating our programming and assistance in order to prepare for contingencies and adapt our support to the transitions underway across the region.

Reprogramming finite funds to address short-term needs represents one form of contingency planning, though it does not ensure stable support for longer term ob-

jectives. Contingency funding capabilities, such as the Complex Crisis Fund (CCF) and the Elections and the Elections and Political Processes (EPP) Fund, help provide the U.S. Government with the flexibility necessary to respond to rapidly developing political, humanitarian, and security scenarios, without forcing us to divert funding from other priority programs.

Question #141. Organizations such as Human Rights Watch and others have raised allegations about improper treatment in Iraqi detention facilities.

- What is the administration doing to address the capacity within the Ministry of Justice, judicial guarantees and conditions in places of detention?

Answer. The administration shares the concerns of human rights advocates regarding conditions in detention facilities. The USG is using all available and appropriate diplomatic, economic, and security resources to develop the capacity within the Ministry of Justice to help Iraqi detention facilities and prisons meet international standards, address torture and abuse, and reduce overcrowding. The USG:

- Provides technical assistance to the Ministry of Justice (MOJ) to improve their capacity and monitor the performance of the criminal justice, police and security institutions to ensure full compliance with Iraq's international human rights obligations. INL/I Corrections Advisory Program aims to establish safe, secure correctional facilities for the humane care, custody, and treatment of persons incarcerated in the Iraqi Corrections Service (ICS) system as a means of enhancing the public safety for the citizens of Iraq under rule of law. INL/I currently has 33 advisors serving at nine MOJ facilities, ICS Headquarters, and the National Corrections Training Center.
- The INL/I Justice Team funds DOJ/ Overseas Prosecutorial Development and Training Rule of Law advisors, whose responsibilities include:
    1. Assisting the Government of Iraq (GOI) in processing cases more effectively, including by identifying the most critical impediments (local, provincial, and systemic) to the operation of Iraq's criminal justice system, making recommendations to improve case management, and facilitating coordination and cooperation between judges, police, and corrections personnel.
    2. Supporting compliance with Iraqi law and international human rights obligations in Iraqi detention facilities by coordinating bilateral inspections of detention facilities, addressing lawful execution of detention and release orders, reviewing timely processing of detainees, and facilitating training to build the capacity of corrections officers, among other activities which further the same goal.
    3. Assisting GOI counterparts in transition from confession-based to evidence-based prosecutions through individual mentoring, education, familiarization with evidentiary concepts and otherwise facilitating trainings for judicial police, investigative judges, and trial judges.

The USG also:

- Urges the Government of Iraq to promptly investigate all allegations of torture and ill-treatment and prosecute officials who are responsible for the abuse of detainees.
- Condemns publicly any use of torture, including during interrogation with the aim of eliciting confessions.
- Encourages the Iraqi Government to finalize ratification of the Convention Against Torture and Other Cruel, Inhuman or Degrading Treatment and ratify the Optional Protocol.
- Recommends that the Iraqi Government invite the U.N. Special Rapporteur on Torture to examine detainee conditions in Iraqi facilities.

Question #142. Recognizing Iraq sovereignty over its own detention sites, does the United States pay particular attention to persons transferred from U.S. custody?

Answer. The USG is working to ensure that the handover of detainees from the USG to the GOI, including the transfer process and subsequent detention, is consistent with our international legal obligations and policy commitments. We have had positive discussions with The International Committee of the Red Cross regarding the plan that has been developed jointly between the USG and the GOI. All remaining detainees in United States Forces–Iraq (USF–I) custody will be transferred to a Ministry of Justice detention facility, Karkh Prison. Transferring the USF–I held detainees to Karkh Prison will facilitate USG oversight of detainee treatment and judicial case processing.

Question #143. What contingency funding streams are available to provide humanitarian relief for Libya in the event that the current unrest degenerates to civil war?

Answer. The U.S. Government is providing $47 million to international and nongovernmental organizations to meet the humanitarian needs of individuals fleeing the violence in Libya. This funding is comprised of $15 million from the President's Emergency Refugee and Migration Assistance Account, $12 million from the Migration and Refugee Assistance Account, $5 million from the Title II Account, and $15 million from the International Disaster Assistance Account, $5 million of which was programmed by USAID/FFP for local and regional procurement.

We are closely following developments in Libya and should the situation further degenerate, we would look to these humanitarian accounts in the first instance.

Question #144. Regional Middle East. In light of the popular uprisings throughout the Middle East, in countries that might be looking to enact reforms and move toward more democratic systems, how does the State Department find an equilibrium between supporting the legitimate democratic aspirations of the populations with the United States existing strategic interests in the region?

Answer. It has been and remains in our interest to support Egypt—the 30 years of peace that followed the Camp David Accords allowed for both Israel and Egypt to develop and strengthen in a particularly challenging region. Our engagement with governments enables us to have honest conversations with them about things like democracy and human rights. To this end, Foreign Military Financing accounts serve U.S. interests beyond the direct security imperative; it is probably not a coincidence that the same Egyptian military that we have supported for the last 30 years chose not to fire on protesters.

In fact, we talk about these things with other governments because it is in our strategic interest to do so—to promote good governance and openness in Middle Eastern societies. I said at the Forum for the Future in Doha last January that "in too many places, in too many ways, the region's foundations are sinking into the sand. If leaders don't offer a positive vision and give young people meaningful ways to contribute, others will fill the vacuum." By helping Middle Eastern societies transition toward more democratic systems of government, we will definitively repudiate the extremist narrative that feeds on repression and isolation.

The United States maintains an active agenda promoting reform in the region. Our ambassadors and embassies across the region are fully engaged in these issues, whether through public statements, private diplomatic conversations, or targeted programming. Recent events only reaffirm the importance of our assistance efforts in the region, particularly those that support the development of economic opportunities and civil society.

We are committed to enduring partnerships with our regional allies. As events in the region have unfolded, we have maintained close contact with them, engaging leaders by phone and in person.

In our interactions with our partners, we have explained the core principles guiding us in the region, emphasized our conviction that stability in the Middle East will be enhanced by respecting the rights and aspirations of the people of the region, and reiterated our strong commitment to supporting a more peaceful and prosperous Middle East in close consultation with all our regional partners. We will continue to engage our colleagues along these lines in effort to secure greater participation and prosperity for all.

Question #145. How do we resolve the tension between supporting civil society that is seeking change while also providing support to government institutions?

Answer. For many years, the U.S. Government, through both USAID and the Middle East Partnership Initiative, has supported the development of a robust civil society across the Middle East. This support will not falter. Where there is resistance from our partners in government, we have forcefully articulated our view that a prosperous future for the Middle East depends on governments reaching out in partnership with their people to reform the political and economic foundations of the region. Indeed, my January tour of the Middle East and participation in the Forum for the Future in Doha was a concrete demonstration of our commitment to this principle. In Doha, I called on our government counterparts to see civil society not as a threat, but as a partner, and warned that "those who cling to the status quo may be able to hold back the full impact of their countries' problems for a little while, but not forever. If leaders don't offer a positive vision and give young people meaningful ways to contribute, others will fill the vacuum."

Question #146. A recent report released by the Council of Europe connects Kosovo's Prime Minister Hashim Thaci to the trade of narcotics and organ traf-

ficking. Does the EULEX mission have the capacity to undertake an investigation of this complexity or scale?

Answer. We believe that EULEX is the appropriate organization to undertake an investigation into the very serious allegations in the Council of Europe's report. It has the mandate, jurisdiction, and backing of the European Union and its partners, including the United States.

Creating another ad hoc U.N. or other international entity to carry out an investigation would be unnecessary and duplicative, in light of EULEX's mandate, and would only serve to delay efforts to get to the bottom of the allegations.

We are currently working with our European partners to assess what, if any, additional support EULEX may require to conduct a thorough and impartial investigation.

Question #147. A recent report released by the Council of Europe connects Kosovo's Prime Minister Hashim Thaci to the trade of narcotics and organ trafficking. What is the State Department doing to support further investigation of these allegations?

Answer. Rule of law is paramount for peace, stability, and progress in Balkans. The United States takes seriously any allegations of criminal wrongdoing. In this regard, we take seriously the allegations contained in the Council of Europe report, some of which had previously been investigated by the International Criminal Tribunal for Yugoslavia (ICTY) and the U.N. Mission in Kosovo (UNMIK).

We urged the governments of Kosovo and Albania to commit their full support to a followup investigation, which they have done.

We fully support the EU-led Rule of Law Mission EULEX leading a thorough and impartial follow-on investigation. EULEX has the jurisdiction and mandate to deal with the sorts of crimes alleged by the report; it already exists and has dealt with similar issues in the past as well as currently; and it will have the full weight of the European Union and its partners to support it.

The United States is a committed contributor of personnel to EULEX— including prosecutors, judges, and civilian police. We are working with our European partners to determine what further support, if any, EULEX needs in order to successfully investigate allegations in the Council of Europe's report.

Question #148. Turkish-Israeli relations have been locked into a downward spiral. Both countries share our interest in seeing their Middle Eastern neighbors freer and more prosperous.

- What can be done to put this old partnership on a more constructive basis at a time when positive leadership is needed in the Middle East?

Answer. Both Turkey and Israel are important allies and partners of the United States. A constructive relationship between Turkey and Israel supports our mutual interest in peace and stability in the region, something we are all trying to achieve.

We will continue to encourage both Turkey and Israel to move beyond the recent strains in their bilateral relationship and work together toward the goals we all share.

Question #149. Can you address the results we have seen from previous diplomatic programs in Belarus and what kind of results we can expect from a 30 percent increase of funds?

Answer. Despite the challenging and oppressive operating environment in Belarus under the Lukashenka administration characterized by repressing pro-democracy groups and independent political voices, and preventing most citizens from accessing objective information, our assistance programs have had some important successes. For example, with the support of U.S. assistance, numerous independent Belarusian newspapers and Web sites have been able to cover the recent crackdown and continue to provide objective information to the citizens of Belarus despite attacks on their Web sites and seizures of their equipment by the authorities. Last year, U.S. assistance supported 48 business associations that engaged in advocacy and watchdog functions, and mobilized the business community and broader civil society in order to affect public-policy development. These efforts led to an increase in membership of business associations by over 11 percent. Together with our European partners, we have been supporting the European Humanities University in Vilnius, which provides a Western-quality education to Belarusian students. We are also nearly ready to launch a Western-accredited, English-language MBA program, which will further expand opportunities for Belarusians. We have increased the number of Belarusians participating in exchanges to the United States, with the number of participants in 2010 reaching 100, a 4-year high.

In response to the Belarusian Government's brutal crackdown following the December 2010 Presidential election, the U.S. pledged a one-time, $4 million increase in assistance for Belarus. Some of this funding will continue to address immediate humanitarian and legal needs to those facing repression in the aftermath of the crackdown, and support independent media. For the medium to longer term, we are reviewing our assistance strategy to ensure that our programs are most effectively aligned with our policy goals and remain responsive to the evolving environment. This review will inform priorities for the balance of our $4 million commitment as well as future annual funding. We will consult with Congress before programming these funds.

Question #150. What sort of obstacles have the provision of assistance met in the past and what can be done to improve their efficacy in the future?

Answer. While our efforts to address social and humanitarian issues as well as to empower entrepreneurs and strengthen the private sector are generally unimpeded, the Government of Belarus has used a number of tactics to stymie programs working to advance civil society, democracy and human rights, which constitute the majority of our assistance. Over the course of the past decade, many of our implementing partners have been forced to shut down their offices in Belarus and relocate outside the country due to the Government's actions. Simultaneously, the Lukashenka administration has impeded the ability of many of the Belarusian beneficiaries of our assistance from carrying out their work, targeting civil society groups, independent media outlets, and those working to create space for the free expression of political views. For example, the Government of Belarus harasses activists and organizations, obstructs freedom of association and assembly, seizes equipment from NGOs and media outlets, denies independent newspapers access to distribution networks, blocks or disables independent Web sites, requires lengthy project approvals, and denies registration of civic organizations. Additionally, the reduction of staff at U.S. Embassy Minsk—ordered by the Government of Belarus in 2008—makes monitoring and evaluating our programs more challenging.

To tackle these challenges, our assistance targets civil society groups and those promoting political and media freedoms. For example, we help civil society groups and media outlets comply with legal requirements and other challenges facing their operations, as well as aid them to better secure and develop their Web sites. Additionally, the United States has gone to great lengths to coordinate with our European counterparts when working against constraints to the operating environment and to ensure that our programming is successfully addressing challenges as they arise.

To ensure our programs are most effectively aligned with our policy goals and responsive to the new, more challenging environment, we are currently reviewing our assistance strategy. We are also planning a donor mapping exercise that will aggregate information collected from all the major donors to Belarus. This project will inform our ongoing assistance strategy review, while identifying any gaps in international assistance and avoiding duplication of effort.

Question #151. Belarus. What efforts has the Department of State made specifically for the release of political prisoners?

Answer. The Department has, from the moment arrests began, made repeated efforts to persuade the Government of Belarus to immediately and unconditionally release them. We issued public statements by the Department, including two joint statements by Secretary Clinton and EU High Representative Ashton, and several other senior officials of the State Department have spoken out publicly on this issue, including former Assistant Secretary Crowley, Principal European Deputy Assistant Secretary McEldowney, and Democracy and Human Rights DAS Melia, and several statements at the regular meetings of the Permanent Council of the Organization for Security and Cooperation in Europe. Our Embassy in Minsk has on numerous occasions repeated this same message directly to Belarusian officials.

As a direct result of our determination that the Lukashenka regime has created new political prisoners, the United States on January 31 imposed a range of sanctions against Belarus. These sanctions include visa bans, the revocation of the General License that permitted trade with two subsidiaries of Belarus' largest oil and petrochemical corporation, Belneftekhim, and further efforts to freeze assets of officials responsible for the crackdown.

On April 6, the United States, together with 13 other countries, requested that international experts undertake an impartial fact-finding mission to Belarus to address questions related to particularly serious threats to human rights, fundamental freedoms, democracy and the rule of law that occurred after the December 19, 2010, Presidential election. This request was made through the invocation of an Organiza-

tion for Security and Cooperation in Europe (OSCE) mechanism known as the "Moscow Mechanism." Approved by consensus of all OSCE participating States in 1991, the Moscow Mechanism provides a means for addressing questions related to the fulfillment of human rights commitments in an individual State.

We are continuing to assess the effectiveness of these steps as we go forward, and we will decide on any further actions based on the regime's response. We will continue our close coordination with our EU colleagues for maximum effect.

Question #152. The U.S.-Russia Bilateral Presidential Commission was established in July 2009 in an effort to reset relations between the two countries and broaden the range of issues they engage on. Several working groups of the Commission are meeting in Moscow from February 28 through March 5, 2011, including Science and Technology and the Education subworking group. There will be discussions of building academic partnerships and collaborating on technology transfer.

- What concrete accomplishments can the working groups point to now that they've had over a year to cooperate?

Answer. Our efforts since President Obama and President Medvedev committed to making a fresh start in U.S.-Russia relations have proven that the reset is real and substantive. This is in no small measure credited to the work of the Bilateral Presidential Commission and its now 18 working groups. In its short 2-year lifespan, the Commission has proven itself as a catalyst for regular interactions between our governments on a growing shared agenda. It has also added value to these relationships by bringing in fresh faces, including from our companies and civil societies, to help sustain its work and to produce tangible results that impact both Russians and Americans. A detailed account of the Commission's accomplishments in its first year can be found on the Commission's Web site at www.state.gov/russiabpc . A short scorecard of the Commission's more recent achievements include:

- Continued coordination on Iran, North Korea, and Middle East Peace;
- Joint U.S. and Russian support for an Afghan-led operation, which seized over 932 kg of heroin, and the dismantling of a cocaine smuggling ring between Florida and St. Petersburg;

The shutdown of Russia's last weapons grade plutonium reactor and the conclusion of an agreement to conduct feasibility studies on research reactor conversion;

An increase in joint exercises and exchanges between our militaries, including for the first time in our history a joint counterterrorism exercise to combat aircraft hijacking, which took place last August;

Expanded opportunities for two-way trade and investment, including in innovation sectors, and the launch of new partnerships between our cities and companies on energy cost saving Smart Grid Technology;

New cooperation on the global eradication of polio and to launch technology applications to provide health information to new mothers via text message;

Increased collaboration between American and Russian NGOs to fight official and corporate corruption and stop the exploitation of children;

And, the creation of new university partnerships in science and technology as well as creation of new youth exchanges in sports and theater.

And that is just the tip of the iceberg, with much more planned for the future.

Question #153. How often have the working groups met and on what dates?

Answer. The Commission has achieved its objective to increase productive interactions between the United States and Russia. According to the Commission's mission statement, working groups are encouraged to meet as often and regularly as cochairs consider necessary. In its first year alone, over 100 meetings and exchanges were held under the auspices of Commission working groups. Since last July, over 50 high-level interactions, including visits and digital video conferences, have taken place. This high level of interaction is indicative of our shared interest in strengthening our joint work across the Commission's broad agenda. In our meetings and discussions, Russia's Foreign Minister and I, as co-Coordinators of the Commission, regularly review progress and offer guidance on the Commission's initiatives and activities.

Question #154. Are there plans to restructure, consolidate, or expand the BPC working groups based on the ongoing experience acquired as a result of the collaboration?

Answer. As the Commission's terms of reference stipulate, the composition of the Commission may change as some objectives are accomplished and new ones are identified. In September, the Defense Relations Working Group, cochaired by Secretary Gates and Russia's Defense Minister, Anatoliy Serdukov, was created to enhance interactions and build confidence between our defense establishments in

areas such as missile defense, defense technology, maritime operations, regional security, training, and social welfare issues. Thus, as our shared agenda with Russia grows to include new issues or priorities, the Commission may also grow to advance our objectives.

Question #155. How are working group activities budgeted?

Answer. U.S. Commission activities are not funded through a designated budget but supported as appropriate through the existing budgets of participating agencies and the annual bilateral assistance to Russia provided through the Assistance to Europe, Eurasia and Central Asia (AEECA) account. Given growing budgetary constraints, we have encouraged working groups to be flexible in engaging their Russian counterparts, including by using video-teleconference. We are also exploring opportunities for public-private partnerships as well as potential fund raising mechanisms to support new initiatives, particularly to further our cultural and youth exchanges.

Question #156. The Government of Azerbaijan continues to make bellicose statements regarding the ongoing state of tensions with Armenia. Recently an agreement on military cooperation was concluded between Turkey and Azerbaijan.

- What is the extent of military cooperation between Azerbaijan and Turkey?

Answer. The Government of Azerbaijan and the Government of Turkey share close bilateral relations and have been cooperating in the military sphere in a number of areas.

On December 21, 2010, the Azerbaijani Parliament ratified an agreement on "strategic partnership and mutual assistance" with the Government of Turkey. We understand the agreement includes cooperation on a range of bilateral issues, including in the military sphere. The agreement stipulates joint training, technical cooperation, equipment provisioning, and consultations on political-military security issues.

Question #157. How concerned are you by the Azeri military buildup?

Answer. As a cochair of the OSCE Minsk Group, the United States remains concerned about the risk of miscalculation in the Nagorno-Karabakh conflict. We continue to urge the parties to the conflict to show restraint in order to minimize the risk that any such miscalculation could lead to unintended consequences. Azerbaijan remains an active participant in the Minsk Group process and has committed to seeking a lasting, peaceful settlement of the conflict. The United States has continued to make clear to Azerbaijan and Armenia, both bilaterally and through the Minsk Group, that there is no military solution to the conflict.

Question #158. What is the Department doing to address it?

Answer. As a cochair of the Minsk Group, the United States has emphasized that all sides should show restraint in their public statements and on the ground to avoid misunderstandings and unintended consequences. Secretary Clinton reiterated this message during her February meetings in Munich with Azerbaijani Foreign Minister Mammadyarov and Armenian President Sargsian, as did Deputy Secretary Steinberg during his February visits to Yerevan and Baku.

Question #159. Can you point to any successes the Minsk Process may have achieved since its establishment?

Answer. The OSCE Minsk Group, of which the United State is a cochair, continues its vital role as the sole venue for mediating a peaceful, lasting settlement of the Nagorno-Karabakh conflict. First and foremost, the Minsk Group cochairs continue to help Armenia and Azerbaijan recognize that a return to open conflict would be disastrous both for them and the region. Through their regular shuttle diplomacy to the region and meetings with the top leadership of all sides, the cochairs have helped Azerbaijan and Armenia move closer to peace. In recent weeks, there has been positive movement toward reaching agreement on the Basic Principles, which will serve as the basis for a final peace treaty. In December 2010, the Presidents of Armenia and Azerbaijan issued a joint statement—along with Russian President Medvedev, French Prime Minister Fillon, and Secretary Clinton—which confirmed their commitment to seek a peaceful settlement based upon the principles and norms of international law; the United Nations Charter; the Helsinki Final Act; and the statements of Presidents Medvedev, Sarkozy, and Obama at L'Aquila on July 10, 2009, and at Muskoka on June 26, 2010. Notably, this was the first time Presidents Aliyev and Sargsian publicly and jointly stated that the Helsinki Final Act and the elements in the L'Aquila and Muskoka statements should be the basis of a settlement.

Question #160. U.S. Presence in Asia-Pacific. In the last several years the United States has shown through both words and actions a reinvigorated, bipartisan commitment to maintaining a robust presence in the Asia-Pacific region. While expressing support for this renewed presence, partners and allies in the region have expressed the hope that U.S. engagement with the Asia-Pacific will be sustainable. A critical test of our sustainability—and ultimately our ability to retain influence—will be maintaining budgetary support for U.S. programs and personnel in the region.

- Does this budget adequately reflect the continuing U.S. commitment to the Asia-Pacific?

Answer. The FY 2012 budget request supports our engagement in the East Asia and Pacific region and advances fundamental U.S. interests. Our foreign assistance is intended to deepen relationships with burgeoning democracies in Indonesia and Mongolia, strengthen partnerships with newly emerging democracies such as Timor Leste, establish a USAID office to implement projects in the Pacific, enhance relations with long-time partners in Thailand and the Philippines, improve cooperation with Vietnam and China, and support civil society needs in Burma. In addition, we seek to further regional integration through multilateral organizations such as the Asia-Pacific Economic Cooperation forum and the Association of Southeast Asian Nations, as well as through the Lower Mekong Initiative.

Foreign assistance from the East Asian and Pacific Affairs bureau will support the key U.S. Government priorities in the region of advancing the Comprehensive Partnership with Indonesia, improving security and antiterrorist capabilities in the Philippines, enhancing engagement with Vietnam, building the capacity of regional multilateral institutions, and supporting global initiatives on health, climate change, and food security.

Question #161. What are the funding levels for the "100,000 Strong" Initiative and the Lower Mekong Initiative—two signature administration initiatives in East Asia—in the FY 2012 budget?

Answer. The "100,000 Strong" Initiative is a public-private partnership; there is no FY 2012 funding request.

Our FY 2012 request for the Lower Mekong Initiative (LMI) is $5.5 million.

Question #162. Is funding sufficient to sustain programming on both initiatives?

Answer. No U.S. Government funds will be used to support the 100,000 Strong Initiative. The Initiative is a public-private partnership and will be fully funded and implemented by private sector organizations. Corporate, foundation, and individual donors pledge financial support to the Initiative, but funding flows directly to the schools and study abroad programs of their choice. Our goal is to secure pledges of at least $68 million in private contributions to support the Initiative in order to enable study abroad programs to expand sufficiently to reach our goal of seeing 100,000 Americans studying in China over 4 years.

Present funding for the Lower Mekong Initiative will allow us to support programs across the four pillars: infrastructure, education, health, and the environment. In July 2009, the United States joined Cambodia, Laos, Vietnam, and Thailand to launch the Lower Mekong Initiative with the aim of promoting cooperation on issues of regional importance.

Since then, we have initiated projects designed to help better manage the invaluable natural resources that the Mekong River system provides, such as strengthening water management, cleaning up waterways, protecting forests, building science partnerships, and advancing clean energy. The FY12 request of $5.5 million for the Lower Mekong Initiative would allow the United States to expand those projects, develop new ones, and leverage resources from the Lower Mekong countries as they have also offered to contribute resources to support shared efforts.

Question #163. What impact would proposed budget cuts have on the United States ability to exert its influence in the region?

Answer. There is no question that the dynamic Asia-Pacific region's influence is growing and holds the key to our shared future, and that American leadership in the region is essential to our long-term national interests. Proposed budget cuts would undermine the administration's commitment to sustain and strengthen America's leadership in the Asia-Pacific region. Reduced funding could have significant consequences for our efforts to engage Asian-Pacific countries and regional institutions to improve security, heighten prosperity, and promote democracy and human rights. Budget cuts would also limit our ability to help build regional capacity to address the economic, environmental, political, and security challenges facing the region.

Question #164. What message would cuts send to our allies and partners in the region?

Answer. Reduced budgetary support for our programs in the Asia-Pacific region would undermine our efforts to sustain and develop our influence in the region and would send the wrong signal to our partners and allies, giving credence to those who have openly questioned the United States long-term commitment to the region. A reduction in funding levels would also prevent the United States from fulfilling important existing commitments to support programs and initiatives in the region. Reneging on our commitments would not only raise doubts about our willingness to live up to our promises, but also call into question our sincerity when making those commitments.

Question #165 & #166. The East-West Center (EWC) was established by Congress in 1960 as a national educational institution to foster better relations and understanding among the peoples of the United States, Asia, and the Pacific Islands through programs of cooperative study, training, and research. The EWC plays an absolutely critical U.S. public diplomacy role in the Asia-Pacific, and is an important aspect of the broader, enduring U.S. presence in the region.

- How does your department assess the continuing value of the EWC's activities to U.S. national security and foreign policy objectives in the Asia-Pacific?
- How would cuts in EWC funding impact U.S. diplomatic efforts in the region?

Answer. As the importance of U.S. relations with the Asia-Pacific region continues to grow—including with China as an emerging global power and Indonesia as the world's most populous Muslim nation—the East-West Center remains valuable to promoting U.S. national security and foreign policy objectives. Established by the U.S. Congress in 1960, the Center serves as a key national resource by fostering better relations and understanding among the peoples of the United States, Asia, and the Pacific Islands through education and dialogue on critical issues of common concern. Its success in bringing together people and institutions from multiple sectors—including government, academia, journalism, and the private sector—promotes regional collaboration, intellectual capacity-building and the development of effective policy options.

- The East-West Center has introduced many opinion-makers overseas to American values. It serves as a forum for meetings between officials and leaders of Asia and the Pacific and their U.S. counterparts, offering a unique venue and expertise to foster cooperation and encourage the sharing of ideas. The Center's 58,000 alumni form a significant international network of influence in government, international organizations and educational institutions, and U.S. embassies support and benefit from the efforts of these alumni overseas. Prime Minister Manmohan Singh of India and Prime Minister Najib Razak of Malaysia are among current Asia-Pacific leaders with East-West Center experience. Another Center alumnus, Chinese Vice Minister of Education Hao Ping, has a key role in promoting enhanced educational cooperation with the United States. The Center's biannual alumni conferences convene hundreds of alumni, testimony to the lasting value of the Center experience.
- The Center's leadership programs for graduate students, young professionals and young women leaders in particular are helping pave the way for a future of increased cooperation. The Center also helps Americans improve their understanding of the Asia-Pacific region by working with high schools and colleges around the country, strengthening U.S. capacity to engage with this critical region in the future.
- The pending FY 2012 President's budget reflects the administration's commitment to fiscal constraint, and would require a number of programs to pursue operating efficiencies and greater cost-sharing. As has been proposed in past years, the budget assumes the East-West Center will pursue other Federal and non-Federal funding sources to support both its core programs and administrative overhead. The Center raises approximately $0.60 for each appropriated dollar to further its congressional mission. Should the Center be unable to increase this ratio, it will need to reduce a significant number of staff, reduce the amounts of student scholarships (approximately 280 currently) and decrease the number of its other participants possibly by one half, and may be required to eliminate its Okinawa Initiative and U.S. involvement with the Pacific Economic Cooperation Council, and implement substantial cuts in programs for journalists, teachers, political leaders, and cooperative research. Collaborators and donors have noted that cutbacks in the appropriation would likely result in reduced nongovernmental funding as well.

Question #167. Congress has long supported the Asia Foundation's efforts to build democratic institutions and promote economic reform and women's empowerment across Asia. Through its longstanding presence working through 18 field offices across the region, the Foundation builds local capacity that engages government and civil society in reform efforts. The Asia Foundation's activities not only improve the lives of Asians, but they contribute to stability and U.S. national security interests in the region.

- In what ways does the work of the Asia Foundation contribute to advancing U.S. interests in the region, specifically including democratic development, good governance, economic reform, and women's empowerment?

Answer. The Asia Foundation has unique attributes that enable it to advance U.S. interests in Asia. The Foundation is the only nongovernmental organization that has maintained 18 offices throughout Asia for nearly 60 years. Because of its long history in Asia, its grantmaking, and its deep relationships of trust with local governments and nongovernment organizations, the Asia Foundation is able to manage effective on-the-ground programs by providing grants to local organizations to build local capacity. Specifically, these programs advance U.S. national interests such as strengthening democratic institutions and civil society, promoting good governance, creating economic opportunity, and empowering women, and are often conducted in countries or target situations in which the U.S. Government is unable to offer direct assistance.

Using its appropriation from Congress, the Foundation funds pilot projects and leverages funds from other donors to expand the impact of U.S. taxpayer-funded programs.

The Asia Foundation continues to be one of the U.S. Government's most important private partners in developing and implementing democracy, governance, and human rights programs in Asia. Examples of those programs include advancing open government and transparency in rulemaking in China, developing peace processes in the Philippines and Nepal, countering trafficking in persons, protecting rights and empowering women in Cambodia and Thailand, and working with religious organizations in Muslim countries, including Indonesia, Malaysia, Bangladesh, and Afghanistan.

Finally, the Foundation is an important neutral convener and, as such, helps to resolve conflicts in key countries in Asia. As seen in its role as a neutral party in the Philippine peace process, the Foundation is the only American organization to be invited by both the Government of the Philippines and the Moro Islamic Liberation Front (MILF) to help monitor the peace agreement.

Question #168. How would cuts in Asia Foundation funding impact U.S. efforts to promote democracy, good governance, market economic policies, women's rights, and justice in Asia?

Answer. As a unique American asset relied upon by State, USAID, and other U.S. Government agencies, Asia Foundation funding cuts would have a negative impact on U.S. Government efforts to promote democracy, good governance, and reform in many Asian countries. Cuts specifically would jeopardize the Foundation's longstanding 18 office network in Asia. The Foundation effectively manages its limited funding, with a low overhead rate, and leverages an estimated $4 from other donors for every congressionally appropriated dollar. The Asia Foundation's 1994 appropriation of $15 million would be equivalent to $23 million in today's inflation-adjusted dollars, yet the Foundation's appropriation in FY 2010 was just $19 million.

As the only longstanding American organization with a regionwide reach, the Asia Foundation's withdrawal from countries could be seen as a signal of American withdrawal from those specific countries and from engagement in the wider region.

The Foundation plays an important American nongovernmental leadership role in helping to convene newly emerging donors in the region, leading up to the High Level Forum for Aid Effectiveness this fall, for which the Foundation has been working closely with the South Korean Government to prepare and shape the agenda. As a valued private partner of the U.S. Government in implementing important programs to advance key U.S. interests in the region, any reduction of the Foundation's presence in the region would be detrimental to the advancement of U.S. interests in Asia.

Question #169. Burma: When the Obama administration announced its Burma policy in the fall of 2009 after extensive study, it pledged to address the urgent humanitarian needs of Burma's long-suffering people through the expansion of assistance in ways designed to help those most in need without inadvertently strength-

ening the government. How does this year's budget request for Burma-related accounts reflect this goal?

Answer. Of the total $23.3 million FY 2012 funds requested for Burma, approximately $12 million ESF will be used for humanitarian assistance, expanding the FY 2009-funded program from the Delta region affected by Cyclone Nargis to the "Dry Zone," a drought-ridden region of Central Burma, where people are among the most disadvantaged. The FY 2012 budget request will support the most vulnerable and poor in three key sectors: maternal and child health; livelihoods/food security; and water/sanitation/hygiene. USG implementing partners in Burma are experienced in the complex operating environment of Burma and have internal systems and policies in place to ensure that assistance reaches the targeted communities and that no funds go to or through the Government of Burma. Implementing partners work in accordance with U.S. Government statutory restrictions and Office of Foreign Assets Control sanctions and licenses.

Question #170. Please describe the administration's plans to support the activities of NGOs in Tibetan regions of China, and the impact of proposed cuts to foreign assistance on those and related Tibet programs, as well as on the ability of the administration to implement the Tibet Policy Act of 2002.

Answer. U.S. Government assistance to Tibetan areas of China reflects the basic tenets of the Tibetan Policy Act of 2002 to support cultural preservation, sustainable development, and environmental preservation.

The State Department and USAID support these objectives through numerous programs that aid Tibetans both inside and outside of China. These programs preserve Tibet's unique cultural and linguistic heritage, provide educational and vocational opportunities, protect Tibet's delicate environment, and aid Tibetan refugees in neighboring countries.

Proposed cuts to the foreign assistance request for Tibet programs would undermine the administration's ability to implement the Tibet Policy Act of 2002. Reduced funding could have significant consequences for our efforts to preserve Tibetan culture, promote prosperity for ethnic Tibetans, and protect Tibet's environment. Budget cuts would also limit our ability to build local NGO capacity to address challenges facing the region. For instance, in Qinghai province, the State Department has been supporting the growth of the NGO sector in Tibetan areas. The 2010 Yushu earthquake brought devastation to the area, which is estimated 97 percent ethnic Tibetan, and many NGOs are still in the process of rebuilding their organizations and environment. Without continued funding, Tibetan NGOs will lose critical support for their efforts to ensure that government plans to rebuild the area take into account the needs of local residents. Budget cuts would also sharply limit USAID's ability to improve health care services for Tibetan children and provide training for Tibetan birth attendants.

Question #171. What is the State Department's position on S. 416 (a bill to develop a strategy for assisting stateless children from North Korea)?

Answer. Intercountry adoption, as contemplated by S. 416, is ill-suited to respond to issues relating to statelessness and to North Korean refugees. We generally find that intercountry adoption is not an adequate form of assistance to children in situations of distress arising from a natural disaster, political unrest, the type of oppression found in North Korea, or the plight of North Korean refugees in other countries. As difficult as those situations may be, the children may nonetheless have parents or relatives with whom they may be reunited, making intercountry adoption a premature option. Heightened safeguards should be applied to verify that children in such circumstances are actually orphans and are not merely temporarily separated from their parents.

RESPONSES OF SECRETARY OF STATE HILLARY RODHAM CLINTON TO QUESTIONS SUBMITTED BY SENATOR RICHARD G. LUGAR

Question #1. Overseas Contingency Operations (OCO).—While I understand that the programs you propose to fund through the new Overseas Contingency Operations (OCO) account are separated from the core State and foreign operations programs because they are not anticipated to be long-term programs, you have also included a number of programs for these frontline states throughout your core budget request, including, for example, $324 million for Afghanistan for "rule of law development and the drug trade that fuels the insurgency" which your budget states are "two of the greatest strategic challenges facing the United States in the war in Afghanistan."

- Please explain how you determined which funding priorities fall within the OCO versus your core budget for these frontline states, and what the total amount of funding for the frontline states is within your core budget.

Answer. By requesting $8.7 billion in an Overseas Contingency Operations (OCO) budget, the Department of State and USAID strive to be as transparent as possible about the extraordinary and temporary resource demands we face due to operating in frontline states (Iraq, Afghanistan, and Pakistan)—treating these exceptional requirements as the Department of Defense (DOD) has been treating them for several years. At the same time, there is still a need to lay the foundation of a lasting diplomatic presence and continue base assistance programs to ensure that the gains made by the Department of State and the DOD are not reversed and that we continue to foster long-term strategic partnerships. These expenses are included in the FY 2012 core budget request of $5.3 billion for the frontline states.

Our efforts to stabilize the frontline states and transition from military-to-civilian-led missions in Afghanistan and Iraq, has led the Department and USAID to take on extraordinary roles and costs that are greater than our operations and assistance programs in other regions of the world. We anticipate that as these missions mature and the political, economic, and security fortunes of these countries change, these resource demands will ebb.

Specifically, the OCO costs for the Department and USAID include higher personnel expenses, enhanced security to operate in a high-threat environment, new facilities to support expanded operations and the greater logistical demands such as fuel costs and transportation of personnel. In Iraq, foreign assistance OCO costs are specifically related to the transition of police training and military assistance from the DOD to the Department of State. In Pakistan and Afghanistan, OCO directly supports civilian-led efforts to develop robust counterterrorism and counterinsurgency cooperation—the Pakistan Counterinsurgency Capability Fund and economic and development programs tied to counterinsurgency efforts. Specific criteria are detailed below:

Number	Description
1	Temporary in nature.
2	Particular to the unique operational hazards in a frontline state such as security to cover transition activities, life support and vehicle/aviation recovery, acquisition of aviation and/or secure vehicles for transition activities.
3	Specific to supporting counterinsurgency operations and provincial stability, such as PRT funding in Afghanistan and the EBOs in Iraq.
4	Transitioning programs from military to civilian responsibility, such as the police training and military assistance programs in Iraq.
5	Extraordinary in terms of scale required to meet political imperatives such as infrastructure programs in Afghanistan and the interagency civilian uplift.

In regard to your question about determining the split between OCO and core foreign assistance programs in Afghanistan, the Department of State and USAID determined that OCO costs are extraordinary and/or temporary and specifically intended to achieve joint civilian-military objectives. The following economic assistance programs, therefore, fell within the OCO request:

Program	Justification
Provincial Reconstruction Team Programs.	These programs provide local government solutions to counter insurgent influence and build support for legitimate governance institutions. Programs immediately follow ''clearing'' and target conflict-affected populations.
Strategic Communications	The ''Strat-Comm'' program counters extremist voices and builds Afghan communication capacity to directly counter extremist domination of communication space.
Alternative Development	These programs reinforce stability by providing vulnerable populations with licit, economically attractive alternatives to poppy cultivation, in turn reducing revenues that support anti-government elements and contributing to the development of sustainable economic growth.
Roads	This request supports construction of municipal, district, provincial and regional transit routes that link communities and markets. These roads are critical to maintaining the momentum behind other economic growth initiatives that support both stabilization efforts as well as long term economic sustainability.

Program	Justification
Power	Economic growth is the key component of the COIN Build phase and reliable access to power underpins economic growth and job creation. The OCO component of the power request supports the Afghan Infrastructure Program, including the Kandahar Power Initiative. These large-scale infrastructure projects will complete large-scale, high priority power projects that will provide up to 50 percent of Afghanistan's urban populations along the eastern corridor with access to reliable, uninterrupted power supply.
Cash for Work	These programs provide short-term jobs for urban and rural families, targeting unskilled, under-employed youths in insurgent-vulnerable areas.

The core components of the request are those programs with the primary objective of promoting sustainable solutions in Afghanistan, beyond our stabilization objectives. These programs primarily focus on longer term capacity-building and sustainable solutions that will help ensure the irreversibility of transition from international to Afghan lead. The rule of law and governance programs, for example, are critical to building Afghan institutions that are responsive to citizen's needs after military-led efforts have scaled down. Under infrastructure, the physical construction of projects is considered OCO because of the extraordinary size of the near-term investment. But the sustainability components of the project that focus on commercialization of electricity delivery and the capacity-building within the government to manage these programs are part of the core program. Health and education fall under the core program because they are cornerstone investments that will ensure a stable and productive society, but also build the capacity of the Afghan Government to provide these services independently.

Similar considerations were used in developing the State Operations requests. The enduring program component covers the anticipated longer term platform that resembles our presence in comparable posts the region. For example, while the static guard force in Iraq is made up largely of third country nationals (TCNs) that require sustainment, the longer term force is anticipated to consist of local guards, as is the case at other posts. The extraordinary costs associated with the contracts to provide the TCNs and their sustainment is considered to be in OCO, while the component of the current contracts that are estimated to cover the cost of a future local guard program in Iraq is part of the enduring portion of the request. In Afghanistan and Pakistan, the enduring request supports long term programs, permanent facilities, and staffing at the level prior to the civilian uplift. The enduring funding level was initially based on post requirements and staffing at FY 2007 levels, with adjustments for the operating costs of new consulates and other permanent facilities. The extraordinary costs above and beyond the enduring presence would be considered OCO. The enduring and OCO split will be continuously reviewed as policy decisions dictate what the future enduring presence will be.

Question #2. You plan to use Pakistan OCO funds for the Pakistan Counterinsurgency Capability Fund (PCCF) to help Pakistan's military build the capacity to eliminate insurgency sanctuaries that threaten the government's stability.

- How serious is the threat of internal extremist groups to the Pakistan security institutions and can the Government of Pakistan withstand their threat? What role does economic assistance play in this threat?

Answer. The threat of internal extremist groups to the Pakistan security institutions is significant, although the Government of Pakistan, including security institutions, can withstand this threat. By this, we mean that it is highly unlikely that one or more extremist groups would topple the federal or provincial governments. However, we expect continued attacks against state institutions such as high-profile bombings of military and civilian government facilities.

The economic assistance provided to Pakistan is key to continuing to help the civilian government build its capacity to secure the country and meet the needs of its people and, in the long-term, to increase to the economic, social, and educational opportunities available in Pakistan, thereby reducing the appeal of extremism.

Question #3. While the circumstances of the death of Pakistani citizens last month continues to be subject of much speculation, the loss of life is painful and regrettable. It is imperative to the effective practice of diplomacy to adhere to international conventions.

- What is the status of our relationship with Pakistan in view of the long detention of one of our Embassy staff, Raymond Davis? How will his status determine U.S. assistance and engagement going forward?

Answer. America and Pakistan are pursuing a broad and important agenda together, specifically our shared desire to see Pakistan become a strong, prosperous democracy, at peace with its neighbors, and working with us to build security across the region. We are working together to build energy projects in Pakistan, launch stabilizing road projects in the FATA, build clinics and schools, improve macroeconomic fundamentals, cooperate on fighting terrorism, and coordinate on our efforts to bring stability Afghanistan. On these and other aspects of our partnership with Pakistan, we stress the frequency, integrity, and constancy of our engagement with the people and Government of Pakistan.

This is also a difficult time in our relationship, with tensions over a series of contentious issues, including the case involving Raymond Davis, and differences on the most effective means for fighting terrorism. We know the pain this case has caused, and we are committed to working with the people of Pakistan to move forward in peace and partnership based on mutual trust and common interests.

Question #4. The Enhanced Partnership with Pakistan Act of 2009 provided authority for the long-term engagement and development of Pakistan. Such funds are in the national security interest and have long been intended for a long-term and committed partnership with all Pakistanis.

- a. Why have significant resources of those authorized funds been expended for the purpose of underwriting a social safety net program?
- b. Why has such a large portion of the first year funding been allocated to a humanitarian response fund, the Citizen's Damage Compensation Program, in response to the massive floods of the past year rather than being sought through emergency response accounts such as IDA or through multilateral mechanisms?

Answer. At the October 2010 U.S.-Pakistan Strategic Dialogue, in a discussion of its plan for recovering from the 2010 flood disaster, Pakistan's economic leadership indicated that their sole priority for donor funding for the reconstruction effort was the Citizens' Damage Compensation Fund. The Government of Pakistan (GOP) established the Citizens' Damage Compensation Fund immediately after the flood disaster as a mechanism to quickly deliver cash assistance to families devastated by flooding. This infusion of capital is meant to allow citizens to rebuild their homes and replant their fields as quickly as possible. As we articulated in the December 2009 Civilian Assistance Strategy, addressing Pakistan's priorities is critical to developing a lasting and productive strategic relationship with the people and Government of Pakistan.

Since Ambassador Holbrooke announced that we plan to accelerate $500 million in assistance to support recovery and reconstruction efforts, the GOP has established a partnership with the World Bank to strengthen the Compensation Fund mechanism. On March 30, the World Bank approved its plan to contribute $125 million to the Compensation Fund. Australia, Canada, Italy, and the United Kingdom are also considering large contributions, and the GOP itself plans to provide $100 million to support the expansion of the program.

The significant financial support of these donors, especially the World Bank, is because this program is serving a critical role in limiting the economic impact of the flood by supporting relief to families in need. It also reflects the fact that, according to the World Bank, the Pakistanis have gained significant experience in implementing similar programs over the past few years—for the 2005 Earthquake Relief effort, the 2009 cash transfer program for internally displaced persons in Malakand division, and the Benazir Bhutto Income Support Program (BISP). These experiences have earned Pakistan's implementing agency—the National Date Registration Authority (NADRA)—international credibility.

Following the 2009 Tokyo Donor Conference for Pakistan, the United States made a contribution to the BISP, a government program that provides microcredit payments directly to female heads of households, to demonstrate U.S. commitment to Pakistan's development and directly impact the Pakistani people, including the most vulnerable populations.

Question #5. In your public remarks in Washington on September 28, 2010, you stated, "it's one of my pet peeves—countries that will not tax their elites but expect us to come in and help them serve their people are just not going to get the kind of help from us that they have been getting . . . You cannot have a tax rate of 9 percent of GDP when big landholders and all the other elites do not pay anything or pay so little it's laughable, and you've got such a rate of poverty and everybody's looking to the United States and other donors to come in and help."

Essential fiscal reform measures that would have reduced damaging subsidies, increased tax revenue and placed Pakistan's economy on a more sound footing appear

to have been halted indefinitely in the Parliament or reversed altogether by the Government of Pakistan. Consequently, Pakistan remains at grave risk of financial default. At a time when Pakistan appeals for greater international assistance to address the country's severe economic crisis, its tax to GDP rate of roughly 9.5 percent remains among the lowest in Asia.

- (a) In light of continuing economic reform setbacks in Pakistan, despite the reform imperative, please describe the purpose and structure of United States assistance to Pakistan and through the government budget. How will the United States ensure, bilaterally and through our Executive Director at the International Monetary Fund, that foreign assistance does not enable dependency or sustain fiscal imprudence?
- (b) What recommendations has the U.S. Representative to the International Monetary Fund suggested regarding the remaining two tranches under the current agreement with Pakistan—worth a combined $2.3 billion?

Answer (a). The Government of Pakistan has made some progress in expanding the tax net over the last 2 years by removing exemptions, improving fiscal transparency and discipline, and limiting government borrowing from the national bank. While significant work remains to be done to stabilize Pakistan's economy, we must recognize that Pakistan has made some progress under the Stand-By Arrangement it negotiated with the International Monetary Fund (IMF) in November 2008.

As part of our political and policy commitment to building a partnership with the people and Government of Pakistan, we have made a concerted effort over the past year to channel increasing amounts of U.S. assistance toward Pakistani priorities, including through government institutions when appropriate. Over the past 2 years, USAID has developed significant experience in designing government-to-government assistance programs, including through conditional cash transfer programs like the Benazir Bhutto Income Support Program or the Citizens' Damage Compensation Fund and fixed-rate reimbursable agreements for projects implemented by government institutions. Comprehensive accountability and oversight standards are built into these agreements to ensure that U.S. taxpayer resources are used for their intended purposes.

We will continue to engage the Government of Pakistan on the importance of meaningful reform in bilateral and multilateral fora and in close cooperation with the international financial institutions. Ultimately, we must recognize that Pakistan's leadership must lead in taking the hard choices needed to stabilize Pakistan's economy and ensure enduring reform.

Answer (b). The United States has indicated to the Government of Pakistan, the IMF, multilateral development banks, and other donors that we believe it is critical to continue making progress on meaningful reform. We continue to urge Pakistan to remain engaged with the IMF on its reform program, specifically as they design measures to mobilize their domestic resources, alleviate energy shortages, and improve fiscal management. The parameters of Pakistan's future relationship with the IMF, including whether it receives the remaining credits under the augmented November 2008 Stand-By Arrangement, are dependent on progress made by the Government of Pakistan in consultation with the IMF.

Question #6. You made clear in your testimony that U.S. troops will depart Iraq at the end of the year. Given, as you stated, the difficulty in predicting any request coming from Prime Minister Maliki, I hope we have robust contingency plans. While some of these issues are outside your direct purview, these decisions directly affect the safety of your frontline diplomats.

- What is the current planning for the various components of the Office of Security Cooperation (military, civilian, contractors, etc.)? Please be specific on numbers and funding. What forces does the administration intend to stage in the region after that end date certain?

Answer. The Office of Security Cooperation–Iraq (OSC–I) will be a critical element of the U.S. post-2011 diplomatic presence in Iraq and will be squarely focused on helping Iraq fully develop its capacity to provide external defense. OSC–I will be the key U.S. military-to-military engagement tool to provide a platform for a long-term United States-Iraq security relationship consistent with the principles of the Strategic Framework Agreement, which was signed by both the United States and the Government of Iraq in 2008. The OSC–I will assist the Government of Iraq to close gaps in the Iraqi Security Forces (ISF) capabilities previously filled by U.S. military forces.

The OSC–I activities will include Foreign Military Sales, Foreign Military Financing, International Military Education and Training, and End-Use Monitoring. We anticipate the OSC–I also conducting a full range of traditional security cooperation

activities such as joint exercise planning, combined arms training, and senior level visits.

The Departments of State and Defense have made significant progress on OSC–I planning, particularly with regard to finalizing the scope of staffing and facilities requirements. We are pleased that DOD, through U.S. Central Command, (CENTCOM), has accepted day-to-day security responsibility for DOD personnel assigned to the OSC–I and for securing the field sites that will not be colocated with the Embassy and constituent posts. DOD will be responsible for any costs associated with security-related facilities enhancements at all non colocated sites. Our shared goal for all these planning efforts is that OSC–I will be mission capable by the end of this year.

The U.S. Government is adhering to all of its obligations under the U.S.-Iraq Security Agreement (SA), including the obligation to complete the drawdown of U.S. forces in Iraq by December 31, 2011. At this time, the Iraqi Government has not requested a renewal or amendment of the SA. We defer to DOD for any information on what military forces, if any, the USG plans to stage in the region after USF–I completes its drawdown.

Question #7a. On the civilian presence in Iraq: What is the current civilian footprint in Iraq and expected level by the end of 2011?

Answer. There are approximately 1,600 State Department direct hire employees in Iraq and approximately 7,200 life support, technical and security contractor personnel countrywide, for approximately 8,800 total personnel. This includes personnel in Baghdad and the 16 Provincial Reconstruction Teams (PRTs).

Following the military-to-civilian transition in 2011, the Department will consolidate approximately 17,000 Chief of Mission personnel at 15 separate sites, including five collocated and five stand-alone sites under the Office of Security Cooperation–Iraq (OSC–I):

Baghdad:
- Embassy Baghdad
- Camp Sather (OSC–I collocated)
- Joint Security Station (JSS)
- Shield (OSC–I collocated)

Erbil:
- Consulate General Erbil
- Contingency Operating Station (COS)
- Erbil (OSC–I collocated)
- Erbil Aviation Hub

Basrah:
- Consulate General Basrah (OSC–I collocated)
- Basrah Aviation Hub

Mosul:
- Embassy Branch Office Mosul

Kirkuk:
- Embassy Branch Office Kirkuk (OSC–I collocated)

OSC–I Standalone Sites:
- Tikrit
- Taji
- Union III (Baghdad); Besmaya
- Umm Qasr

We project overall staffing at these sites to be approximately 13,000 for State and other agency partners (not including OSC–I). This total includes approximately 2,000 program and management staff from the Departments of State, Defense, Justice, Homeland Security, and other participating agencies, supported by 11,000 life support, technical, and security contractor personnel.

The Department of Defense (DOD) plans to have approximately 4,000 personnel in Iraq as part of the OSC–I, with the majority based at the five stand-alone OSC–I sites and some located at diplomatic facilities. This total OSC–I population includes the administration's approved 157 DOD military and civilian personnel, who will perform security assistance and security cooperation functions, as well as 763 Security Assistance Team (SAT) members supporting specific Foreign Military Sales (FMS) cases. The OSC–I personnel will be supported by approximately 3,000 contractors that provide life support, movement, fixed site security, and personal detachment services.

Question#7b. On the civilian presence in Iraq: What are the expected annual costs for the next 3 years to maintain the Embassy?

Answer. We estimate that the cost to maintain the Embassy in Baghdad over the next 3 years will be as follows:

Fiscal year and amount:
2011— $183M.
2012 — $202M.
2013 — Still under development.

These estimates reflect Operations and Maintenance (O&M) costs for only the Embassy in Baghdad. They include the cost of the PA&E and LOGCAP contracts; routine maintenance and repair funds and Facility Manager salaries and allowances allotted to post by OBO; and NEA-funded O&M projects executed by post. FY12 estimates reflect price inflation and increased costs associated with new housing and warehouse facilities currently under construction.

Question #7c. On the civilian presence in Iraq, to what extent has the Iraqi Government contributed to or approved of U.S. plans for a continued presence and programs, particularly in the areas of developing Iraqi military and police forces and securing U.S. personnel? What levels are they planning going forward?

Answer. All of our programs have been developed in consultation with the Government of Iraq (GOI). Over the last year, we have watched Iraqi forces assume more responsibility for their own security and stability, consistent with the U.S.-Iraq Security Agreement. We are encouraged by the Government of Iraq's progress demonstrated to date and its commitment to continue developing the capacity of Iraqi military and police forces.

While isolated, high profile attacks continue in Baghdad and in flashpoints like Kirkuk and Mosul, the number of security-related incidents throughout Iraq continues to decline from the peak in 2007, while Iraqi Security Forces (ISF) have gradually assumed primacy for security operations throughout Iraq. The ISF have demonstrated improvements in both prevention of and their response to security incidents. They have also shown greater interagency cooperation within their government, which should be bolstered by government formation, particularly after PM Maliki appoints his new Ministers of Defense and Interior.

We were encouraged that in February, the GOI passed a budget for 2011 that increased the Ministry of Defense (MOD) allocation to $5.8 billion, an increase of 18 percent over 2010 levels. Additional funding for sustainment of the Iraqi Army was included in the 2011 MOD budget. The 2011 budget also includes $6.3 billion for the Interior Ministry, which includes the addition of 110,000 new police positions. The GOI will not pass a 2012 budget until the end of this calendar year.

To complement GOI efforts, the U.S. Government is planning for a robust Office of Security Cooperation (OSC–I), under the Chief of Mission. The OSC–I will be our key U.S. military-to-military engagement tool to achieve our strategic objectives in Iraq. OSC–I activities will include Foreign Military Sales, Foreign Military Financing, International Military Education and Training, and End-Use Monitoring. We also anticipate the OSC–I will conduct a full range of traditional security cooperation activities such as joint exercise planning, combined arms training, and senior level visits. Additionally, the State-led Police Development Program (PDP) will support and assist the GOI in developing the leadership and management functions of its police and Interior Ministry.

The United States remains fully committed to a comprehensive long-term partnership with Iraq and will continue to work together in helping the GOI improving security capabilities.

Question #7d. Have you broken ground on the consulate buildings [in Iraq]? If not, what's your schedule and what are the expected costs?

Answer. Work is underway on the two consulates in Iraq and has been divided into four phases. Phase I, starting in September 2010, included work completed by the U.S. military, using its resources (e.g., engineering support, identification and movement of excess military property). Phase II work, begun in January 2011, is ongoing and includes the establishment of T-wall compound perimeters (prefabricated concrete wall sections); preparation for utility infrastructure such as drilling water wells, standing up reverse osmosis water purification units, movement and setup of life support areas utilizing containerized housing units from U.S. Forces in Iraq's excess property; and the gathering of other excess property items necessary for the establishment of the sites. Similarly, work is also being undertaken at both Embassy branch office sites.

Consulate General (CG) Basrah: The Phase III design/build contract that covers the bulk of the unclassified work will be awarded the week of March 14; notice to proceed will be issued to the contractor on March 22; and a preconstruction conference involving the contractor, the military, and personnel from the Department's Bureau of Overseas Buildings Operations (OBO) will be conducted onsite the week of March 28 to coordinate the construction schedule with the military's withdrawal schedule. The "Mission Capable" date (i.e., the target date that critical facilities will be ready for their intended purpose) remains the same, as it does for all the sites: October 1, 2011. The total budgeted cost for Basrah facilities is $172.3 million.

Consulate General Erbil: CG Erbil will remain in the Ankawa Compound located in the Ankawa neighborhood of the city of Erbil. OBO has budgeted $10 million for security and facility upgrades. OBO is currently working to add this work to the Phase III design/build scope of work (SOW) for Erbil's Contingency Operating Site (COS) (so named by the U.S. military). The bidders' proposals for the COS Erbil site are due to the Department on April 8, 2011. The site is adjacent to the Erbil International Airport and will primarily support the Department's Bureau of International Narcotics and Law Enforcement Affairs (INL) Police Development Program advisors and the Embassy Aviation personnel. The total budgeted cost for COS Erbil is $121.5 million. The Mission Capable date for both sites is October 1, 2011.

Question #8a. On DOD Support for Embassy Iraq: Will State be reimbursing DOD fully for its use of the LOGCAP contract mechanisms for Basic Life Support and Core Logistics Services, Postal Operations, convoy support, etc? What's your estimated cost for these services?

Answer. State will fully reimburse the Department of Defense (DOD) for LOGCAP. Under the current Department of State Task Order for LOGCAP III services, we provide funding to DOD to cover all contract costs attributed to support for the State Department. This will continue under the expanded Task Order under the new LOGCAP IV Task Order that is now being solicited by the Rock Island Army Sustainment Command. The estimated FY 2011 cost for LOGCAP is $164 million, which includes mobilization for LOGCAP IV. The final cost can't be determined until the on-going solicitation process is completed, but we don't anticipate costs to drastically change from our estimates.

Question #8b. On DOD Support for Embassy Iraq: How about for the delivery of food and fuel that the Defense Logistics Agency provides? How long will that continue, and what are your estimated food and fuel costs going forward?

Answer. We are currently in discussions with the Department of Defense (DOD) and the Defense Logistics Agency (DLA) on arrangements to continue food and fuel deliveries through FY 2012. While the exact cost will be determined as a result of DLA procurement actions with their vendors and associated logistics costs, we estimate that the costs will range from $200 million to $300 million (including convoy security).

Question #8c. On DOD Support for Embassy Iraq: Have you requested these funds in your budget? If not, why not?

Answer. We have requested $297 million (including convoy security) for food and fuel in our FY 2012 budget request.

Question #8d. On DOD Support for Embassy Iraq: To what extent, and for how long, does State anticipate being able to rely on services provided by Department of Defense agencies, such as the Defense Contract Management Agency and the Defense Contract Audit Agency, to help manage and oversee its contracts in Iraq?

Answer. The Defense Contract Management Agency and the Defense Contract Audit Agency now provide contract management support to LOGCAP III and will continue, on a reimbursable basis, to provide that function under LOGCAP IV through FY 2012. State is in discussion with DOD on options for FY 2013.

Question #8e. On DOD Support for Embassy Iraq: Has State made plans to bring those services in-house so that it has an organic capability and capacity to manage and oversee its contracts? If not, why not?

Answer. The State Department expects to transition to its own base life support contract in the future. Our plan is to have an organic capability to oversee and manage this contract.

Question #9. What use are you making of the Office of the Stabilization and Reconstruction during this transition in Iraq?

Answer. As is the case in Afghanistan, the Office of the Coordinator for Reconstruction and Stabilization (S/CRS) and the Civilian Response Corps (CRC) are pro-

viding support for specific targeted missions in Iraq. For example, two members of the CRC Active component from the U.S. Marshals Service are working with the Iraqi Higher Judicial Council to improve courthouse security and personal security for the judiciary. In addition, S/CRS is working with the Bureau for Near Eastern Affairs on capturing best practices and lessons learned in Iraq. These efforts include a collaborative review for the Iraq transition to collect information so that lessons can be applied to the anticipated military-to-civilian transition in Afghanistan. S/CRS and the CRC will continue to support the transition in Iraq as needed and requested.

Question #10. The GAO has made several recommendations in the area of contractor oversight. What steps has State taken to implement GAO's recommendations regarding the use of contractors to manage and oversee other contractors?

Answer. The Department of State has taken positive steps to implement the GAO recommendations contained in GAO–10–357 "Contingency Contracting: Improvements Needed in Management of Contractors Supporting Contract and Grant Administration in Iraq and Afghanistan." Some additional actions are being taken to close out the recommendations.

Recommendation 1: Determine the extent to which contractors should perform administration functions for other contracts and grants in accordance with strategic human capital planning principles outlined in Office of Management and Budget (OMB) guidance.

The Department of State completed a pilot study of the workforce mix in two Department offices to validate our ability to determine the appropriate combination of government versus contractor personnel as part of a blended workforce. This study included a determination of whether contracted positions are inherently governmental, or closely associated with inherently governmental, and resulted in the development of a framework that could be more broadly applied. Our first ever Quadrennial Diplomacy and Development Review (QDDR) identified the Information Resources Management (IRM) bureau as an area for further analysis of the Department's workforce balance.

The Acquisitions Management Office (A/LM/AQM) determined that it should significantly reduce its reliance on contractor support of the acquisition function. A/LM/AQM converted 20 positions from contractor to government performance as a result of reevaluating its workforce mix.

The Bureau of Diplomatic Security (DS) increased staffing of agents on protection programs to reduce reliance on contractor support for the administration of protective details.

The Bureau of International Narcotics and Law Enforcement (INL) increased staffing to reduce reliance on contractor support and to increase contract oversight. INL is in the process of recruiting up to 190 USG employee police advisors to serve in Iraq in lieu of a similar number of advisors currently working under contract.

Training for Contracting Officer Representatives (CORs) was revised to include guidance on (1) the extent to which contractors can be used to perform contract administration, and (2) strategies to mitigate risks when contractors perform functions closely associated with inherently governmental work. Additional Departmental guidance is under development to ensure wider dissemination of this information. This guidance is expected to be issued by the end of June.

Recommendation 2: Develop guidance to identify approaches that contracting and program officials should take to enhance management oversight when nonpersonal services contractors provide services that closely support inherently governmental functions.

The Department modified Contracting Officer Representative (COR) Training to identify the risks of using contractors to support contract administration as well as strategies to mitigate these risks. The training includes guidance on contractor organizational conflicts of interest and how to mitigate them. Additional guidance is being developed to ensure wider dissemination of this information. This guidance is expected to be issued by the end of June.

Recommendation 3: Require before award of any nonpersonal services contract or task order for services closely supporting inherently governmental functions that program and contracting officials document their consideration of related risks and the steps that have been taken to mitigate such risks.

The Department modified Contracting Officer Representative (COR) training to teach how to identify the risks of using contractors to support contract administration and services that closely support inherently governmental functions as well as strategies to mitigate these risks.

Acquisition planning requires the determination of whether a function is inherently governmental as part of the requisition. The risk of contractor organizational conflicts of interest is identified and mitigated by the inclusion of a Conflict of Interest clause requiring contractors to identify any organizational conflicts of interest such as requirements to evaluate their own or their direct competitors' products or services. The Department is developing additional guidance that will further disseminate the techniques taught in the COR course. This guidance is expected to be issued by the end of June.

Recommendation 4: To improve State's ability to mitigate risks related to potential conflicts of interest among personal services contractors, we recommend that the Secretary of State clarify the Department's policies regarding the application of Federal ethics laws to personal services contractors.

The Department drafted a standard contract clause for all Personal Services Contractors (PSC) requiring them to adhere to all Federal ethics laws as a contract requirement. In addition, the Department is instituting a requirement that Personal Services Contractors submit a financial disclosure based on the nature of the position so that financial interests can be vetted for conflicts of interest. The clause and financial disclosure requirements are in final review and should be issued by the end of June.

Question #11. I read recently a troubling article in the Atlantic entitled, "When Freedom is Bad for Business," about the Iraqi economy in general and specifically about challenges an entrepreneur would have in starting up a small business. Could you comment on this? How do you see the economic situation beyond oil? What efforts are continuing in this arena that could impact the challenges described in this piece?

Answer. I disagree with the article's claims about the root causes of Iraq's current economic situation. Iraqis have called for improvements to services and security, and the democratically elected government is responding. An open society is, fundamentally, better for business and economic growth.

The article does present a reasonably accurate assessment of the challenges facing Iraq's economy. While living standards for most Iraqis are improving and Iraq's macroeconomy has remained reasonably stable over the past few years, a number of factors continue to threaten economic growth and the well-being of Iraq's citizens. Sustainable economic growth and diversification in Iraq will require a vibrant private sector and more robust economic institutions.

The article identifies some of the key potential barriers to economic growth in Iraq, such as cumbersome business registration processes, limited availability of financial services, electricity shortfalls, corruption, and dilapidated infrastructure throughout the country. There are also significant inefficiencies in the agricultural sector, housing shortages, a limited transportation network, and an unstable security situation. Furthermore, as the article accurately points out, Iraq's institutions are still being rebuilt—or even established for the first time.

Despite these issues, there are some real reasons for optimism. The IMF currently projects Iraq's non-oil real GDP growth at 5 percent or more over the next 2 years. The Iraqi Government plans to invest tens of billions of dollars in non-oil sectors like health, education, construction, transportation, and agriculture, according to the 2010 National Development Plan. U.S. Government assistance will, in turn, help the Iraqis to maximize the effectiveness of their own resources by their own institutions and human resources. Iraq is also working with the U.N. and World Bank to corporatize 176 state-owned enterprises. In addition, Prime Minister Maliki issued an order in December 2010 promulgating regulations that make government land available to investors for housing and other investment projects. Based on these actions, Iraqi officials seem genuinely committed to economic reform and bolstering the private sector.

Our bilateral engagement in Iraq, through our assistance programs, is focused on encouraging private sector growth and encouraging a robust economy. Among the most important activities the Embassy and Washington agencies undertake is promoting business-to-business connections between U.S. and Iraqi companies. The U.S. Government has sent three trade missions to Iraq, and supported several visits to the United States by Iraqi businessmen and businesswomen. These connections are helping U.S. companies forge important partnerships with Iraqi firms that understand the local context in Iraq. The Embassy also works very hard to connect U.S. companies with Iraqi officials, promoting U.S. exports and helping Iraqi officials understand the very real concerns U.S. companies have about investing in Iraq.

The U.S. Government also has many important programs focused on economic growth. USAID's economic growth and agriculture programs focus on strengthening

Iraq's private sector development by supporting broader access to credit through microfinance, small and medium enterprise lending, World Trade Organization accession, and small business development centers. These programs also focus on youth entrepreneurship and job creation. USAID also works with national and local government officials to build technical and oversight capacity in key ministries, provincial offices, and legislative committees, while building the Iraqi Government's capacity to develop and put in place trade policies that meet international standards and treaty obligations. For its part, the Commerce Department's Commercial Law Development Program is providing training and technical assistance to Iraqi officials to develop their contracting capacity, and helped stand up Iraq's first commercial court earlier this year. USDA also provides technical assistance to Iraq's Ministry of Agriculture to promote better management and oversight of the agricultural sector. Furthermore, our Embassy has a dedicated office to work with Iraqi anticorruption bodies and inspectors general to address corruption and improve transparency.

Question #12. Global Security Contingency Fund. You have requested $50 million for a new, 3-year pilot program for the government to more effectively provide military and security assistance, border and maritime security, internal security and counterterrorism activities. I understand that this program is a partnership effort with DOD which is requesting $450 million for the effort and State which is requesting authorizing language in addition to funds. How do you justify the creation of this fund, an entirely new program, at a total cost of half a billion dollars when combined with the Defense Department's portion, with the dire fiscal situation we face here at home?

Answer. To clarify, the Department of Defense is not seeking dedicated funding for the Global Security Contingency Fund (GSCF) in FY 2012. However, the legislation proposed would allow either the Department of State or the Department of Defense to transfer additional funds from their existing appropriations into the GSCF, up to a combined total of $500 million in appropriations and transfers. The intent of the fund is not to spend $500 million on an annual basis, but to have adequate resources available to the Departments to respond rapidly to emergent challenges or opportunities within a given fiscal year, in the event that such resources are necessary. Actual expenditures in a given year will depend on the requirements. We believe this approach is a responsible way to balance the need for additional agility with a funding structure that encourages rigor in programming decisions owing to the need to transfer funds from other sources.

Question #13. The past two Congresses, I worked with Senator Casey and others on the multifaceted Global Food Security Act which this committee passed. I understand that the Feed the Future initiative will be carried out in a number of countries and focuses on assisting small farmers, especially women; however, $1 billion is a significant expenditure. What does an investment of this magnitude mean in terms of our own national security and economic growth?

Answer. World food prices have been increasing over the past 6 months due to strong global demand and weather-related production losses. Escalating food prices in 2007–08 are thought to have sparked demonstrations and violence in more than 25 countries. Rising food prices, particularly when combined with high fuel prices, can rapidly undermine a household's purchasing power and undermine a household's asset base—pushing the already poor closer to destitution and forcing the near-poor below the poverty line. Rising fuel prices also have an inflationary effect on food prices by increasing the cost of transportation of commodities.

We know that nutrition and good health, which correlate directly to food security, are critical to national prosperity, stability, and security. As we watch food prices rise sharply around the world, it is critical to global stability that the United States take the lead in saving lives and in securing a sustainable path out of hunger and poverty.

The administration's FY 2012 Budget request is addressing both the symptoms and causes of hunger and food insecurity, including mitigating the adverse impact of episodic food price increases. The President's FY 2012 budget requests $1.6 billion, of which $1.1 billion is for Feed the Future USAID/State assistance, $308 million is for a U.S. contribution to the Global Agriculture and Food Security Program, and $150 million is for USAID nutrition programs which support both the Feed the Future and Global Health initiatives. This request will enable the President's Feed the Future Initiative to assist 18 million vulnerable women, children, and family members—mostly small farmers—to escape hunger and poverty, and reach 7 million undernourished children with highly effective nutrition interventions to prevent stunting and child mortality.

Reducing funding will undermine efforts to change what is otherwise a grim, hungry, and unstable future for the developing world. Adequate levels of funding now for both short- and medium-term objectives will help to ensure that developing partner countries shift from being dependent on international assistance to becoming strong and stable trading partners.

Question #14. The Congressional Research Service recently completed a report, "The Obama Administration's Feed the Future Initiative," in which it highlighted that 578 million people in Asia and the Pacific suffer from chronic hunger, compared with 239 million people in sub-Saharan Africa. Yet, the majority of the countries you focus on in the Feed the Future Initiative are in Africa. Please explain how you have selected the countries for this Initiative, and how you justify this discrepancy?

Answer. Feed the Future prioritizes and concentrates our efforts and resources on those poor countries where the overall political and investment environment will enable the United States to have the largest impact in promoting agricultural development and reducing food security. The Feed the Future initiative has 20 focus countries: 12 in sub-Saharan Africa, 4 in Asia, and 4 in Central America and the Caribbean. Focus Countries were selected based on five factors related to the needs and opportunities for reducing food insecurity:

- Level of Need: We assess the level of need based on income levels, poverty rates, the Global Hunger Index compiled by the International Food Policy Research Institute (IFPRI) in conjunction with Deutsche Welthungerhilfe and Concern Worldwide, and the IFPRI categorization of level of food security, among other factors. The Global Hunger Index uses three equally weighted indicators to represent a multidimensional measure of global hunger—the proportion of undernourished as a percentage of national population, prevalence of underweight children under the age of 5, and mortality in children under 5.
- Opportunity for Partnership: We seek to work in countries that place a high priority on food security for all of their citizens and that are committed to working in partnership with, among others, donors, civil society, international organizations, and the private sector. Our assessment is based on a range of factors, including basic political stability and the absence of conflict, the quality of governance, the overall economic policy environment, and the commitment to design and implement a high-quality strategy to enhance food security.
- Potential for Agricultural-led Growth: Within our strategy, the principle mechanism for reducing extreme hunger and poverty is agricultural-led growth. Thus, we will prioritize countries where poverty is still predominantly rural and where there is significant potential for improvements in agricultural productivity and market development.
- Opportunity for Regional Synergies: We work with countries that present strong opportunities to strengthen regional trade and development corridors, integrate markets and accelerate regional growth, and play a major role in regional trade.
- Resource availability: A central tenet of our strategy is that creating lasting progress in food security will require deep investments in agricultural, economic, and social systems. To achieve this, our resources will be concentrated in a set of countries that have committed a substantial proportion of their own resources to provide the level of support necessary to catalyze growth and significantly contribute to accelerating progress toward the Millennium Development Goals. We are committed to coordinating with development partners to leverage additional resources, but recognize that prioritization and strategic choices are still required due to resource constraints.

Question #15. I understand that you are developing strategic partnership with countries under the Feed the Future Initiative. What specific objectives do these partnerships set? What countries are included?

Answer. The FY 2012 President's budget requests $14 million for strategic partnerships in Brazil, India, and South Africa to leverage the expertise, resources, and leadership of these countries for the benefit of Focus Countries. These countries were selected because of their influence on neighboring Focus Countries, their role as a regional anchor for food security, and/or their potential to contribute to the development of Focus Countries outside their region.

Through strategic partnerships, we seek to foster trilateral cooperation in the following areas:

- Joint research and dissemination of technical assistance related to agriculture, nutrition, and poverty reduction that build on the technical expertise in strategic partner countries.
- Promotion of regional or bilateral economic reforms based on the strategic partner's participation in regional economic organizations or trade relationships.

- Development of a strategic partner's role as a regional anchor through projects and policies that increase its stabilizing influence on Focus Countries.
- Political leadership to advance action in the Focus Countries.
- Mobilization of the private sector to participate in private-public partnerships and to invest in Focus Countries.

Question #16. The Treasury Department is also working to strengthen global food security through its Global Agriculture and Food Security Program (GAFSP). How does this program differ from the Feed the Future program? How is it the same? Do program managers from the two programs work together in a coordinated effort? If so, how?

Answer. At the G8 summit in July 2009, the President pledged to provide at least $3.5 billion over the next 3 years (FY 2010 to FY 2012) to attack the root causes of global hunger through accelerated agricultural development and improved nutrition. Feed the Future (FTF), the U.S. Government's global hunger and food security initiative, renews our commitment to invest in sustainably reducing hunger and poverty. As a whole-of-government initiative, FTF is led by USAID but closely coordinated with other USG agencies including but not limited to USDA, Treasury, the Department of State, USTR, MCC, and Peace Corps.

In line with the objectives of FTF, the GAFSP seeks to reduce the number of poor and hungry people in developing countries. To achieve this goal, the GAFSP provides an additional, unified source of financing to support sustainable food security strategies of those developing countries which demonstrate their commitment to addressing the food security needs of their population. The GAFSP aligns its financing with country priorities and harmonizes its financing with that of other donors in order to support country ownership and avoid redundant investments.

The President's FY 2012 FTF budget requests $308 million for a U.S. contribution to the GAFSP. Contributions to GAFSP have leveraged other donor contributions and established a pool of funding that will complement the bilateral assistance investments budgeted in FTF focus countries by supporting rural infrastructure investments (e.g., transportation and irrigation), commercial financing, and research and extension. The fund's public sector window helps finance the agricultural development strategies of developing countries that have demonstrated their commitment to a strategic approach for achieving lasting improvements in the food security of their populations. The fund, which is administered by the World Bank, leverages the technical expertise of other multilateral institutions such as the International Fund for Agricultural Development and the regional development banks.

GAFSP received requests for funding from 25 low-income countries in 2010 and awarded grants totaling $337 million to 8 of those countries (Bangladesh, Ethiopia, Haiti, Mongolia, Niger, Rwanda, Sierra Leone, and Togo). Project implementation for grants awarded in June 2010 will begin in the first quarter of 2011 and initial progress reports will be available in the third quarter of 2011. Additional grant awards are anticipated to be made in 2011, depending on additional donor contributions. A private sector window, which will provide financing to small and medium-sized agribusinesses and small-holder farmers, will also become operational in 2011. The fund incorporates a number of innovative design features including in-depth impact evaluations on a significant percentage of all the projects financed by GAFSP, an inclusive governance structure that provides potential recipient countries and civil society organizations with a strong role in fund governance, and an open and transparent application process that relies on independent evaluations by a group of experts in agriculture and development issues.

Question #17. The administration has also committed to significantly increasing exports of U.S. goods, including agricultural products. How is the administration coordinating these two efforts?

Answer. Increasing global food security and U.S. exports are complementary endeavors. The administration has identified several points of intersection between Feed the Future and the National Export Initiative and is employing a coordinated whole-of-government approach to advance both programs.

Feed the Future seeks to raise the incomes of the world's poor through agricultural development. As incomes increase, the rural poor are able to purchase a more diverse diet and higher quality food, which can include food and intermediate products produced in the United States—for example, economic growth in Asia has spurred additional demand for meat, which in turn has spurred demand not only for U.S.-produced meat, but also corn and other feed.

Furthermore, as the United States is a major exporter of farming inputs such as seed, fertilizer, and equipment, U.S. companies will benefit from advances in agriculture in developing countries.

Because trade is a key enabler of food security, Feed the Future works with countries and regions to improve their trade regimes and adopt sound policies and science-based regulations. Transparent policies improve market access for safe, high-quality, U.S. agricultural products.

Finally, the administration is reaching out to U.S. businesses to inform them of commercial opportunities arising from the implementation of the Feed the Future program, both through direct procurement by USAID and indirect opportunities arising from large agricultural programs in Feed the Future countries. USAID is also developing a variety of public-private partnerships that help U.S. companies source from, operate in, and sell to developing countries.

The administration is pursuing a whole-of-government approach to implementing both Feed the Future and the National Export Initiative, focusing on each agency's area of comparative advantage. Several agencies, including State, USDA, and USTR, are involved in both programs, ensuring that efforts across multiple agencies are well coordinated.

Question #18. Current events in Libya, and the decision of Saudi Arabia to tap into its spare oil production capacity, underscore the importance of transparency in oil markets. Under current conditions, the International Energy Agency relies upon reporting data from OPEC that is of questionable reliability and is difficult to be independently verified. More transparency could bring greater price stability.

- Please describe State Department efforts to enhance transparency in production, reserves and spare capacity in global oil markets.

Answer. The Department supports United States participation in the Joint Oil Data Initiative (JODI), a collective effort by oil producer and consumer countries which aims to improve data transparency in oil markets. The initiative, facilitated by the International Energy Forum (IEF), involves more than 90 countries and economies representing around 90 percent of global oil supply and demand. The IEF also coordinates the inputs from representatives of six organizations: APEC (Asia-Pacific Economic Cooperation), the European Union's Eurostat, International Energy Agency (IEA), the Latin American Energy Organization (OLADE), the Organization of Petroleum Exporting Countries (OPEC) and the United Nations Statistics Division (UNSD). The initiative includes a strong training program designed to improve the capacity of members to collect and report data in an accurate and timely manner.

The Department will continue its efforts to engage in discussions with rapidly growing energy-intensive economies to promote greater transparency in oil markets. We work closely with the Department of Energy in this effort. The Department has also specifically encouraged both the Energy Information Agency (EIA) and the IEA to reach out to economies like China, to discuss how best to improve their capacity to collect, analyze, and report out oil market data in more accurate and timely ways.

The Department will continue to reach out to the private sector, governments and international organizations to seek ways to improve transparency in oil and other energy markets.

Question #19. Development of the "Southern corridor" to link Caspian region oil and natural gas resources has been a bipartisan strategic priority for several years. Please update the committee on progress in extending the southern corridor.

Answer. There has been significant progress on development of the "Southern corridor" to bring Caspian (and possibly Iraqi) gas to Europe, which would be anchored by gas from the second phase of development of Azerbaijan's Shah Deniz Caspian offshore field. Gas from the first phase of the Shah Deniz project already flows through Azerbaijan and Georgia into Turkey.

The June 2010 signing of Turkey-Azerbaijan MOUs covering Azerbaijani gas sales to Turkey and gas transit terms to Europe was a major step forward. The next steps, currently underway, are negotiation of detailed agreements implementing the June 2010 MOUs and commercial negotiations with gas purchasers in Europe and with three competing pipelines, Nabucco, the Italy-Turkey-Greece-Interconnector (ITGI), and the Trans-Adriatic Pipeline (TAP). The Shah Deniz consortium has asked that the three pipeline groups submit their final tariff offers by October 1, 2011. The expectation is that a decision on a pipeline route will be made by the end of the year.

The completion of any one of the proposed Southern corridor pipelines would be a win for our energy security policy. Nabucco may have more strategic value since it would provide larger volumes of gas to more countries, but it also is the most complicated, since it requires gas from at least one other source beyond Azerbaijan. Given doubts about the availability of gas to justify a large pipeline, there are discussions underway on the possibility of developing a "scalable" project, which would

be sized to meet currently planned production, but would be expandable to handle additional volumes that might become available in the future from Turkmenistan, Northern Iraq, or perhaps Azerbaijan.

Question #20. Please describe efforts to engage the Governments of Kazakhstan, Turkmenistan, and Uzbekistan in energy development.

Answer. We continue to engage on energy development in Central Asia, including on export diversification and issues pertaining to foreign investment. This engagement occurs during our Annual Bilateral Consultations (or ABCs), visits by key State Department principals, such as Ambassador Richard Morningstar, and through everyday engagement by our embassies.

Our engagement in Kazakhstan has been largely focused on the country's investment climate and plans surrounding Kazakhstan's anticipated rapid increase in oil production in the coming decade. Kazakhstan represents one of largest potential increases in non-OPEC production in the next 10 years. We have an interest in this production moving forward and additional Kazakhstani crude reaching world markets. The U.S.-Kazakhstan Energy Partnership with has been active for 8 years and continues to be an essential part of our relationship with this hydrocarbon-rich nation. The next U.S.-Kazakhstan Energy Partnership meeting is scheduled for November 2011 in Washington, and will include a visit by the Minister of Oil and Gas Sauat Mynbayev. The most recent U.S.-Kazakhstan Annual Bilateral Consultations, which took place March 24–25 in Astana, focused on investment climate issues and diversification of Kazakhstan's economy. We expect to have an ABC review session with the Kazakh government here in Washington in September 2011, where we will continue the discussion of deepening our economic and energy partnership.

We continue to engage with Turkmenistan on energy development and commercial relations at every opportunity. The first ABC, which took place June 14–15, 2010, in Ashgabat, included bilateral engagement on economic, commercial and energy issues. Alongside both the first ABC and the ABC review, the U.S.-Turkmenistan Business Council—which now includes 24 U.S. company members, a number of which are energy majors—led the first U.S. business delegation to Turkmenistan. Most recently, the U.S. Embassy in Ashgabat partnered with the Turkmen Chamber of Commerce to host the first-ever U.S. Business exhibition in Turkmenistan. More than 50 U.S. companies—many of them in the energy field—participated in the event. We expect the next ABC here in Washington this coming November. In addition, Richard Morningstar, our Special Envoy for Eurasian Energy, travels frequently to Ashgabat to discuss a variety of potential energy developments there, including the proposed Trans-Caspian and Turkmenistan-Afghanistan-Pakistan-India (TAPI) pipelines.

Our engagement with Uzbekistan has been more limited, primarily because there are few U.S. companies active in the country's energy sector generally, and no U.S. major is involved directly in upstream exploration and development at this time. Although Uzbekistan produces about as much gas as Turkmenistan annually, its exports are relatively small. Uzbekistan is one of the most energy inefficient countries in the world and about 75 percent of its annual gas production fuels its heavily gasified economy. Our Embassy in Tashkent compiled an extensive report on Uzbekistan's oil and gas industry last spring, which was subsequently posted on Commerce's "Buy USA" Web site. We have had discussions with the Uzbeks about their plans for energy efficiency and are hopeful that U.S. companies will participate in several projects in this area. Energy efficiency is perhaps the most promising area for energy-related U.S. engagement in Uzbekistan.

Question #21. Export of natural gas through Turkey offers large potential for revenue generation for Iraq and energy security in the wider region, as well as potential regional stability benefits. Please update the committee on necessary steps and activities of U.S. personnel in Iraq to promote agreements to export Iraqi gas through the Nabucco pipeline.

Answer. Iraqi leadership has expressed interest in the future export of natural gas through Turkey and into the Southern corridor, although the timeframe remains unclear. In addition to providing a steady stream of revenue, Baghdad recognizes the strategic benefit of linking up with this important piece of regional energy architecture. The State Department's Special Envoy for Eurasian Energy, Ambassador Richard Morningstar, has visited Baghdad and Ankara as part of a continuing discussion with Iraqi, Turkish, and EU leaders, as well as the private sector, about developing Iraq's energy potential.

There are at least two important conditions that must be met before Iraq can offer a bankable commitment of natural gas supplies to Nabucco or any other Southern

corridor pipeline project. First, recent political progress between Erbil and Baghdad must be expanded to include a workable national agreement on the development of hydrocarbons and revenue sharing. Second, in light of Iraq's electricity shortages, future development of natural gas will have to be integrated into a more comprehensive national energy strategy, including potential contributions from the private sector.

Question #22. What is the timeline for appointment of a replacement for David Goldwyn as Coordinator for International Energy Affairs? Based on the experience of this office to date, is it your opinion that the International Energy Coordinator should have the rank of Ambassador?

Answer. The establishment of the International Energy Coordinator, based on your leadership, was instrumental in formalizing a consistent mechanism for high-level diplomatic engagement on energy security issues. The State Department has committed to the effective coordination of resources to address the political, security, economic, development, and environmental challenges posed by energy. Hence, the Quadrennial Diplomacy and Development Review (QDDR) calls for the creation of a "new Bureau for Energy Resources to unite our diplomatic and programmatic efforts on oil, natural gas, coal, electricity, renewable energy, energy governance, strategic resources, and energy poverty." Implementation of the QDDR is underway and the appointment and rank of the Coordinator for International Energy Affairs is being evaluated as we determine how best to organize the new Bureau of Energy Resources. In the meantime, Ambassador Morningstar has taken on the portfolio of Coordinator for International Energy Affairs in addition to his duties as Special Envoy for Eurasian Energy Affairs.

Question #23. The Quadrennial Diplomacy and Development Review indicates that the State Department will reorganize to form a position of Under Secretary for Economic Growth, Energy and the Environment under which there will exist three Bureaus and two offices.

- Will all environmental functions currently housed within Global Affairs be consolidated under this proposed arrangement? From what office will climate change negotiations be led, including the office of the negotiator?
- Will the three new Bureaus be led by Assistant Secretaries? Is it the opinion of the State Department that these changes require legislative changes? What resources will be requested for each of the proposed new Bureaus?

Answer. In accordance with the Quadrennial Diplomacy and Development Review (QDDR), the Assistant Secretary for Oceans and International Environmental and Scientific Affairs, who currently reports to the Under Secretary for Democracy and Global Affairs, will report to a renamed Under Secretary for Economic Growth, Energy, and the Environment. Climate change negotiations will continue to be led by the Special Envoy for Climate Change within the Office of the Secretary. Resources to complete this realignment of responsibilities are expected to come from within current funding allocations.

Following the realignment, three Assistant Secretaries will report to the Under Secretary for Economic Growth, Energy, and the Environment, from: (1) the Bureau of Economic and Business Affairs; (2) the Bureau of Energy Resources; and (3) the Bureau of Oceans and International Environmental and Scientific Affairs. The Bureau of Economic and Business Affairs and the Bureau of Oceans and International Environmental and Scientific Affairs are already led by assistant secretaries. The QDDR envisions that the Bureau of Energy Resources, when created, shall also be led by an Assistant Secretary.

The administration has sent a Congressional Notification about the establishment of the Bureau of Energy Resources.

Question #24. The QDDR states the International Energy Coordinator and Eurasian Energy Envoy will be housed within the reorganized Bureau. These positions were established with direct reporting to the Secretary in order to increase the international profile of these issues and to overcome bureaucratic "stove piping" between both functional and political policy bureaus.

- a. How would this reorganization ensure these demands are met?

Answer. You have the Secretary's full commitment that anything that the Department does on energy will be intended to increase the profile of this issue, its importance to U.S. national interests, and its full integration into U.S. foreign policy, national security, and economic priorities. The Department will ensure that senior level leadership is directly engaged in providing oversight and direction to the energy leadership team in the Department.

- b. Does the Department intend to request that law establishing the office of the International Energy Coordinator within the Secretary's office be revised?

Answer. We recognize that some legislative changes may be necessary to conform existing provisions to the intended organizational structure of the new Bureau. We would work closely with key committees on this matter.

Question #25. Please explain the plans for continuation and expansion of the global shale gas initiative. What resources are being requested for this purpose? Given the President's declaration of natural gas as a "clean" energy source, is support for gas being given equal treatment with renewable power in State Department and USAID initiatives?

Answer. *GSGI Update.*—The Department of State's Global Shale Gas Initiative (GSGI) has accomplished much since it was launched in early 2010. During this time, we have coordinated with our agency partners to undertake shale gas resource assessments and technical training in more than a dozen countries, including China, India, Chile, Argentina, Uruguay, Colombia, Morocco, Jordan, and South Africa. We have signed memoranda of understanding with five countries—including China, India, and Ukraine—that serve to underscore our commitment to cooperation on shale gas development. In August 2010, the Department of State hosted the GSGI Regulatory Conference at the Department. The event drew 100 participants from 21 countries and included participation by 10 U.S. Federal and State agencies, and covered a range of technical, operational, regulatory, market, and environmental issues associated with shale gas resource development.

The U.S. Geological Survey (USGS) provides considerable support for the GSGI program. The USGS is undertaking shale gas resource assessments and launching bilateral technical engagement in the GSGI program's various countries. This support has been funded by the Department of State, which transferred $1.3 million of FY 2009 funds to USGS in mid-2010.

The Department of State also has promoted ongoing information exchange with GSGI member countries by tapping into existing departmental programs, such as the International Visitors Leadership Program (IVLP). This mechanism has allowed for continued bilateral educational dialogues and an ability to showcase the U.S. shale gas experience. Through IVLP support, we have hosted two countries—Morocco and Poland—and have arrangements for visits by officials from India, Jordan, South Africa, Ukraine, Romania, and Hungary in the beginning to advanced planning stages

Continuation of GSGI.—Our goal for the future of GSGI is to continue bilateral and multilateral government-to-government engagement with other countries included in our initial discussions and to expand our outreach to include additional countries with resource potential, if resources permit.

Natural Gas as compared to Renewable Power.—Natural gas is an important bridge fuel that will assist the world in moving toward a cleaner energy future. The GSGI is only one way in which the Department is working to promote the responsible development of use of cleaner burning natural gas that would allow energy consumers to reduce their dependencies on coal for power generation. The Department of State promotes the development of renewable energy and efforts to reduce greenhouse gas emissions from power generation through bilateral diplomatic engagement. These efforts complement the work of USAID which has programs to reduce natural gas flaring and to provide assistance in support of renewable energy activities. Language in the FY10 appropriations bill generally did not allow the use of funds designated as "Clean Energy" funds under the Global Climate Change Initiative to be used for natural gas and other fossil fuel production activities, but other foreign assistance funds could and were used for such activities. The Department also works with multilateral lending institutions to promote electricity generation projects that employ renewable energy and cleaner burning natural gas, as appropriate.

Question #26. Please explain plans to continue and expand the energy governance and capacity initiative. What office will lead State Department efforts on this initiative? What staffing resources are being allocated to the program?

Answer. The Energy Governance and Capacity Initiative (EGCI) is ramping up implementation in eight countries, following the successful completion of technical needs assessment missions by U.S. interagency teams in 2010. Two top priorities for EGCI engagement remain Uganda and Papua New Guinea (PNG). Both countries have world-class oil and gas developments that could generate multibillion dollar revenue flows later this decade. The President's FY 2012 request includes $11 million of Economic Support Funds (ESF) within USAID's Bureau of Economic Growth, Agriculture, and Trade (EGAT) to support EGCI.

The EGCI program's other countries—Sierra Leone, Liberia, Suriname, Guyana, Timor-Leste, and Seychelles—also have sizable undiscovered oil and gas resource potential. Each of these countries has unique energy sector management and revenue governance capabilities and related assistance needs. International energy companies are planning a wide range of offshore exploratory and appraisal drilling plans in each of these countries during the next year.

The EGCI program was launched with $1.4 million in 2010. It is managed actively by senior career staff in the Office of the Coordinator for International Affairs (S/CIEA) in close partnership with USAID, the Department of Treasury's Office of Technical Assistance (OTA), U.S. Geological Survey (USGS), Department of Interior's Bureau of Ocean Energy Management, Regulation and Enforcement (BOEMRE), and the Department of Commerce's Commercial Law Development Program (CLDP).

The program's core objective is to help new oil- and gas-producing countries establish the capacity to manage their revenues wisely and in a manner that maximizes the value of the resource development for the government. Although EGCI goals are country-specific in nature, the program broadly tries to ensure sound and transparent energy sector governance for the benefit of national economic development. Depending on oil and gas exploration efforts and progress in capacity-building, the list of current EGCI countries may change over time. Other countries may be included for consideration for EGCI program assistance depending on their suitability for the program (e.g., development of their oil and gas sector and buy-in by the host government in supporting sound revenue and environmental management) and if additional funding becomes available.

The EGCI program supports a broad range of U.S. foreign policy objectives, including ensuring the security of global oil and gas supplies, supporting energy efficiency in oil and gas resource development, furthering political and economic stability in developing countries, minimizing the environmental risks associated with oil and gas development, promoting democracy and human rights, and combating corruption.

Question #27. What is the Department doing to help encourage other countries to adopt the Dodd-Frank extractive industries transparency standard? Specifically, how is the State Department engaging through the OECD, EU, G8, G20, World Bank, and IMF to promote the adoption of this standard by other country stock exchanges? How is the State Department engaging bilaterally to promote the adoption by country exchanges, particularly with the United Kingdom, France, Canada, China, Japan, European Union, Germany, South Africa, Australia, Malaysia, Chile, and Brazil?

Answer. We have raised the issue of adopting regulations similar to Section 1504 of Dodd-Frank in international fora where it would be effective and appropriate, including the G20 and G8 meetings. The French and U.K. Governments have already indicated support for Dodd-Frank provisions to be adopted by the European Union. We have also discussed incorporating Dodd-Frank-like standards with the Australian Government. We think the Dodd-Frank disclosure requirements are already emerging as a model of transparency for other countries.

Question #28. The Department of State received a permit application for the Keystone XL pipeline to cross the United States—Canada border in 2008. We are now well into 2011. Public comment has been extensive, studies carried out, analysis done. Please provide the committee a timeline for decisionmaking on the permit for Keystone XL, including specific milestones. If specific dates for decisionmaking are unavailable, please provide a range of dates for the decision and accounting of what variables will be considered on when said decision will be made. Please also compare the decisionmaking timeline to other previous pipeline permitting decisions and explain any reasons for why Keystone XL is taking more or less time.

Answer. We expect to make a decision on whether to grant or deny the permit before the end of 2011.

Since issuance of the draft Environmental Impact Statement (EIS), new and additional information has become available relevant to the proposed Keystone XL Pipeline Project and its potential impacts. To provide the public with the opportunity to review and comment on this information and to ensure openness and transparency in the NEPA environmental review process, the State Department decided to prepare a supplemental draft EIS (SDEIS), which will be published in mid-April. The public will have 45 days to comment on the SDEIS.

When ready, the Department will prepare and issue a Final Environmental Impact Statement (FEIS). Upon issuance of a Final EIS, the Department will solicit public comment and host a public meeting in Washington, DC, before it makes a

determination under Executive Order 13337 on whether issuance of this permit is in the U.S. national interest. Cooperating Federal agencies will have 90 days from issuance of the FEIS to provide their input into that process. The U.S. Department of State expects to make a decision on whether to grant or deny the permit before the end of 2011.

Possible contributing factors to the length of the review process on TransCanada's application for the Keystone XL Pipeline Project include the size of the pipeline—1,384 miles in the United States; the extensive public and interagency input—21 public comment meetings and over 8,000 individual comments that needed to be considered in the process of revising the EIS; supplemental filings by TransCanada with changes or updates to the project; and the desirability of a supplemental draft EIS.

Question #29. Does the Department of State require additional information to conclude its environmental review of Keystone XL pipeline? Does the State Department intend to carry out an additional environmental impact statement?

Answer. The U.S. Department of State expects to release a Supplemental Draft Environmental Impact Statement (SDEIS) for the proposed Keystone XL pipeline project in mid-April. The SDEIS contains new and additional information relevant to the proposed project and its potential impacts, which the State Department feels would benefit from further public input. The public will have 45 days to comment on the Supplemental Draft EIS after a Federal Register notice is published.

Question #30. Please explain the factors that are generally considered in making a national interest determination on whether to permit a pipeline border crossing. Please explain the State Department's role in making such a determination vis-a-vis other departments and agencies. If the Keystone XL pipeline is rejected on concerns related to greenhouse gas emissions, what precedent will that set for future permitting applications as well as other State Department, USAID, and Defense activities around the world that may have an impact on greenhouse gas emissions.

Answer. Many factors are considered in making a national interest determination, including but not limited to the potential effects of the proposed project on energy security, the environment, the U.S. economy, health and safety, and foreign policy goals. There is no fixed list of factors to be considered. Decisions on permit applications are based on an assessment of each unique project's own merits and drawbacks with regard to the national interest, rather than based on setting, following, or avoiding a precedent. The State Department has been working continuously with the cooperating Federal agencies, allowing them to comment on and contribute to the NEPA review process. During the 90-day period between issuance of a Final EIS and the Department's decision on the national interest determination, the Department of State will consult with other agencies and consider their input regarding whether or not granting this permit would be in the national interest.

Question #31. Does the United States have a position on Canada's domestic environmental protection regime as it relates to energy production and export? If so, what is that position? Will that position being considered in the permitting consideration of Keystone XL?

Answer. The State Department is assessing the potential environmental impact that the Keystone XL pipeline project would have in the United States. The responsibility of protecting Canada's overall domestic environment belongs to Environment Canada, an agency of the Canadian Federal Government. The Province of Alberta is responsible for environmental protection at the provincial level in Alberta. In the event that the U.S. Government encounters either actual or potential pollution problems in Canada that could impact the United States, it employs various diplomatic and official channels to raise these issues with the Canadian Government.

Question #32. Please identify any known case of a foreign country prohibiting import of U.S. goods based on U.S. domestic environmental controls. What was the response of the United States to the country in question, if any?

Answer. We are not aware of any current cases of a foreign country prohibiting import of U.S. goods based on U.S. domestic environmental controls. However, the United States Trade Representative (USTR) submits an annual National Trade Estimate Report on Foreign Trade Barriers (NTE) to Congress. In conjunction with the NTE, USTR also submits a specialized report on Sanitary and Phytosanitary (SPS) Measures dedicated to describing significant barriers to U.S. food and farm exports that appear to be unscientific, unduly burdensome, discriminatory, or otherwise unwarranted and create significant barriers to U.S. exports. A related Report on Technical Barriers to Trade (TBT) addresses significant foreign trade barriers

stemming from technical regulations, standards, and conformity assessment procedures.

The information for each of these reports is provided by U.S. embassies and consulates worldwide, as well as by the Departments of Commerce and Agriculture, private sector trade advisory committees and interested stakeholders. The Department of State works with USTR to engage with foreign governments to ensure market access for Americans, advance the rule of law internationally, and create a fair, open, and predictable trading environment. USTR coordinates trade enforcement actions, asserting U.S. rights through the World Trade Organization (WTO) and bilateral trade agreements. The Department of State supports USTR in its trade enforcement agenda.

Question #33. In its Presidential Permit application, TransCanada asserts that constructing the proposed Keystone XL pipeline is in the national interest to maintain adequate crude oil supplies for U.S. refineries. The application argues that the pipeline will allow U.S. refiners "to diversify supply away from traditional offshore foreign crude supply and to obtain direct pipeline access to secure and growing Canadian crude supplies" from Canadian oil sands during a time of rising domestic oil demand and declining domestic production. In particular, the application asserts that the pipeline would allow the United States to decrease its dependence on foreign crude oil supplies from Mexico and Venezuela, the two largest oil importers into the U.S. Gulf Coast. In its draft EIS for the project, the State Department similarly finds that the Keystone XL pipeline "would counteract insufficient domestic crude oil supply while reducing U.S. dependence on less reliable foreign oil sources." Given the complex and ever-changing nature of the global oil market, however, the availability of, and access to, foreign oil supplies is hard to predict—especially over the decades-long operating life of a major pipeline.

While it seems likely that a new oil pipeline constructed between Canada and the United States would increase supply reliability in terms of secure deliverability, the potential impacts of the pipeline on overall U.S. access to oil supplies must be considered in the context of key trends in the global oil market. Please explain the possible impacts on U.S. oil imports from any particular foreign source, but especially Mexico and Venezuela.

Answer. The State Department is in the process of considering the Keystone XL application. As a part of this process, the Department is currently editing the draft Environmental Impact Statement (EIS). We are preparing to release a Supplemental EIS in mid-April 2011 that will include a more detailed analysis of international oil markets and the possible impacts from the proposed pipeline. Also, in connection with the points you raise here, you may find the Ensys Energy Report, commissioned by the Department of Energy, released December 23 and part of the documentation we are considering in connection with the Keystone XL application, to be of particular interest as it examines the potential impact of the pipeline on world oil markets, including impacts of different types of oil imported into the United States. It is currently available on the Keystone Web site and will be included in the Supplemental EIS. We encourage you as well as other interested parties to comment on the additional new information during the 45-day public comment period that will follow the release of the Supplemental EIS.

Question #34. The President's Emergency Plan for AIDS Relief (or PEPFAR) is the U.S. Government's largest bilateral health program. As you know, the program is housed at the Department of State, where the Office of the Global AIDS Coordinator oversees and manages this interagency program. PEPFAR is the main pillar in the administration's proposed $63 billion over 6 years Global Health Initiative, which will be housed within USAID. This suggests a disconnect between who is coordinating versus who will be managing the funding allocations.

a. Can you explain how you envision how these programs will be coordinated in Washington?

b. Will there be a GHI coordinator at the mission?

c. What role will the in country PEPFAR coordinator have in terms of the GHI?

Answer. The Global Health Initiative (GHI) connects U.S. Government health investments, including PEPFAR, in order to help them integrate, coordinate, and work together more efficiently to save more lives. The Department of State's Quadrennial Diplomacy and Development Review (QDDR) proposes a transition of the leadership of GHI to USAID upon its achievement of defined benchmarks aimed at ensuring USAID has the capacity and structures to lead a coordinated, inclusive, whole-of-government effort. The Secretary of State will make the final determination on transitioning the Initiative to USAID, with a targeted timeframe at the end of FY 2012. Should such a transition occur, PEPFAR will remain at the Office of

the Global AIDS Coordinator. The statutory and legislative mandate will continue to be fulfilled and managed through the Department of State.

(a) Implementation of the Global Health Initiative is coordinated through regular meetings of the interagency Operations Committee (consisting of the heads of the Centers for Disease Control, Office of the Global AIDS Coordinator, and USAID) and the newly appointed GHI Executive Director, Lois Quam. Broad coordination is also facilitated through the Strategic Council, which brings together senior officials from a wider range of agencies across the U.S. Government to discuss ways in which we can link our global health programs in a strategic, coordinated manner.

(b) In each country, a Planning Lead is selected for the implementation of GHI. This individual is selected from existing health staff at missions with interagency consultation. Planning Leads serve as chief coordinators, responsible for facilitating the in-country processes required to develop, implement, and monitor/report a GHI Country Strategy and for ensuring the inclusive processes inherent in GHI.

(c) Given the weight of PEPFAR's importance to GHI, the PEPFAR Coordinator plays a central role in the implementation of GHI in countries where PEPFAR programs exist. PEPFAR's goals and strategic objectives are those of GHI, and the PEPFAR Coordinator will be responsible for ensuring that the interagency PEPFAR program fulfills the principals and targets laid out under GHI. In addition, the PEPFAR Coordinator will work with the other members of the U.S. Government health team to ensure that PEPFAR programs are integrated with and leveraging other U.S. Government health and development initiatives.

As GHI implementation moves forward, we will continue to consult with and seek the input of Congress on these important issues of coordination and leadership.

Question #35. The GHI stresses transparency and accountability at many levels. GHI plus countries have been selected; however, despite the fact that the GHI was announced over 2 years ago, GHI plus strategies for these countries have yet to be released. Without the release and implementation of these strategies, how can Congress, the American people, and global health implementers on the ground be assured that the transparency and accountability emphasized by the GHI is being put in place?

Answer. With the launch of the new GHI Web site (http://www.ghi.gov), GHI Country Strategies for Bangladesh, Ethiopia, Guatemala, Kenya, Malawi, Mali, and Nepal are now available online and available for public review. The Country Strategy for Rwanda will be posted shortly. As GHI is implemented in more countries and GHI Strategies are developed, each will be made available on the website.

Question #36. Increasing human capacity of health infrastructure is a priority in both GHI and PEPFAR. A major road block in a number of developing countries is the separation between medical training programs and local health clinics. The Minister of Health has jurisdiction over health facilities and the Minister of Education has jurisdiction over the training programs. Due to the disconnect, in a number of countries, medical and nursing students are not permitted to train with medical personnel in government hospitals or clinics. Upon completion of their programs, some of these individuals have had little patient interaction.

- Does the United States have a role in working with host governments to rectify this situation?

Answer. USG assistance plays a significant role in addressing the potential for disconnection between Ministries. Our assistance approach strengthens preservice programs to ensure the quality, quantity, and relevance of health care workers with focus on: bringing all key stakeholders, including both Ministries and others, to jointly identify what is needed in the health workforce and how best to attain it; assisting Ministries of Education to tailor curricula to the health profile of the country; utilizing proven education approaches and learning methods to develop measurable competencies for the efficient and effective delivery of quality health services at different levels of care and according to recognized service delivery models; and developing public and private hospitals, clinics and other teaching sites embedded in health service delivery facilities, as well as the community, to serve as practice sites. As a result of both improved classroom education and clinical practice, they are valuable members of the workforce as soon as they complete their studies.

Question #37. The United States is committed to investing in health programs in developing countries. We have seen much progress in this area, especially in the fight against HIV/AIDS. As we work toward sustainability and encourage country ownership, what is the United States doing to persuade countries to invest in their own country's health programs?

Answer. A central focus of PEPFAR's strategy and of the Global Health Initiative (GHI) is promotion of country-led sustainable programs. Strong government leadership of the health system is integral to long-term success, and health systems are strongest where governments have leadership and technical skills to address health system weaknesses. A focus on country ownership is critical to ensure that capacity is built in technical and program areas of HIV/AIDS (Prevention of Mother to Child Transmission, treatment and gender, etc), leadership, management, and capacity-building in financial management so that programs supported by PEPFAR are as effective as possible and able to transition to long-term sustainability. Therefore, a key component of PEPFAR's country ownership strategy is the promotion of Partnership Framework agreements between the United States and host country governments.

Partnership Frameworks provide a 5-year joint strategic framework for cooperation between the U.S. Government, the partner government, and other partners to combat HIV/AIDS in the host country through service delivery, policy reform, and coordinated financial commitments. Furthermore, Partnership Frameworks have provided the basis for discussions with governments on long-term planning and alignment between PEPFAR and national strategies. In addition, Partnership Frameworks provide the mechanism for dialogue around investments in capacity by both the partner country government and PEPFAR, all of which are the building blocks for country ownership. Through the Partnership Framework mechanism, we have seen many countries taking ownership of their health programs. For example, as part of the Partnership Framework on HIV/AIDS between Nigeria and the United States, the Government of Nigeria is committed to being the leader and steward of its efforts to fight HIV/AIDS. This includes increasing its financing from 7 percent of the national HIV/AIDS response in 2008 to 50 percent of the cost by 2015. To date 19 countries and two regional programs have signed partnership frameworks.

Question #38. Is authorizing legislation needed to implement the administration's GHI strategy?

Answer. The core principles established by GHI—the focus on women, girls, and gender equality; country ownership; leveraging of partnerships; coordination and integration; learning, research, and innovation; and strengthening health systems—guide a USG development agenda with ambitious targets. In the first phase of GHI, this agenda was implemented in a diverse set of eight Plus countries that represent learning opportunities for the Initiative. As we continue to implement the Global Health Initiative, a need for authorizing legislation may arise, but no such need exists at present. We will continue to consult with Congress as we move forward.

Question #39. Two complaints I hear from the field relate to the lack of coordination among the different government agencies and the onerous reporting requirements which keep staff from going into the field to conduct oversight. How can coordination improve between all the players promoting the U.S. development agenda? What ideas do you have about streamlining the reporting requirements in order to provide useful data while freeing up staff to monitor and evaluate funded programs and grants?

Answer. As articulated in the QDDR, State and USAID are committed to streamlining their joint strategic planning and reporting processes as a high priority. We will do this by moving to a multiyear planning framework that sets out 3-year strategic objectives that will form the basis of annual resource requests, operational planning, performance monitoring, and reporting processes. Within this structure, content will flow from and be updated from one process to the next. By using a common organizing principle for both planning and reporting, we will improve the links between strategic planning, performance, and resource decisions while focusing on the core information needed to make decisions. We are also setting up a joint governance structure to manage and oversee the emergence of new or changed reporting requirements by using a cost-benefit approach. This will help preserve streamlining gains and ensure that field staff continue to have sufficient time for monitoring and oversight.

Question #40. In his annual letter, Bill Gates spoke of vaccination programs and polio eradication as being a priority of his foundation for the coming year. At the World Economic Forum meetings earlier this year in Davos, Switzerland, Mr. Gates announced an additional $102 million commitment to polio eradication efforts. Rotary International and UNICEF are also active in this area. What is the United States role in the polio eradication, especially in Pakistan and Afghanistan where the United States has such a large economic investment?

Answer. The United States continues to be committed to eradicating polio. Along with WHO, UNICEF, and Rotary International, our interagency partner HHS/CDC is spearheading the Global Polio Eradication Initiative (GPEI) and has contributed substantial financial and technical support. The United States also raises the issue with other countries, such as Pakistan and Afghanistan, at every opportunity and seeks their support in eradication efforts. Through our interagency partners, such as HHS/CDC and USAID, we have also assisted the Afghani and Pakistani Ministries of Health in evaluating and strengthening the Expanded Program on Immunization as well as funded medical officers/epidemiologists and technical officers at WHO for polio eradication. We have also supported the Field Epidemiology and Laboratory Training Program (FELTP) in Pakistan, which trains both Pakistani and Afghani public health staff in surveillance, outbreak investigation, and public health program evaluation, building longer term capacity. Finally, in partnership with the Pakistan Ministry of Health and WHO, we are currently launching the training, deployment, and technical oversight for the first National Stop Transmission of Polio team of 16 nationals from its FELTP.

In addition to this work around training, we also work with others to encourage significant financial contributions from the Organization of Islamic Conference member states to support the GPEI. We have also been working hard to keep polio eradication high on the G8 agenda and mobilize other countries to provide additional resources in this effort.

We recognize, as Bill Gates does, that worldwide polio eradication would be a tremendous success for the international global health community. To date, the U.S. Government has invested nearly $2 billion in polio eradication efforts for activities including polio surveillance and laboratory networks, state-of-the-art global polio reference laboratory services, polio vaccine for mass campaigns, mass campaign planning, implementation, and evaluation, research and evaluation, and social mobilization. Any threat to derail these efforts would be a serious setback to global health efforts worldwide.

Question #41. According to the World Health Organization, pneumococcal infection kills over 500,000 children a year. Over the last couple of months, a global pneumococcal vaccine has been rolled out in Kenya, Nicaragua, Guyana, Yemen, and Sierra Leone. The funding has primarily come from a $1.5 billion GAVI Alliance pioneered financing mechanism, the Advance Market Commitment (AMC). Although the United States was not part of the AMC, what role, if any, is the U.S. Government planning to support the rollout of this life saving vaccine?

Answer. USAID is committed to working with our partners, including GAVI, to introduce pneumococcal vaccine in countries where pneumonia mortality among children is highest. USAID's contribution to GAVI and our funding to WHO is used to provide technical support to countries. USAID has also led the development of GAVI's Supply and Procurement Strategy to optimize the use of GAVI's funds to procure high-quality vaccine at affordable prices.

As a bilateral technical partner, USAID has played a key role in strengthening the country-level immunization systems that deliver the new vaccines. Countries are likely to need support in three core areas: cold chain and logistics; new vaccine introduction preparedness (e.g., new vaccine assessments, health worker training, development of training materials, waste management planning, and social mobilization); and expansion of coverage of the unreached and unimmunized through strengthened routine immunization. Such support has played a key role in the successful introduction of the pneumococcal conjugate vaccine in Rwanda and Kenya. In Rwanda, for example, USAID provided cold chain equipment and technical assistance to support Rwanda's Ministry of Health effort to reach all children under 1 year of age. Additional country work is planned in Tanzania, Malawi and Benin. USAID/Washington will continue its work with missions to encourage their engagement in the introduction of this critical, highly effective new vaccine.

Question #42. The United Nations Development Program is a major implementer for the Global Fund to Fight AIDS, Malaria, and Tuberculosis. According to the UNDP, as of January 2011, UNDP is currently Principal Recipient in 27 countries, managing a total of 60 active grants amounting to more than $1.1 billion. Policies of the Executive Board of the UNDP only allow Member States, not nongovernmental organizations such as the Global Fund or World Bank, access to internal audits, even when fraud is suspected in the grants.

- What actions should the United States pursue to increase the transparency and ensure the integrity of United States taxpayer investments in the Global Fund that are managed through UNDP?

Answer. The United States is committed to ensuring Global Fund resources reach people in need and are used as effectively and efficiently as possible to save lives. We strongly support the Global Fund's Office of the Inspector General (OIG), and its ongoing efforts to strengthen the Global Fund's oversight systems. We have consistently advocated for increased transparency, accountability, and oversight over U.S. contributions to the Global Fund, including Global Fund resources managed by UNDP.

The United States has had high-level discussions with UNDP management on the importance of sharing relevant audit information with the Global Fund's OIG and cooperating with the OIG in instances of suspected fraud. While UNDP does not currently share its internal audit reports with the Global Fund, UNDP has taken several interim steps to coordinate with the Global Fund's OIG, including (1) consulting with the OIG on development of UNDP's annual audit plan, (2) sharing summaries of UNDP's Global Fund-related audits, and (3) bringing potential irregularities involving Global Fund projects to the attention of the OIG whenever and wherever they are found. These steps are helpful but not sufficient, and the United States is continuing to push for full Global Fund access to relevant UNDP audit reports.

With strong U.S. encouragement, UNDP management has agreed to present options for allowing increased access to its audit reports to the UNDP Executive Board for consideration and approval in September 2011. The United States is working to build support among UNDP Board members for amendments to UNDP's audit disclosure policies that would allow increased transparency, accountability, and oversight over resources under UNDP management.

Question 43. In assessing effectiveness of multilateral international organizations, United Kingdom Secretary of State for International Development Andrew Mitchell told the House of Commons that the Global Fund to Fight AIDS, Malaria, and Tuberculosis is "very good value to the U.K. taxpayer."

- Do you agree with Mr. Mitchell's assessment regarding the current U.S. investment?

Answer. While the judgment that the Global Fund is a good value to the U.K. taxpayer is based in part upon a comparison to the U.K.'s development priorities, the United States believes that investments in the Global Fund to Fight AIDS, Tuberculosis and Malaria (Global Fund) also represent a very good value for the U.S. taxpayer. Through our contribution to the Global Fund the United States is able to:

—Support the delivery of concrete health results;
—Expand the geographic reach of and enhance the USG's bilateral health efforts;
—Catalyze international investment in AIDS, TB, and malaria;
—Build capacity, country ownership, and sustainability; and
—Demonstrate political commitment to international cooperation.

The USG contribution to the Global Fund supports the achievement of significant health results. By December 2010, the Global Fund estimated it had supported the following results:

- 3 million people on ARV treatment;
- 150 million counseling and testing sessions;
- Prevention of Mother to Child Transmission for 930,000 pregnant women;
- Provision of 5 million basic care and support packages;
- Detection and treatment of 7.7 million infectious TB cases;
- Distribution of 160 million bednets for malaria prevention;
- Delivery of 142.4 million malaria treatments.

By providing 28 percent of Global Fund resources, the USG is directly supporting a significant portion of these results.

U.S. contributions to the Global Fund support programs in 150 countries, significantly expanding the geographic reach of PEPFAR, the President's Malaria Initiative (PMI), and USG tuberculosis programs and our ability to support affected individuals around the world.

U.S. investments in the Global Fund complement and support our bilateral health investments and enhance the sustainability and country ownership of national responses to the three diseases.

Furthermore, the U.S. contributions to the Global Fund catalyze continued investments from other donors in AIDS, TB, and malaria. Every dollar the U.S. Government has contributed to the Global Fund leverages an additional $2.50 from other donors.

The United States is working closely with the Global Fund Secretariat and Board to further improve the Global Fund's health impact and "value for money" in its op-

erations and grants. For example, USG country teams are working closely with Global Fund Secretariat staff and Global Fund recipients to ensure that activities are closely coordinated both to avoid duplication and to ensure that both USG and Global Fund programs achieve the maximum health impact possible through strategically targeting resources.

Question #44. The Global Fund has formed a committee to consider the adoption of a number of internal reforms. The United States has a voice on the committee. What reforms should be a part of the package presented to their board?

Answer. In December 2010, Board members and the Secretariat embraced the United States call for comprehensive reforms designed to improve the impact of Global Fund grants and ensure the effective, efficient, and accountable use of Global Fund resources. The Board established a Comprehensive Reform Working Group that is charged with:

—Developing and defining a comprehensive reform agenda of specific action steps that will maximize the cost-effectiveness and impact of Global Fund investments in saving and improving lives affected by AIDS, TB, and Malaria;
—Establishing clear timelines and measures of progress for each of the action items on the reform agenda;
—Developing 4–5 high-impact concrete policy reforms/recommendations for the Board to enact immediately; and
—Creating practical mechanisms for the Board, Secretariat, stakeholders, and public to track implementation of action items contained in the reform agenda.

The Working Group will present its recommendations to the Board in May 2011.

The United States has been deeply involved in the Working Group's efforts to articulate a clear reform agenda that advances the following goals:

1. Enhanced fiduciary control and risk-management.
2. Improved resource allocation and increased value for money.
3. Improved proposal development and review processes.
4. Improved grant management/reduced transaction costs.
5. Improved Global Fund internal management.
6. Improved partnership and in-country structures.
7. Improved governance.
8. Enhanced resource mobilization.
9. Increased sustainability and efficiency.

The Global Fund has also created an Independent High-Level Panel on Global Fund Fiduciary Controls and Oversight, which is being chaired by Former Secretary for Health and Human Services, Michael Leavitt, and the former president of Botswana, Festus Mogae. The United States strongly supports the establishment of this panel, and will work to ensure its findings and recommendations are incorporated into the Global Fund's reform agenda.

Question #45. The Global Fund Board is currently reviewing income criteria for grant eligibility. Presently, the Fund uses the World Bank Country Income Classifications and disease burden to determine eligibility for countries on the higher end of the income scales. A number of these countries do not receive much bilateral assistance from the United States due to income eligibility. What criteria should the Global Fund adopt to ensure that only countries that truly need the grants receive them?

Answer. In accordance with its Framework Document, the Global Fund is committed to ensuring its resources are used to support global needs and reach those with the greatest need and least ability to pay.

The Global Fund Board is currently reviewing its eligibility and prioritization criteria and cost-sharing requirements and has agreed to make a decision on these matters in May 2011, prior to the launch of Round 11.The United States strongly believes that Global Fund eligibility, prioritization, and cost-sharing criteria must ensure Global Fund resources are targeted strategically towards countries and regions with the greatest need and least ability to pay. We also believe the Global Fund can play an important role in providing limited, catalytic support for high-impact interventions targeted at vulnerable populations in middle income countries with high disease burdens. Such interventions could include support for MDR/XDR tuberculosis programs in Eastern Europe and HIV prevention and treatment programs for marginalized populations.

Question #46. In light of the current economic situation, what is the current status of U.S. global efforts on programs to address the needs of orphans and vulnerable children? As these children move into adulthood, what efforts are being made to assist in integrating them as productive members of society?

Answer. U.S. Public Law 109–95, the Assistance for Orphans and Other Vulnerable Children in Developing Countries Act of 2005, focuses on the world's most vulnerable children. The law calls for international assistance from the U.S. Government (USG) for such children to be coordinated, comprehensive, and effective. In fiscal year 2009, USG assistance amounted to over $2.6 billion, through almost 2,000 projects in over 100 countries. Assistance is administered by more than 20 offices in seven USG departments and agencies, operating under their respective mandates. Under the law, the Special Advisor for Assistance to Orphans and Vulnerable Children, housed at USAID, is the lead in coordinating USG assistance.

Many USG-funded programs reaching orphans and vulnerable children feature education, vocational training, psychosocial support and economic strengthening components. Economic strengthening encompasses a range of activities, such as the direct provision of cash or material assistance and access to services that reduce household economic burdens (e.g., ensuring children's free access to school), implemented through market-based interventions that promote asset growth, asset protection or income growth of participating households. These critical programs aim to support vulnerable children and youth as they strive to become productive members of their communities and societies. A database on USG assistance for highly vulnerable children, available online and publicly accessible, provides detailed information about these projects. For instance, in FY 2009, a total of 13 offices within five USG agencies and departments supported more than 230 projects that included economic strengthening components for vulnerable children in nearly 60 countries. Seventeen offices in five USG agencies and departments supported more than 300 programs that featured education components for vulnerable children in more than 80 countries.

Question #47. You are requesting $71.8 million for programs in the USAID Forward initiative for innovation, science and technology (S&T) and evaluation. Other agencies in the Federal Government also work with inventors and the private sector in developing new technologies. To what extent do you work with other Federal agencies to share information on new technologies that could be used in USAID-funded locations? If you do collaborate with other agencies, what are they, and what is the mechanism you use for this coordination? Do you share common programs objectives for new technology.

Answer. We are aggressively pursuing formal partnerships with other Federal agencies to enhance our ability to leverage their scientific and technical expertise in the service of development. Formal agreements are at various stages of discussion or have been negotiated with: NASA, NSF, EPA, USGS, USDA, NOAA, and NIH. Examples of specific activities include:

- The Partnerships for Enhanced Engagement in Research (PEER) program with the National Science Foundation (NSF):
  - Competitive grants program supporting researchers in developing countries to collaborate with U.S. researchers funded by NSF. Based on USAID's interest and NSF's existing portfolio, likely areas of collaboration would include biodiversity, climate change, water, and food security.
  - Expected to be launched in May 2011.
  - Estimate that this leverages over $30 of NSF investment for every $1 invested by USAID.
- The LAUNCH initiative, to support entrepreneurship and new S&T applications for sustainability and development through a partnership with NASA:
  - Identified innovative solutions for development problems.
  - DTI-r—a participant in LAUNCH: designed and developed a gravity-fed water pipe that is capable of treating gray water to be used for irrigation in arid regions, such as Jordan. Due to its proven success, the pipe is now poised to be scaled up.
  - LAUNCH features recurring interagency cooperation in designated sectors. Current programs have addressed water and health challenges. Our next one will be focused on energy in late 2011.
- USAID and USDA partner in a number of areas, including under Feed the Future. The Norman Borlaug Commemorative Research Initiative with U.S. Department of Agriculture (USDA) is one example:
  - USAID and USDA technical working groups address key agricultural challenges of significance to both U.S. and developing country farmers.
  - Priority research areas are livestock health, legume productivity, food safety, and wheat stem rust.
  - Research activities harness USDA technical expertise through collaboration with USAID-funded research partners, such as the international agri-

culture research centers (CGIAR), in support of Feed the Future's food security goals.

- USAID partners with NOAA to utilize their expertise in weather and hydrological forecasting, climate impacts, use of remote sensing data in support of Disaster Risk Reduction, and fisheries management. Examples of collaboration include:
  - USAID's FEWS NET activity has maintained an interagency agreement with NOAA since 1986 which provides a variety of weather, climate and drought monitoring and forecasting products.
  - USAID's SERVIR (the Spanish acronym for Regional Visualization and Monitoring System) program collaborates with NOAA on capacity building activities in meteorological services and training modules in Central America.
  - USAID's Office of Foreign Disaster Assistance supports NOAA's RANET program which uses communication satellites to transmit information, via radio, to remote areas in developing countries.
- The Research Division of the Office of Population and Reproductive Health has maintained ongoing collaborative relationships with the CDC's Division of Reproductive Health, and NIH's National Institute of Child Health and Human Development (NICHD) for many years:
  - Many of the contraceptive technologies available today—such as the progestin-only oral pill, the 5-year implant, and the Female Condom—were first developed by USAID partners and then tested in the NIH CCTN for FDA approval.
  - These fruitful interagency relationships have enabled USAID, CDC, and NICHD to come together frequently to review scientific results, respond to new research questions in reproductive health, harmonize research plans and priorities, and leverage their respective resources to facilitate promising research.
- The Research Division has had a long history collaborating with NIH's National Institute for Allergy and Infectious Diseases (NIAID) on the development of microbicides for HIV prevention in women:
  - This productive interagency relationship has led to several microbicide products developed by USAID partners being tested in NIH's HIV Prevention Trials Network and the Microbicide Trials Network.
  - The collaboration between USAID's Office of HIV/AIDS (where the microbicides portfolio now resides) and NIAID has increased dramatically with the recent tenofovir gel results that showed the first-ever proof of a microbicide effective in preventing HIV acquisition in women.
  - USAID and NIAID are actively collaborating on a combined portfolio of research to accelerate the introduction of this product and the further development of other microbicides.

In addition, we are developing a strategy for enhancing the Agency's ability to leverage, in the service of development, the depth and breadth of the academic community's science and technology resources, both academic and physical.

Question #48. You recently released the Department's first Quadrennial Diplomacy and Development Review (QDDR). In your letter in which you submitted the fiscal year 2012 budget request, you noted that the QDDR "is changing the way we do business." How does your budget request reflect a more focused development agenda? How does it demonstrate your recognition that the Department "should just stop doing" some things altogether?

Answer. The President's FY 2012 Budget for the Department of State and USAID are informed by the overarching direction and priorities set by the Presidential Policy Directive on Global Development and the Quadrennial Diplomacy and Development Review (QDDR). The budget recognizes that development progress is essential to promoting America's national security and economic interests, as well as our values. In particular, Secretary's Clinton's cover letter to the 2012 Congressional Budget Justification highlighted priorities related to our support for diplomatic and military engagement in key frontline states (Iraq, Afghanistan, and Pakistan); Presidential Initiatives in food security, climate change, and global health; as well as humanitarian assistance, conflict prevention, and crisis response. Within the State and USAID budget, and consistent with the QDDR and Presidential Policy Directive on Global Development, we are prioritizing these areas in our development agenda, as well as economic growth and democratic governance programming that are essential for reducing long-term dependence on foreign aid and increasing sustainability.

Efficiency, program evaluation, and fiscal responsibility are major components of the QDDR. At the release of the QDDR in December, the Secretary noted that "We are redefining success based on results achieved rather than dollars spent." We will minimize costs and maximize impacts, avoid duplication and overlap, and focus on delivering results.

The cost avoidance from this focus on efficiency and fiscal discipline are reflected in the President's FY 2012 budget request for the Department and USAID. It is a budget for tight times, with core expenses growing just 1 percent over comparable FY 2010 levels. When the Department's $8.7 billion Overseas Contingency Operations request is combined with the Pentagon's war costs in Iraq and Afghanistan, the total U.S. Government spending on these conflict zones drops by $41 billion, highlighting the savings that can be reached through a whole-of-government approach to our Nation's most difficult challenges. Finally, the budget reflects tough choices, including slowing the expansion of the Foreign Service and reducing development assistance to more than 20 countries by at least 50 percent.

Fundamentally, the QDDR builds U.S. civilian power. This inherently creates lasting cost-effective benefits for American taxpayers and enhances our national security through preventative measures. It costs far less to deploy a diplomat to defuse a crisis than it does to field a military division if that conflict is allowed to grow. Civilian power is a wise investment for the United States, and through the reforms that the Department and USAID have laid out, it will pay dividends for years to come.

Question #49. The future of high economic growth is shifting from the developed to the developing world. Over the past 40 years, trade has tripled as a share of our economy, and more than 1 out of 5 American jobs are tied to international trade. America's fastest growing markets—representing roughly half of U.S. exports—are in developing countries. Economic engagement must keep the United States competitive in the global marketplace.

- What is the role of State and USAID programs in helping spur economic growth here at home and creating American jobs? How do these programs help U.S. businesses and entrepreneurs to remain competitive in the global market place?

Answer. You have well identified the crucial role that exports play in creating U.S. jobs and rebalancing the U.S. economy. That is why the Department of State and our embassies and consulates abroad are so deeply involved in the work of the President's National Export Initiative, helping U.S. manufacturers, services providers, farmers, and ranchers achieve more sales outside our domestic market. With increased exports, the nation can create millions of new jobs across many sectors and throughout the country. The President has challenged the nation to double overall exports in a 5-year period, and important progress was achieved in the first year. U.S. exports in 2010 increased $261 billion compared to 2009, but in too many markets we are only back to 2008 export levels, before the effects of the global financial crisis that began in 2008.

U.S. Ambassadors serving abroad and the country teams they lead at their embassies make promotion of U.S. exports of manufactured goods, services, and farm goods an important part of their work. The ambassadors are the CEOs of the interagency process at their posts, setting priorities for execution by their teams. State Department economic officers at embassies and consulates are available to counsel U.S. companies about market opportunities and challenges overseas. Economic officers and their colleagues also urge policy and regulatory reforms by our trading partners, to make economies more open and the application of regulations more transparent, predictable, and even-handed, thus assisting U.S. companies' access. Effective protection and enforcement of intellectual property rights—the patents, trademarks, and copyrights on which so many knowledge-intensive U.S. companies rely—is an important focus of work by our embassies and the Department of State (particularly the Office of International Intellectual Property Enforcement) in conjunction with other agencies in Washington. Our embassies also help facilitate the establishment of American Chambers of Commerce overseas and seek counsel from and offer briefings to such groups. I met with the Business Round Table in December 2010 and the President's Export Council on March 11 of this year. With input obtained by our diplomatic posts from U.S. exporters and U.S. business representatives resident in foreign markets, feedback from the Department's Advisory Committee on International Economic Policy, and the constructive views offered by many U.S. domestic businesses and business organizations such as the Business Round Table and President's Export Council, we strive to integrate private sector issues into U.S. foreign and economic policy and direct U.S. Government resources to assist U.S. business interests overseas.

State Department consular officers adjudicate millions of nonimmigrant visa applications each year, facilitating legitimate travel by foreign business people, tourists, and students. These visitors spend annually tens of billions of dollars in the United States, helping to create jobs across the nation. We provide our consular officers with clear guidance to provide business-friendly application procedures while adjudicating applications for business visas within the bounds of U.S. immigration law.

I convened U.S. ambassadors from around the world at the Department of State on February 2 and 3 this year, and their great enthusiasm to be champions on behalf of U.S. exports and U.S. exporters was quite apparent. They are concerned, however, about the resources available to our missions abroad, including for export promotion purposes.

U.S. ambassadors are eager to explain commercial opportunities in their host countries to U.S. business audiences. One, but by no means the only recent example: the Department of State's Bureau of Economic, Energy and Business Affairs and the Bureau of Near East Affairs worked with the Business Council for International Understanding to program meetings with U.S. domestic business groups for nine U.S. ambassadors from the Middle East and North Africa in October of last year. The ambassadors made presentations to business associations from New York to Seattle and San Francisco, and from Milwaukee to New Orleans. Other U.S. ambassadors have made similar presentations to U.S. audiences, and in this year in which the United States will be host to the APEC summit, many more such events will occur. All of these activities are designed to help U.S. companies understand the export opportunities in often unfamiliar foreign markets.

I and other senior officials of the Department of State regularly advocate on behalf of U.S. bidders on foreign government and foreign military procurements, in meetings abroad, on the margins of international conferences, and in diplomatic correspondence to foreign government officials. Those efforts, and similar efforts by other Cabinet members and their senior officials, White House officials, and the ongoing advocacy by our embassy teams abroad, have resulted in important, sizable export wins for U.S. businesses. You will recall, for instance, the multibillion dollar contracts for Boeing jets and other items announced during President Obama's visit to India in November and during the January state visit of Chinese President Hu Jintao to the United States. It is important to emphasize that it is not just our biggest companies and their supply chains that benefit from commercial advocacy, however large or important those contracts may be. The day-to-day work of our country desk officers, regional bureaus, the Bureau of Economic, Energy and Business Affairs, and our ambassadors and embassy teams overseas reap important accomplishments for U.S. businesses of all sizes across the nation. For example:

- Embassy Manila played a crucial role in the successful bid of the largest North American producer of solid zinc strip and zinc-based products, Jarden Zinc Products of Greenville, TN, to supply coin blanks to the Philippines Central Bank. The contract value exceeded $20 million.
- One of our smallest posts in term of staffing, the American Presence Post in Rennes, France, recently helped a Maryland firm secure a contract for at-sea refueling systems for European naval frigates.
- The U.S. Embassy in Tirana recently brokered an understanding with Albanian Customs and National Food Authority officials, who had differing interpretations of the requirements of an ambiguous Albanian law. The Embassy's intervention allowed release of U.S. meat shipments that had been delayed in an Albanian port because of those bureaucratic arguments.
- Embassy Asuncion officers counseled a southern California firm in its successful bid to lay 1,000 kilometers of high-temperature, low-sag transmission cable for the Paraguayan National Electricity Administration, a contract valued at more than $10 million.
- State's International Communications and Information Policy Office (CIP) has promoted the benefits of holding wireless spectrum auctions to other countries. Brazil, India, Costa Rica, and Mexico have held these auctions with our encouragement. In Brazil, U.S.-based Nextel won 11 3G (third generation) wireless licenses, as well as other licenses, resulting in Nextel Brazil becoming the fifth mobile carrier with almost 100 percent national coverage there.

The work of many of the offices in State's Bureau of Economic, Energy and Business Affairs (EEB) actively support the goals of the President's National Export Initiative or otherwise contribute to U.S. economic prosperity.

- EEB administers a Business Facilitation Incentive Fund used by dozens of posts without a Commercial Service presence for export promotion activities.

- EEB/CIP works with foreign governments and U.S. industry to encourage regulatory reform and market access for the information and communications technology (ICT) sector. Through public-private partnerships CIP promotes U.S. ICT industry instruction of visiting foreign officials on best practices, regulatory reform, international standards, and telecommunications competition.
- EEB's Office of Aviation Negotiations expands markets for our airlines, which benefits U.S. exporters, the travel and tourism industries, and the express delivery industry, and creates demand for long-haul aircraft to fly these new routes.
- EEB's Office of Development Finance helps the Millennium Challenge Corporation increase private sector awareness of procurement opportunities offered there.
- EEB's Office of Trade Policy and Programs represents State and supports officials of the Office of the United States Trade Representative in numerous bilateral and multilateral trade negotiations with the express goal of opening markets and creating a level playing field for our firms.
- EEB's Office of Investment Affairs joins with USTR in negotiating protections for overseas investors against expropriation. The United States is the world's largest outward investor, and an estimated 21 percent of U.S. exports are intracompany transfers from U.S. parents to their overseas subsidiaries. The annual Investment Climate Statement produced by our embassies and published on the State Department Web site is a key tool used by many American companies to evaluate risk associated with their overseas investment plans.
- EEB's Office of Investment Affairs and Commerce's "Invest in America" program cooperate to attract foreign investment to the United States that creates thousands of high-value jobs in our economy. In October, we sent a joint State-Commerce instruction to all diplomatic and consular posts stressing the importance of attracting investment to the United States. The United States is the world's No. 1 recipient of inward foreign direct investment, and foreign subsidiaries in the United States provide approximately 19 percent of all U.S. exports.

In sum, International Affairs funding is crucial for the foreign policy of the United States, but also for our international economic policies and the creation of a more prosperous economic future for our workers and companies in an increasingly connected and competitive global marketplace.

Question #50. In your testimony you mentioned that several al-Qaeda "foreign fighters" were from eastern Libya, the part of the country now liberated from the Qadhafi's control. I have also read reports that at the peak of the Iraqi insurgency, more Libyans per capita traveled to join al-Qaeda in Iraq than from any other country. The potential for al-Qaeda to exploit the turmoil in Libya is of great concern.

- Please share with us specifics on any current movement of people between Libya and Afghanistan/Pakistan of elsewhere, in classified format if necessary. What sort of foothold does al-Qaeda or Al Qaeda in the Islamic Maghreb (AQIM) have in Libya now?

Answer. While Qadhafi's claims that the rebellion is an al-Qaeda (AQ) plot lacks credibility, both AQ and its affiliate Al Qaeda in the Islamic Maghreb (AQIM) are looking for ways to play a greater role in the conflict. They have made rhetorical statements of support for the rebels in Libya and have advised the rebels to set up an Islamic state in a post-Qadhafi era. AQ's leaders in Pakistan and Afghanistan have tried to portray the international intervention as a crusade against Muslims in order to further their own agenda.

Libyan extremists potentially traveling back from Afghanistan and Pakistan and from the surrounding region likely retain an interest in setting up operations in Libya given a deep historical hatred of Qadhafi by the extremists, the current chaotic state, and the fact that Libyan state security services are in disarray. It seems likely that extremists will try to take advantage of the current situation and at least attempt to "set up shop."

Importantly, the Transitional National Council (TNC) has not demonstrated a desire to support AQ or AQIM or to accept assistance from either. In fact, on March 30, the TNC issued a noteworthy statement repudiating terrorism and extremism in broad terms. The opposition currently is a diverse coalition of Libyans from professional, tribal, and political backgrounds.

Question #51. I have seen reports that AQIM has announced its support for the uprising against Qadhafi. What influence would they have in a post-Qadhafi Libya, particularly if the army and other security forces are either diminished or splintered?

Answer. At this time, we do not see AQIM having an influential role in Libya. The Transitional National Council (TNC) has not demonstrated a desire to support AQ or AQIM, nor to accept assistance from either. In fact, on March 30, the TNC issued a noteworthy statement repudiating terrorism and extremism in broad terms. The opposition currently is a diverse coalition of Libyans from professional, tribal, and political backgrounds.

With Libyan security services in disarray, however, Al Qaeda in the Islamic Maghreb (AQIM) will try to take advantage of the situation primarily to recruit fighters and procure arms. AQIM has worked to move some of its Libyan fighters into Libya and is seeking to acquire arms that have become available from looted government stocks. AQIM leadership has made rhetorical statements of support for the rebels and has urged the setting up of an Islamic state. While the Algerian-led AQIM still retains its focus on Algeria, the chaotic state in Libya could provide an opportunity for AQIM to increase its area of operations and freedom of movement.

Question #52. The Government in Venezuela continues to suppress democratic institutions and practices and abuse human rights. Many of its officials are becoming involved in narcotics production and trade.

Responding to a question I submitted for the record last summer during his nomination hearing, Ambassador Larry Palmer, expressed the administration's concerns about limitations on freedom of the press and freedom of expression. He also expressed the administration's willingness to act on other designations such as the "kingpin" under OFAC procedures should the circumstances warrant such measures.

Is it not time to be more aggressive in helping those fighting for democracy, to demand protection for those whose rights are being abused and to target any and all Venezuelan Government officials we know all too well are involved in the narcotics trade?

Answer. We share your concerns about the state of democracy in Venezuela. Our concerns about Venezuelan Government actions range from efforts to restrict freedom of expression and assembly to the use of the judiciary to intimidate and persecute individuals and organizations critical of government policies and government actions.

We were particularly troubled by the delegation of legislative authority (decree powers) to the executive that extended beyond the term of office of the last National Assembly. This kind of majoritarian rule does not respect minority views and violates the shared values expressed in the Inter-American Democratic Charter. We have expressed our concerns both publicly and privately on numerous occasions both in Caracas and in Washington and will continue to do so.

At the same time, we were encouraged by the decision of millions of Venezuelans to exercise their democratic right to vote in the September 26 legislative elections. We also continue to be impressed by the activism and vitality of Venezuelan civil society, a critical democratic force.

We believe that an opposition's presence in the National Assembly after a 5-year absence could well facilitate deeper debate on issues of concern to the Venezuelan people and potentially will allow for greater accountability by the government for its performance. For the first time in 5 years, there is a plurality of views in at least one institution of government.

We are already seeing this play out, with energetic, even passionate debates on issues of national importance taking place in the National Assembly. Whatever the continuing obstacles, the opposition now has a voice.

As we do elsewhere in the world, U.S. programs that support civil society in Venezuela seek to strengthen democratic governance, support civic engagement, promote human rights and expand national dialogue. They are nonpartisan, open to all political tendencies, and support internationally recognized (including by Venezuela) freedoms of expression, association, and peaceful assembly. We are committed to continuing support for such programs in Venezuela.

Regarding your concerns about the involvement of Venezuelan officials in the narcotics trade, we continue to work closely with Treasury, Justice, and others to identify and target such officials. As you know, in September 2008, Treasury's Office of Foreign Assets Control designated two senior Venezuelan Government officials, Hugo Armando Carvajal Barrios and Henry de Jesus Rangel Silva, and the former Justice and Interior Minister, Ramon Rodriguez Chacin, as drug kinpins for materially assisting the narcotics trafficking activities of the FARC.

Question #53. Moldova.—In 2009 a reform-minded, Europe-oriented government was swept to power in Moldova but has been forced to contend with political uncertainty due to several failed attempts to elect a President and the unresolved status of the separatist region of Transnistria, where Russian troops have served since the

early 1990s. I have been very encouraged that Vice President Biden will travel to Moldova in the coming weeks as a show of U.S. support for the domestic developments that have taken place there—in my view, a notable development in light of other flagging democratic movements in the region.

Several weeks ago I introduced legislation to finally repeal Jackson-Vanik trade restrictions on Moldovan goods. Will your administration be working to support passage of this long overdue measure?

Answer. The Obama administration supports ending of application of Jackson-Vanik to Moldova and granting Permanent Normal Trade Relations (PNTR). Moldova has satisfied all requirements of the Jackson-Vanik amendment regarding freedom of emigration for several years. Even though Moldova has been a member of the World Trade Organization (WTO) since 2001, the WTO Agreement has not applied between the United States and Moldova because of the Jackson-Vanik amendment. This situation has denied the United States and our companies and workers the benefits of Moldova's WTO membership. Ending application of Jackson-Vanik and granting PNTR will permit us to apply the WTO Agreement and will also send a positive message to Moldova and the world about the United States-Moldova relationship.

Vice President Biden delivered both publicly and privately a message of support for granting PNTR to Moldova while in Chisinau on March 11. He noted to Moldovan officials that action on this issue depends on congressional timing and priorities. More broadly, Vice President Biden commended the government for their democratic and economic progress, but also urged continued efforts to reform the judiciary, root out corruption, and fight human trafficking.

Question #54. Lithuania.—The incoming OSCE chairman-in-office (Note: this is Lithuanian FM Azubalis) has called for restarting the so-called "Five Plus Two" talks led by the OSCE over the status of Transnistria. Does the administration intend to support this initiative?

Answer. Yes. The United States has repeatedly called for the resumption of formal 5+2 negotiations over the past year and supports the position of the Lithuanian OSCE Chairman-in-Office. While visiting Moldova on March 11, Vice President Biden publicly reaffirmed U.S. policy by calling for a formal 5+2 meeting with a real agenda this year. The United States supports a transparent settlement to this protracted conflict that defines Transnistria's status while respecting the independence, sovereignty, and territorial integrity of Moldova within its internationally recognized borders. Informal talks in the 5+2 format are continuing and will hopefully lead to a resumption of formal negotiations this year, which would represent a step toward resolving the Transnistria dispute.

Question #55. Russia and Georgia.—The Russia-Georgia cease-fire agreement of 2008 required that Russia withdraw its troops to prewar positions and reduce its military to prewar strength. As you know, Russian policy has moved in the other direction, and Russia has undertaken a military buildup in Georgia, with latest reports indicating that an additional 300 troops were just recently deployed in South Ossetia. What, in your view, are Russia's objectives in Georgia, and how can U.S. policy be effective in reversing this troubling development?

Answer. Only Russia can define its overall objectives toward Georgia, but in public statements, leading officials express a willingness for serious rapprochement with Georgia only after President Saakashvili has departed office. Even then, Russia's concept of what constitutes Georgia differs from that of the rest of the international community, in that Russia remains committed to recognition of Abkhazia and South Ossetia as independent states and believes that this must be accepted as a new reality by other actors in international relations. This is not an approach accepted by the United States. The United States strongly supports Georgia's sovereignty and territorial integrity. We continue to urge Russia at the highest levels to comply with its obligations under the 2008 cease-fire agreement, withdraw its troops to preconflict positions, and to end its occupation of the Georgian territories of Abkhazia and South Ossetia. We have also urged Russia to reciprocate the "no-use of force" pledge expressed by President Saakashvili in front of the European Parliament on November 23, 2010. We have urged the Russian Government bilaterally and in international fora to reduce tensions in the region and encourage incremental practical steps, especially confidence-building measures and transparency on Russia's military presence in the separatist areas. We have encouraged Russia and Georgia to participate constructively in the Geneva process, which provides the only forum for dialogue among all parties to the conflict. In the framework of the Geneva process, ongoing meetings of the Incident Prevention and Response Mechanisms (IPRMs) in Abkhazia and South Ossetia are playing a useful role in bringing to-

gether the parties to the conflict to prevent and resolve security incidents, and address humanitarian concerns on the ground.

Question #56. Office of the U.S. Assistance Coordinator for Europe and Eurasia.—I note that the budget request for Europe, Eurasia, and Central Asia has been cut by $115 million dollars, a 15-percent cut. The budget for this region has been reduced in past years due to the success of U.S. assistance and foreign policy initiatives in the region, as some of these transition countries have become more affluent, graduated from traditional assistance programs, and in many cases joined the EU and NATO. I would note that there is much unfinished business in the region, with fragile democracies in Georgia, Ukraine, and Moldova, the threat of ethnic conflict remaining in the Balkans, frontline states in Central Asia that could become sources of regional instability, and democratic backsliding in a number of countries. The brutal crackdown on the democratic opposition in Belarus is only the most dramatic and recent example.

The unique office that has coordinated this assistance for many years, the Office of the Coordinator for U.S. Assistance to Europe and Eurasia, known as "EUR–ACE" (E.U.R.-Ace) was set up in conjunction with passage of the FREEDOM Support Act and coordinates all U.S. Government assistance in the region, tailoring it to the broader foreign policy objectives pursued by the Bureaus for Europe and Eurasia and South and Central Asia.

In 2007, my staff conducted a review of U.S. foreign assistance coordination within the State Department and USAID. The published report that resulted from this study recommended that: "The Secretary of State would be better served by the replication of the office of the U.S. Assistance Coordinator for Europe and Eurasia . . . for each regional bureau, perhaps in the form of 'deputy assistant secretary for programs.'"

In light of the proposed reduction in the FY 2012 budget, and potential future reductions in U.S. assistance programs in this region, could you share with the committee your current thinking on the future role of the Coordinator's office? Do you see any merit in replicating this structure in other regional bureaus, as the 2007 committee report recommended?

Answer. The Office of the U.S. Assistance Coordinator for Europe, Eurasia and Central Asia (EUR/ACE) has employed its unique authorities and dedicated regional funding account to good effect in helping the former Communist countries in this region transition into democratic, free market states. In the two decades since the establishment of the Coordinator, significant progress has been made toward this goal: 11 country recipients have advanced to the point where they have graduated from U.S. development assistance; 12 have joined the North Atlantic Treaty Organization (NATO); 10 have acceded to the European Union (EU); and some Balkan country recipients have made progress toward accession goals. Many of these countries are now strong partners that support U.S. priorities, such as our coalition efforts in Iraq and Afghanistan, and have become foreign assistance donors in their own right. EUR/ACE has effectively coordinated the interagency assistance community, including during times of crisis such as the aftermath of the August 2008 conflict in Georgia and the Kyrgyz Republic in 2010. It has also served as a comprehensive source of information about U.S. assistance provided to the region.

The reduction in assistance to the Europe, Eurasia, and Central Asia region is driven by the difficult budget environment. Within that context, the administration's request for FY 2012 reflects a reallocation of resources to address other needs globally, weighing factors such as progress made, the work of other donors, and assessments of the key remaining challenges in the region. At the same time, the countries of the region remain vital to U.S. foreign policy interests and foreign assistance will continue to be essential to address a range of important national security interests and difficult development challenges, including democracy backsliding, instability, rampant corruption, and transnational threats.

In 2006, the Department reformed its foreign assistance management structure by creating the Office of the Director of U.S. Foreign Assistance (F) to integrate budgets and planning across all State Department and USAID programs. More recently, the administration has elevated development to be coequal with diplomacy and defense as core pillars of American foreign policy and aims to empower USAID as the U.S. Government's lead on development matters.

Any decisions on the future of EUR/ACE will necessarily be informed by a number of factors, including the implementation of the Secretary's Quadrennial Diplomacy and Development Review (QDDR), foreign assistance funding trajectories, policy priorities, and country progress toward political and economic transition goals. The Department would consult with Congress regarding any potential changes to its current model of foreign assistance management for Europe, Eurasia, and Central Asia.

Question #57. U.S. investments in Macau are experiencing an increasingly hostile business environment on the part of the Macau Government. This is a remarkable turn of events as the United States is one of the largest, if not the largest source of foreign investment in Macau. From the perspective of the Department, what is the genesis of actions against U.S. companies in Macau? What is the United States Government doing to protect the interests of U.S. companies in Macau?

Answer. As the United States is Macau's second-largest investor with over $8 billion in investments in the past 6 years, supporting U.S. business interests in Macau is a top priority for the Department of State. We have therefore continued to urge the Macau Government to maintain a level playing field for investors, including enhancing transparency in government decisionmaking, allowing more imported skilled labor, and ensuring legal due process. Although the business community is currently facing tight labor conditions due to Macau's unprecedented economic growth, a very low unemployment rate of 2.7 percent, and restrictive labor policies, in general we perceive Macau as a welcoming environment for U.S. business. The one dispute that we are aware of involving a U.S. invested company is currently before the Macau courts, and Consulate General Hong Kong personnel, stressing the importance of transparency and due process, have raised the matter with Macau officials on multiple occasions, including with Macau's chief executive.

Question #58. What venues are available in Macau that represent viable options for U.S. companies to pursue resolution of disputes? Can the Chinese Government be of assistance, and has the Department of State made any contacts in this regard?

Answer. In addition to Macau courts, the Macau Arbitration Center is available in some circumstances for third-party resolution of commercial disputes through arbitration and conciliation. The Hong Kong International Arbitration Centre may also be available to parties. Regarding whether the Chinese Government can be of assistance, the U.S. Government policy is to support "one country, two systems" and Macau's autonomy under the Basic Law on issues outside of national security and foreign affairs. As a result, we believe it is most effective to continue working directly with the Government of Macau to resolve commercial disputes.

Question #59. The Department only recently notified Congress that the United States had over $400 million in credits sitting at the United Nations.

- Given the incredibly difficult budget situation the Department is in, how did this come to pass?
- What does the administration intend to do with this money?
- Please describe the nature and purpose of the Tax Equalization Fund in which these credits accumulated.

Answer. There are approximately $240 million in credits at the United Nations attributable to U.S. assessed contributions for peacekeeping-related activities that have accumulated over several years. Approximately $79 million of these are in the U.N. Tax Equalization Fund (TEF) and an additional $162 million stem from active and closed peacekeeping missions where the mission costs came in below the budgets approved by the General Assembly. There had been an additional $100 million in the U.N. TEF attributable to U.S. contributions to the U.N. regular budget and an additional $68 million attributable to U.S. assessed contributions to peacekeeping activities. As we have advised the relevant congressional committees previously, the U.N. applied $100 million in TEF credits to implement critical perimeter security enhancements at the U.N. complex in New York and $68 million in peacekeeping credits to offset arrears for peacekeeping missions in the Democratic Republic of the Congo and Haiti.

The majority of the peacekeeping credits have accumulated as a result of the closure of several peacekeeping missions. The TEF credits have accrued as a result of the U.N.'s methodology overestimating the amount actually needed to reimburse American citizens working at the U.N. for U.S. taxes paid. We are working with the U.N. to make changes to the methodology in order to achieve more realistic estimates.

The TEF is a mechanism used to ensure that U.S. citizens working at the U.N. are not disadvantaged in their salary compared to those U.N. employees from other countries. The U.N. sets its salary scale as if its employees' salaries will not be subject to the taxes of their home countries. With U.S. employees required to pay taxes on their U.N. income, the United Nations and United States recognized that this situation in effect penalized American nationals by paying them a lower take-home salary than other U.N. and, therefore, could discourage U.S. nationals from working at the U.N.

To overcome this, the United States and United Nations adopted a mechanism whereby the U.N. refunds the income taxes paid by U.S. employees (as required by

U.S. tax code), and the United States reimburses the U.N. The intended effect is to equalize the net pay of U.N. employees despite differing national tax obligations.

When the United States pays its assessed contributions to the U.N., part of these payments provide funds to reimburse American citizens employed at the U.N. for national taxes paid. These funds are deposited in the TEF.

The Department intends to apply all of these available credits to assessed contributions in FY 2011 and FY 2012, primarily for peacekeeping, and this was reflected in the President's FY 2012 budget request.

Question #60. What is the status of American Gary Helseth who allegedly misappropriated funds as part of his duties with the United Nations in Afghanistan? According to the U.N. Office for Project Services, his case was referred to the State Department to decide if any legal action should be taken in regard to the allegations. Did the U.N. conduct an investigation into his actions? What is he specifically accused of, including the dollar amount of any misappropriated funds? Is the United States conducting its own investigation, if not, why not? Where exactly is Mr. Helseth?

Answer. The Procurement Task Force (PTF), established by the U.N. Office of Internal Oversight Services (OIOS) to look into allegations of fraud and malfeasance in the U.N.'s procurement service following the Oil for Food scandal, found that Gary Helseth created fraudulent documents in a scheme to embezzle project money in Afghanistan and improperly charged personal expenditures to the United Nations Office for Project Services (UNOPS) for renovations to his house, hosting parties, personal travel, and luxury items. The PTF estimated that UNOPS and project donors sustained a combined loss of at least $480,000. At the time of the PTF report in December 2008, Mr. Helseth no longer worked for the United Nations.

On May 22, 2009, the U.N. Department of Legal Affairs provided the United States Mission to the United Nations (USUN) with a copy of the PTF report for official use only and for use by U.S. authorities in pursuing their investigation of this matter. Subsequently, the U.S. Attorney's Office for the Southern District of New York requested a copy of the PTF report and related background documents on June 11, 2009, which USUN provided. I would refer you to the Department of Justice for further information on the status of this case and Mr. Helseth's whereabouts.

Question #61. The U.S. Refugee Admissions and Resettlement Program is antiquated and is in need of urgent reform. The National Security Council initiated a consultative process with stakeholders to reform the resettlement program. As part of this initiative, in December 2009 the NSC, ORR, PRM, and DHS, announced a number of short-term reforms. Long-term reforms were to be announced at the beginning of 2010, but this has not yet occurred. It is important that the effort of bringing stakeholders together culminates in long-term, structural reforms.

- Will the effort led by the NSC with stakeholders to review the resettlement program culminate in structural reforms to the processing of refugees? What kind of reforms do you think this process should prioritize?

Answer. The Department of State's Bureau of Population, Refugees, and Migration (PRM) has been an active member of the NSS-led interagency review of the U.S. Refugee Admissions Program. This review began in August 2009 and involved a host of key stakeholders as well as the Department of State, the Department of Homeland Security, and the Department of Health and Human Services. As a consequence of this review, PRM has implemented a number of substantive and structural improvements to our processing systems. As of October 2009, we began providing additional refugee medical information to resettlement agencies to improve placement decisions and preparation to meet existing refugee medical needs. We also have made every attempt to even out the flow of refugee arrivals, achieving about 25 percent of the yearly total in each quarter of fiscal year 2010.

In addition, PRM has worked with the Department of Health and Human Services' Office of Refugee Resettlement to enhance the process by which refugees are placed in communities throughout the United States. This collaborative effort culminated in February 2011 when we launched the first quarterly teleconference on placement information between the Federal Government, resettlement agencies, local service providers, state refugee coordinators, and state health coordinators. During this review period, PRM also expanded and strengthened cultural orientation sessions provided to refugees overseas, which are crucial to the early success of refugees arriving in U.S. communities. Another significant structural reform to refugee resettlement was the State Department's doubling of the Reception and Placement per capita grant from $900 to $1,800 per refugee. This increase became effective January 2010 and has expanded housing and other essential support

services during the initial 30–90 day period for which the State Department is responsible.

Question #62. What steps are you taking to increase the coordination among the various Federal, State and local stakeholders, as well as private voluntary agencies, to ensure appropriate planning, ongoing review and development of new initiatives to assist refugees granted protection in the United States?

Answer. The Department of State coordinates with Federal, State, and local stakeholders, as well as voluntary agencies, on an ongoing basis. The Bureau of Population, Refugees, and Migration (PRM) is working to strengthen this coordination at all levels. In the past 2 years, the PRM Assistant Secretary and Deputy Assistant Secretary have visited eight local resettlement cities across the United States. The PRM Admissions director and staff have also visited numerous local resettlement locations. The purpose of this travel is to hear local community perspectives and increase collaboration between Federal, State, National, and local stakeholders. Through the NSS-led resettlement reform process, PRM also has proposed conducting joint site visits with the Office of Refugee Resettlement (ORR). These visits would allow PRM and ORR to both hear from local communities, as well as increase collaboration as Federal partners in resettlement. Additionally, PRM holds meetings with National, State, and local leaders when particular challenges related to resettlement arise in a given community. Such meetings have taken place via conference call as well as in person. Finally, in fiscal year (FY) 2011, PRM and ORR began holding quarterly placement planning meetings to share information and strengthen planning among Federal, National, State, and local stakeholders.

Since January 2010, PRM has begun sharing a greater amount of data with more stakeholders to assist in planning. To further strengthen planning and increase transparency, PRM plans to make more Reception and Placement (R&P) program information available and accessible to the public in FY 2012. For a number of years, recipients of R&P funding have been required to conduct local consultations as well as consult with state refugee coordinators and state refugee health coordinators prior to submitting their annual program proposals to PRM. Additionally, in the FY 2012 R&P request for proposals, PRM will require that applicants provide the results of local consultations, in addition to the results of State-level consultation that are already required.

In FY 2011, PRM implemented new performance outcomes for the R&P program to better review the program's progress and its impact on refugees. This was only one result of a collaborative review of the R&P program conducted in FY 2009–FY 2010. Another process that reviewed the resettlement program and examined possibilities for new initiatives is the NSS-led resettlement reform process. This review will end in May 2011 and information on what was achieved through this process will be available at that time. The Department of State's partner in domestic resettlement is the Department of Health and Human Services, through their Office of Refugee Resettlement. HHS may be able to inform you of how it is reviewing its programs, coordinating among stakeholders, and planning and implementing new initiatives to assist refugees resetting in the United States.

Question #63. Oversight carried out by my staff found that local elected officials and community leaders are insufficiently consulted by Federal decisionmakers, although the responsibility for resettling refugees is largely passed on to cities throughout the United States. Please describe the nature of your efforts to ensure that the concerns and recommendations of local stakeholders have been appropriately considered. The one-size-fits-all approach has been signaled as one of the characteristics of the program that currently is unable to provide adequate support for the populations resettled today. What kind of reforms can be made from PRM's role to better respond to diverse needs and characteristics of refugees and the local communities in which they are placed?

Answer. The Department of State is committed to coordination among stakeholders at all levels regarding the resettlement program. The Bureau of Population, Refugees, and Migration (PRM) has a keen appreciation for the vital role local communities play in refugee resettlement in the United States. With this in mind, PRM Front Office and Admissions staff have conducted numerous domestic site visits to hear directly from local communities about the resettlement program. PRM intends to continue making such visits. For a number of years, recipients of R&P funding have been required to conduct local consultations as well as consult with State refugee coordinators and State refugee health coordinators prior to submitting their annual program proposals to PRM. Additionally, in the FY 2012 R&P request for proposals, PRM will require that applicants provide the results of local consultations, in addition to the results of State-level consultation that are already required.

The Department of State does not believe the R&P program is a one-size-fits-all program. In January 2010, PRM doubled the per capita grant for direct services to refugees. In doing so, PRM included a funding mechanism that allowed refugees to receive different levels of resources based on their needs. Of the $1,800 per capita, $1,100 must be spent directly on refugees. While affiliates must spend at least $900 on each refugee, they may choose to allocate up to $200 of the $1,100 on other more vulnerable refugees. PRM permits each affiliate to develop their own policy to define vulnerability and determine the use of this discretionary portion of the per capita grant. This flexibility allows affiliates to better address the individual needs of each refugee resettled. Furthermore, the R&P program is a public-private partnership. As such, Federal funding is only intended to provide a portion of the resources needed to serve the refugee. Each national voluntary agency and its affiliates raise private resources, both cash and in-kind, to further address the individual needs of each refugee.

Finally, each community is unique, and has different strengths and weaknesses. Recognizing this, each national voluntary agency and its affiliates work to determine the most appropriate placement for each refugee, so that that location best matches the individualized needs of that refugee and his or her family. ORR's programs and discretionary funding allow them to create programs to address the diverse needs of refugees and the communities in which they resettle. You may contact ORR directly to learn how it addresses these needs and others.

The Department of State believes that, in order to best prepare for and serve refugees resettling to the United States, their individual and diverse needs must be recognized, understood, and met, and the voice and needs of local communities must be heard and acknowledged.

Question #64. In FY10 PRM helped to resettle 73,311 refugees in the United States. How might potential funding cuts impact the Refugee Admissions Program?

Answer. In FY 2008, the United States admitted approximately 60,000 refugees through the Refugee Admissions Program, while in FY 2010 more than 73,000 refugees were admitted. We had anticipated maintaining current levels of admissions in FY 2011 plus funding initial resettlement benefits for 2,500 to 5,000 Iraqi Special Immigrant Visa recipients. If funds in the MRA account were cut to FY 2008 levels, the administration would have to evaluate its ability to maintain current levels of admissions.

Question #65. NSPD–12 was created in response to the analysis that U.S. personnel overseas were at risk for being taken hostage or otherwise isolated. Given the successes of the personnel recovery programs in Colombia, Peru, Ecuador, and Bolivia and in light of the increased threat to Foreign Service personnel and other U.S. Government personnel in Mexico, Africa, the Middle East, and elsewhere, what plans does the State Department have to establish personnel recovery centers in other countries in which State Department and other U.S. Government personnel may be at risk, as well as making sure those personnel deploying overseas are sufficiently trained to avoid, manage, and respond to hostage or other isolating situations? How will the State Department use funds requested for FY 2012 to implement NSPD–12? Will the State Department require any additional resources for NSPD–12 implementation?

Answer. The threat of kidnapping presents a danger not only to our citizens conducting business abroad, but to the stability of some developing societies struggling to combat organized crime and terrorism. NSPD–12 was drafted in 2002 as broad policy guidance for management of hostage incidents involving American citizens. In 2008, Annex 1 to NSPD–12 introduced "personnel recovery" as a broad concept, calling on U.S. agencies to develop and coordinate efforts to prevent, prepare for, and respond to cases of Americans taken hostage or isolated abroad. The Department's Bureaus of Consular Affairs and Diplomatic Security and the Office of the Coordinator for Counter-Terrorism work collectively to implement Annex 1 policy through efforts ranging from consular travel warnings and Overseas Security Advisory Council (OSAC) corporate security outreach, to specialized training for at-risk U.S. employees and personnel recovery incident managers.

Rescue and recovery coordination has also been improved in high-risk areas, notably in Mexico, where the interagency country team has strengthened internal personnel accountability and recovery plans that include improved countrywide protocols to engage the host-country rescue architecture. In March 2011, the U.S Air Force Rescue Coordination Center carried out a broad civil search and rescue training exercise with their Mexican counterparts, representing a promising level of practical bilateral cooperation.

The establishment and funding of full-time overseas interagency personnel recovery coordinators at critical-threat posts is under review and would likely involve unbudgeted resources. Plans to maintain and, if necessary, expand training and field coordination initiatives will also require additional resources.

Question #66. The Quadrennial Diplomacy and Development Review has set a goal of "ensuring that all State Department employees serving in locations where personal digital assistants can be used are provided with this technology by FY 2012." Is the State Department considering integrating tracking and other emergency communication software and technology into these mobile devices as part of a coordinated PR effort? Will non-State Department employees serving overseas have access to these mobile devices? For example, Peace Corps volunteers are not under Chief of Mission authority, but are at equal or greater risk of isolation or kidnapping than Foreign Service officers. Does the State Department have any plans to incorporate the Peace Corps into its implementation of NSPD–12?

Answer. The Department of State is working with the Department of Defense, a variety of interagency partners, and the private sector to research and develop cost-effective personnel tracking and locating systems. These systems include custom satellite-communication-based systems and applications for commercial "location aware" "smartphones." This technology could seamlessly augment American Citizen Services warden systems that already make great use of mobile SMS text networks and would tap the capabilities that already exist in many of our employees' cell phones and BlackBerries. However, our experience shows that in many overseas locales, the cellular and SMS infrastructure is inadequate or unreliable. Additionally, recent events throughout the world reinforce that in many emergency situations, cellular systems are either overwhelmed or, in the case of civil unrest, turned off by the host government. Each location must be evaluated on the basis of threat, infrastructure, and other factors as well as the most effective solution utilized; this may in fact be a hybrid approach using multiple technologies in a single country.

The national policy directives promulgated in NSPD–12 are especially relevant to Peace Corps volunteers serving our Nation in hazardous environments overseas. The Peace Corps independently manages a robust overseas safety and security program that is broadly supported by the Chief of Mission's security and emergency action planning in coordination with the Peace Corps Country Director.

RESPONSES OF SECRETARY OF STATE HILLARY RODHAM CLINTON TO QUESTIONS SUBMITTED BY SENATOR BARBARA BOXER

The State Department is currently evaluating the Keystone XL pipeline project to determine whether to issue a Presidential Permit for the project. The following questions address the State Department's consideration of this project.

Question. In the evaluation of the Keystone XL project, will the State Department assess how increasing U.S. imports of crude oil derived from Canadian tar sands will increase the carbon intensity of the U.S. fuel supply and affect the United States ability to meet pollution reductions goals?

Answer. In response to the many comments received on the carbon intensity of crude oil from the Western Canadian Sedimentary Basin (WCSB), also known as oil sands or tar sands, the State Department commissioned a report that examined recent literature comparing the carbon intensity of WCSB crude oil with other reference crudes. As part of a supplemental draft Environmental Impact Statement (EIS), the State Department is releasing this report in mid-April to seek input on how this information should be used in evaluating the potential environmental impact of the Keystone XL pipeline.

Question. Will the State Department include a comprehensive assessment of the carbon pollution and criteria pollutant emissions impacts associated with increasing our reliance on tar sands oil, including impacts on the health of communities surrounding refineries serviced by the pipeline?

Answer. The State Department is including an assessment of the lifecycle greenhouse gas emissions associated with crude oil from the WCSB in a forthcoming supplemental draft EIS. The supplemental draft EIS will also provide information on the similarities and differences between WCSB derived crude oil and conventional heavy crude oils refined in the United States, as well as an analysis of the impact the Keystone XL pipeline could have on the emissions of refineries that may receive crude oil transported by the pipeline.

Question. Will the State Department assess a broader array of alternatives as suggested by the Environmental Protection Agency (EPA), including alternative routes that avoid sensitive areas along the proposed route?

Answer. The forthcoming Supplemental Draft Environmental Impact Statement will include an assessment of additional potential route alternatives, as well as additional analysis regarding many of the alternatives examined in the draft EIS.

Question. Will the State Department respond to the array of issues raised by the EPA and issue a revised draft EIS or supplemental EIS for additional comment, as recommended by EPA?

Answer. The State Department has been working with the EPA and other cooperating agencies to make revisions to the draft EIS, following the public comment period that ended in July 2010. The State Department is releasing a supplemental draft EIS in mid-April. The supplemental draft EIS addresses many of the issues raised by EPA, including an analysis of lifecycle greenhouse gas emissions, pipeline safety, and environmental justice issues. The public will have 45 days to comment on the Supplemental Draft EIS after a Federal Register notice is published.

RESPONSES OF SECRETARY OF STATE HILLARY RODHAM CLINTON TO QUESTIONS SUBMITTED BY SENATOR ROBERT MENENDEZ

HISPANIC DIVERSITY AT STATE

Question. Madame Secretary, as you know for many years I have urged, advocated, and legislated on behalf of enhancing Hispanic diversity at the Department within the civil service and Foreign Service. Despite my efforts and the commitment of successive Secretaries of State, today, Hispanics make up just 5 percent of all State Department employees and just 3.9 percent of Foreign Service officers. The average amongst federal agencies is 8 percent. State's numbers are disappointing.

What is even more disappointing—and which seem to demonstrate the Department's continued indifference to this issue—is that the State Department failed to even provide data for 2009 to OPM for its annual report to the President on Hispanic Employment in the Federal Government. It was the ONLY federal agency to not respond.

Late last year, I chaired the nomination hearing for Deputy Secretary Tom Nides and I asked him about the Department's dismal record on this issue. In his oral and written response he agreed that this was a priority area for the Department, that there is more that can be done, and that Department would find innovative ways to improve minority recruitment and retention.

- What specifically are you doing to address this issue [of increasing the number of Hispanic employees at the Department of State]? Are you attempting to limit "in status" postings for civil service jobs? Are you working to increase the number of Hispanic Presidential Management Fellows or Hispanic students participating in cooperative education programs? What is the Department doing on this issue? Will the Department comply with OPM's request for 2010 data for their annual report to the President on diversity?

Answer. The Department of State's continuing recruitment goal is to identify, inspire, and employ qualified Americans from diverse backgrounds, representing the demographics of the Nation's professional workforce, to effectively carry out our foreign policy.

Hispanics make up 5 percent of State Department Civil Service employees, 3.9 percent of Foreign Service officers, and 6.1 percent of Foreign Service specialists. The number of self-identified Hispanics who took the Foreign Service Officer Test during FY10 was 2,219, up from 1,465 in FY09 or 10 percent of the total (approximately a 50 percent increase). In 2010 the Department hired 36 Hispanic Foreign Service specialists, or 7.4 percent of all new specialist hires, and 32 out of 826 Foreign Service generalists, or 3.9 percent.

Department of State's Large-Scale Recruitment Efforts

We recognize there is still much work to be done to ensure the Department reflects the rich diversity of our Nation. Several of our efforts are often cited as "best practices" and are successful in attracting outstanding diverse talent to pursue Department careers. We use a combination of "high tech" and "high touch" tactics to identify and encourage the diverse talent we seek.

Sixteen senior Foreign Service officers, also known as Diplomats in Residence, are based at targeted campuses around the United States. Each Diplomat in Residence has regional responsibilities, collectively visiting hundreds of colleges and univer-

sities and meeting with professionals seeking to change careers. On campus, Diplomats in Residence work in partnership with career counselors, diversity coordinators, and directly with students to identify talented, diverse career candidates. The Diplomats in Residence work in partnership with Washington, DC-based recruiters to identify and contact potential candidates for all Department careers through Web-based resources and strategic partnerships with like-minded educational and professional organizations serving diverse populations, including Hispanics.

In FY 2010, the Department spent $40,000 on advertising in Hispanic print and electronic media. Marketing studies demonstrate that minority professionals use social media at higher rates than nonminority professionals. Our public outreach is integrated with a comprehensive marketing and recruiting program that includes leveraging new media and networking technologies (Facebook, Linked-In, Twitter, YouTube), direct sourcing, e-mail marketing, and online and limited print advertising with career and niche-specific sites and publications (Hispanic Business, NSHMBA, LatPro, Saludos, LATINAStyle). In addition, the Department spent over $250,000 on general diversity media and Department-specific diversity networking events.

The Department's Recruitment Outreach Office developed and hosted Diversity Career Networking Events as a tool to target diverse professionals for Department of State careers, specifically highlighting deficit Foreign Service career tracks. In FY 2010, events were hosted in Los Angeles; Denver; Santa Fe, Albuquerque, and Las Cruces, NM; Miami; New York and Washington, DC, reaching over 1,000 candidates including African-Americans, Asian-Americans, Hispanics, Native-Americans, women, and critical language speakers.

In addition, over 900 Department employees have volunteered to support our strategic outreach, highlighting the diversity of our existing workforce and leveraging existing networks of internal affinity groups like the Hispanic Employment Council in Foreign Affairs Agencies (HECFAA).

"In status" Postings for Civil Service Jobs

All Department of State vacancy announcements are advertised according to merit procedures. Under those procedures managers have the option of determining the area of consideration. This area of consideration "Status Only" versus "Open to Public" is determined by how widely the manager feels he/she needs to recruit in order to obtain a reasonable pool of well-qualified candidates. Approximately half of our vacancy announcements are advertised "Open to the Public" which provides many opportunities for applicants outside of the Federal workforce to apply for positions at the Department of State. The Department continues to urge managers to be as inclusive as possible and to support diversity in the workplace when making selections for positions.

Cooperative Education Programs

The Department strives to achieve diversity throughout its workforce through various career-entry programs, including the Presidential Management Fellowship. All qualified applicants referred to the Department by the Office of Personnel Management are given full consideration. The Office of Recruitment conducts regular outreach to institutions that serve Hispanics in order to increase the pool of applicants from the Hispanic community and promote awareness of entry-level employment opportunities.

Our outreach to college students plants the seeds of interest in global public service and promotes a long-term interest in our internships, fellowships, and careers. In FY 2009 Congress funded an additional 100 paid internships for recruitment purposes. In 2009 and 2010, with the support of the Director General, our Diplomats in Residence identified outstanding, diverse candidates for those internships, providing them the chance to experience work in Washington, DC, and embassies and consulates around the world.

Twenty three percent of these 100 paid interns were Hispanic. Through this program one Hispanic employee, a first generation American, had the opportunity to experience diplomacy in action working in our Embassy in Guatemala last summer. Another Hispanic employee, a Gates Millennium Scholar and recipient of a paid internship, had the opportunity to represent the United States at our mission to the Organization of American States. Both of these outstanding students are still working at the Department in student positions even after their internships ended.

Two particularly successful student programs are the Thomas R. Pickering Foreign Affairs Undergraduate and Graduate Fellowships and the Charles B. Rangel International Affairs Fellowship. These ROTC-like programs provide financing for graduate school and paid professional experience in Washington and at our embassies to highly qualified and mostly minority students, in exchange for their commit-

ment to the Foreign Service. Diplomats in Residence help recruit candidates for these Fellowships, which have been essential to increasing the presence of underrepresented groups in the Foreign Service. In FY 2010, 17 out of 120 (14.17 percent) Pickering Fellows and 7 out of 40 (17.5 percent) Rangel Fellows were Hispanic.

Compliance with OPM's Request for 2010 Data for Annual Report to the President on Diversity

The Department of State has been working closely with the Office of Personnel Management (OPM) to ensure that it is compliant with the diversity data reporting requirements. In 2009, we experienced complications with our submission (Attachment A). This was partially due to a change of formatting requirements, and partially due to the complexity of reporting data about our different workforces, the Civil Service and the Foreign Service.

Unfortunately, by the time these issues were resolved, the publication deadline had passed. These issues have since been addressed with OPM and the Department has submitted its information for the 2010 diversity report (Attachment B).

[Attachment A follows:]

U.S. Department of State
Report on Initiatives Associated with Executive Order 13171
Hispanic Employment in the Federal Government
October 2009

The Department of State (hereinafter "the Department") strongly supports Executive Order 13171, Hispanic Employment in the Federal Government, and has established initiatives, described below, consistent with the President's Human Capital Management Program.

Following are the Department's top practices in strategic human capital management and planning that best help improve the recruitment, retention, and promotion of Hispanics.

The following responses are keyed to the Fiscal Year 2009 Ninth Annual Report on Hispanic Employment in the Federal Government provided by the U.S Office of Personnel Management.

Community and Recruitment Outreach to Hispanic/Latino Communities

1. Community Outreach

Supporting and implementing the White House Initiative on Educational Excellence for Hispanic Americans.

Targeted outreach to Hispanics remains a significant component of the Department of State's Strategic Recruitment Plan. The Department's goal is to attract an increasing number of qualified Hispanic applicants to Foreign Service and Civil Service careers. The Department pursues this goal through nationwide outreach targeting students and alumni on college and university campuses, including Hispanic Serving Institutions (HISs) and Hispanic Association of Colleges and Universities (HACU) members. The Department also partners with and participates in career fairs, conferences and other events of select organizations that target or service Hispanic professionals and students. The Department employs the Diplomat in Residence (DIR) Program, the Pickering and Rangel Foreign Affairs Fellowship Programs, student employment programs, strategic marketing communications, online outreach through social media (Facebook, LinkedIn, and Twitter), direct sourcing and advertising in complementary ways as part of our overall outreach strategy.

Providing information on Federal employment opportunities to students, faculty, and the Hispanic community.

The Department assigns 16 senior Foreign Service Officers, called Diplomats in Residence (DIRs), to college campuses around the U.S. to recruit for our student programs and careers. The DIRs and the Department's Washington-based recruiters work together to offer national recruitment coverage, reaching colleges, universities and professionals from coast to coast.

All DIRs are responsible for targeting Hispanics in their assigned geographic regions. HSIs hosting DIRs include the University of New Mexico, University of Houston, Florida International University, and the City College of New York. During FY 2009, DIRs and Washington-based recruiters continued significant outreach at most of the top 25 schools for Hispanics, as listed by Hispanic Magazine.

In FY 2009, the Department spent $47,382 on advertising in Hispanic print and electronic media. In addition, the Department spent $191,618 on general diversity media and Department-specific diversity networking events focused on attracting Hispanic candidates.

The Department's marketing communications strategy built and strengthened our employment brand both externally, with potential candidates, and internally, with current employees. This brand is communicated through a variety of channels, including email marketing, peer-to-peer marketing, print and online advertising, Web 2.0 technologies, including social media sites such as Facebook, LinkedIn and Twitter, public relations/editorial, and networking events. Specifically, in FY2009, the Department engaged Hispanic audiences who are members/readers/viewers of the following:

- Department of State Brand Ambassadors and Federal Service Student Ambassadors
- Facebook Groups for National Society of Hispanic Professionals (NSHP), Hispanic Alliance for Career Enhancement (HACE), National Society of Hispanic MBA (NSHMBA), Society of Hispanic Professional Engineers (SHPE), Maryland Hispanic Youth Symposium, Latino Professional Group NYC, FSU Hispanic Marketing Communications, Hispanic Young Professionals Program
- Hispanic Business
- Hispanic MBA
- LatPro
- National Society of Hispanic MBAs
- Saludos
- Society of Hispanic Professional Engineers

Promoting your agency/the Federal Government as "Employer of Choice"

In FY 2009, the Department of State maintained and continued to develop strong relationships with Hispanic professional associations and affinity groups, and was regularly present at their events including annual conferences, professional, educational and networking events, and career fairs. In FY 2009, the Department of State participated in events and activities of the following Hispanic professional organizations:

- Congressional Hispanic Caucus Institute (CHCI)
- Congressional Hispanic Leadership Institute (CHLI)
- Congressional Hispanic Staffers Association (CHSA)
- Hispanic Alliance for Career Enhancement (HACE)
- Hispanic Association of Colleges and Universities (HACU)
- Hispanic College Fund's Hispanic Youth Symposium
- League of United Latin American Citizens (LULAC)

- National Society of Hispanic MBA (NSHMBA)
- National Society of Hispanic Professionals (NSHP)

2. Recruitment

Using student educational employment programs and internships (e.g. Student Career Experience Program, Pickering, Career Entry Program) to improve the pipeline of diverse candidates for entry-level positions.

In FY 2009, the Department of State dedicated significant outreach and strategic recruitment effort and resources to attract Hispanics to State Department careers and student programs. The Department of State's Hispanic outreach and strategic recruitment focuses on maintaining a strong recruitment presence on HSI and HACU campuses and partnering with organizations targeting services toward Hispanics, attracting Hispanic candidates to the Pickering and Rangel fellowships, and increasing personalized contact with candidates through career fairs, information sessions, conferences, direct counseling, and increasingly, by more effectively targeting both large and niche communities of Hispanic candidates through the internet and social networking technology.

The Thomas R. Pickering Foreign Affairs and the Charles B. Rangel International Affairs Fellowships remain critical components of the Department of State's Hispanic and diversity recruitment. Both programs were created and funded to increase opportunities for women, minorities, and underrepresented groups in the U.S. Foreign Service and have been successful in bringing diverse, talented new Foreign Service Officers to the State Department. Both programs seek to attract top minority students from across the country and recruit heavily at HSIs and HACU member institutions. The Pickering Program accepts 40 fellows a year, 20 undergraduate students and 20 graduate students. The Rangel Fellowship accepts 20 graduate fellows a year.

In FY 2009, 27 out of 157 (17.2%) Pickering Fellow hires were Hispanic and 6 out of 40 (15.0%) Rangel Fellow hires were Hispanic.

Using the Presidential Management Fellowship (PMF) program for recruiting and advancing graduate and professional school graduates, including Hispanics and other traditionally underrepresented community members.

The Office of Personnel Management manages all selections for the PMF Program. The State Department does not have complete statistics for 2009 as only half of the 2009 class has come on board. To date in the 2009 class, of the 32 PMFS, 3 (9.4%) are Hispanic.

The State Department encourages graduate applicants for the PMF program from diverse backgrounds, particularly through DIRs on campuses around the country. Diplomats in Residence make a special effort to encourage graduate students from Hispanic communities to apply for the PMF program within the Department of State.

Participating in intern programs to recruit new talent directly.

The State Department's recruitment outreach includes internships to encourage students from diverse backgrounds to consider careers in foreign affairs through the unique experience of student employment.

The Department also developed and hosted a series of Diversity Career Networking Events (DCNE), targeting diverse professionals for Department of State careers, specifically highlighting deficit Foreign Service career tracks. In FY 2009, the Department DCNEs were hosted in Atlanta, Seattle, Phoenix, and Washington, D.C., reaching over 1,000 candidates including many Hispanics.

In FY 2009, Diplomats in Residence and Washington-based recruiters maintained targeted recruitment at several HSIs and HACU member schools, including, but not limited to:

- Arizona State University, Phoenix, AZ
- City University of New York, NY
- Florida International University, Miami, FL
- New Mexico State University, Las Cruces, NM
- St. Mary's University, San Antonio, TX
- Texas A&M University, College Station, TX
- University of Arizona, Tucson, AZ
- University of California, Los Angeles (UCLA), Los Angeles, CA
- University of Houston, Houston, TX
- University of Miami, Miami, FL
- University of New Mexico, Albuquerque, NM
- University of Texas at Austin, Austin, TX
- University of Texas at El Paso (UTEP), El Paso, TX
- University of Texas at San Antonio (UTSA), San Antonio,TX

In FY 2009, Department senior officials, Diplomats in Residents, and full-time and volunteer recruiters from the State Department visited and conducted outreach programs at HACU member schools and HSIs, and targeted Hispanic student and social organizations at other schools. Recruitment and outreach activities included participation in career fairs, coordination of information sessions and workshops on career opportunities, as well as meetings with students, faculty, and administrators promoting State careers.

3. Career Development

Promoting participation of all employees in management, leadership and career development programs.

Foreign and Civil Service Mentoring Program

The Foreign Service Mentoring Program for Entry-Level Generalists and Specialists was designed to assist career candidates in acclimating themselves to the Foreign Service culture. At the beginning of their career, they are invited to participate in the Program during Foreign Service Orientation.

Under the direction of the Office of the Director General of the Foreign Service, a Mentor Council has been established to oversee the Program. It is composed of representatives from several bureaus within the Department, including the Foreign Service Institute (FSI) orientation course coordinator. They meet periodically to update the list of mentors, pair new career candidates with mentors, review the effectiveness of the program, and suggest changes. The Program is managed by the Office of Continuity Counseling, Office of Career Development and Assignments, Bureau of Human Resources (HR/CDA/CC).

Final selections for the roster of Foreign Service mentors are made by the Council. An initial training session for Washington-based mentors is held at the National Foreign Affairs Training Center (NFATC). Mentors and their career candidates are encouraged to meet as frequently as possible during the new employee's stay in Washington, and to continue to maintain the mentoring partnership after they depart for post. A written mentoring agreement is signed by both mentor and mentee.

The Program is entirely voluntary for mentors and mentees. It is intended to compliment and reinforce the role of DCMs as mentors at overseas posts and, in general, to strengthen the Foreign Service commitment to career development.

Since the inception of the mentoring program in FY02, approximately 5,087 (88%) of the 5,800 newly appointed generalists and specialists participated and were paired in the Foreign Service mentor program. Since the beginning of FY09, 915 (89.7%) of the 1,020 new entrants were paired.

The Civil Service Mentoring Program is a structured program that includes face-to-face training at FSI , for mentor and mentee creation of an Action Plan by the mentee with the mentor's advice, and written evaluations of the program at mid-point and at the end. A series of forums concludes with a "graduation" ceremony, after which the mentoring partners may terminate the relationship or continue it informally. Any employee can join as a “Civil Service Mentee” to be mentored by domestic Civil Service or Foreign Service personnel. Since FY09, 220 pairs of Civil Servants mentors and mentees entered into a formal mentoring relationship. Additionally, 289 participated in the informal or situational mentoring program.

Developing mentoring programs to motivate young people to pursue higher education and careers in the Federal Government.

The Pickering and Rangel programs seek to encourage individuals of diverse backgrounds and from underrepresented groups to purse careers in international affairs with the U.S. Foreign Service. They combine financial incentives, educational and professional development opportunities, and regular mentoring to ensure that fellows can be successful in a career as a U.S. Foreign Service Officer. Each fellow is provided a Foreign Service mentor as a part of the program, they are able to identify and develop personal mentors through guaranteed domestic and international internships, and they receive regular opportunities to interact with Department of State officials and leadership through conferences and orientation activities. In addition, fellows who have successfully matriculated through the program and entered the Foreign Service are encouraged to reach out to new participants and provide professional insight and advice for achieving success in the career.

4. Accountability

Accountability includes direct involvement by senior executives and managers in all phases of recruiting, establishing processes for recruiting and retaining a high-quality workforce drawn from the diversity of this nation, and linking outreach and other efforts to the performance of managers and supervisors.

Recruitment: Senior-level Department officials play a critical role in supporting outreach and recruitment of underrepresented minorities, including Hispanics, for Department of State careers. The Strategic Recruitment Plan is approved at the highest levels, and includes as a primary goal attracting more Hispanics and underrepresented minorities to apply for the State Department's Foreign and Civil Service.

Senior Department officials regularly participate in speaking events across the country, including at colleges and universities, organizations, and areas with significant Hispanic populations.
In addition, in FY2009, senior State Department officials also participated in a number of diversity-focused recruitment events, including the National Hispanic Association of Colleges and Universities (HACU) Annual Conference in Chicago.

Establishing appropriate agency diversity advisory councils that include Hispanic Employment Program Managers.

The Department established a Diversity Governance Council comprised of senior executives in the Department who meet quarterly to discuss diversity issues within the agency. Each member sponsors an Affinity Group as a Leadership Liaison. Leadership Liaisons provide advice and ideas about effective leadership within the context of the Department's culture. They hold groups accountable to add value and contribute to the Department, and probe ways to show support and act as an advocate at leadership and management meetings.

Leadership Liaisons are also expected to share information about constituencies with other executives and to learn about the affinity group's issues and concerns.

The Hispanic Affinity Group, Hispanic Employees Council of Foreign Affairs Agencies (HECFAA) is one of eleven Affinity Groups at the Department. HECFAA's mission is to advocate for, represent, and encourage the growth of the Hispanic population at the Department. HECFAA works closely with the Office of Civil Rights and the assigned Leadership Liaison.

Ensuring that agency managers and supervisors receive periodic diversity training to carry out their responsibilities to maintain a diverse workforce.

According to Department regulation 13 FAM 312, the Foreign Service Institute (FSI) has developed a continuum of training containing EEO/diversity awareness elements that is consistent with the Department's desire that its workforce discharge its duties and responsibilities free from bias and prejudice. This is reflected in EEO/diversity specific courses and also embedded in a regime of training extending from entry-level orientation, professional tradecraft courses, and leadership-management training, to senior-level training programs.

EEO/diversity awareness training is mandatory for all supervisors and managers, and employees who serve on assignment panels, bureau awards committees, as career development officers, or as examiners in the Bureau of Human Resources, Office of Recruitment, Examination, and Employment (HR/REE). Moreover, all employees should participate in EEO/diversity awareness training or training containing an EEO/diversity module, on average, every five years. EEO/diversity awareness training is mandatory for all supervisors and managers within the requisite time periods specified in this section.

All supervisors and managers must take the course EEO/Diversity Awareness for Managers and Supervisors (PT-107), offered by FSI, within 12 months of the date they are assigned to the covered position, if they have not taken the course previously. Department of State personnel who serve on assignments panels, bureau awards committees, as career development officers (CDOs) in the Office of Career Development and Assignments HR/CDA), or are assigned as examiners in the Office of Recruitment, Examination, and Employment (HR/REE) are required to take EEO/Diversity Awareness Training (PT-107) within one year prior to or following the commencement of their duties. Additionally, the Office of Civil Rights provides a briefing to all panel members prior to serving on any selection panel.

[EDITOR'S NOTE.— Attachment B was too voluminous to be included in the printed hearing. It will be retained in the permanent record of the committee.]

LATIN AMERICA AID/NARCOTICS

Question. I am pleased that President Obama is shining a light on Latin America by traveling to the region later this month, but from my perspective the Western Hemisphere continues to be more of an afterthought than a policy priority, even while the scale of drug-related violence in Mexico and Central America is climbing at an immense rate—last year, Mexico had more than 15,000 homicides related to the drug trade and has had more than 35,000 homicides since 2007. We saw recently how such violence could tragically affect our own ICE agents. Despite these numbers, this year's budget decreases funding for counternarcotics efforts in the region by 7 percent.

Additionally, based on the information made available so far, the foreign assistance request for Latin America will be approximately $1.9 billion, which is 8 percent less than the FY11 request; 1 percent less than the FY10 appropriation; and 8 percent less than the FY09 appropriation. In the last decade, compared to other regions, aid to Latin America has dropped from 14 percent of the foreign assistance budget to just 10 percent of budget.

- Is Latin America a priority for the Department and do you continue to believe, as you stated during your January visit to Mexico, that "there's a plan" to address the scourge of narcotics threatening stability in the region? Does the increasing violence suggest that we need to reassess the plan?

Answer. The United States-Latin America relationship is given high priority by the Obama administration, exemplified by the President's successful trip to Brazil,

Chile, and El Salvador even as crises elsewhere in the world unfolded. It built on the pledge President Obama made at the Summit of the Americas early in his Presidency to work as "equal partners" in a "new chapter of engagement" based on "mutual respect and common interests and shared values." He highlighted areas of engagement on overarching issues critical to people in every society, such as promoting social and economic opportunity for everyone; securing a clean energy future; ensuring the safety and security of all of our citizens; and building effective institutions of democratic governance.

Our plan for addressing counternarcotics and violence in the hemisphere is based on the National Drug Control Strategy and our vision for implementing that strategy—a vision that addresses all forms of crime and public insecurity. Toward this end, the President has recommitted the United States to creating practical partnerships in the hemisphere to advance shared interests and protect our citizens. This cooperative approach is grounded in the recognition of a shared responsibility for addressing the challenges we face together; the critical importance of political will, the rule of law, and effective institutions of governance. We are moving in the direction of a broader, more integrated view of security; one that advances citizen safety while simultaneously countering emerging transnational threats and narcotics trafficking. This approach emphasizes greater reliance on the will, capacity, and cooperation of regional partners such as Mexico and Colombia. Our principal mechanisms for implementing this strategic vision are the Merida, Central American Regional Security (CARSI), Colombian Strategic Development (CSDI), and Caribbean Basin Security Initiatives (CBSI). They are partnerships, in which governments collaborate on programs and initiatives that have been developed and agreed to jointly and that are aimed at protecting citizens and strengthening the institutions responsible for ensuring citizen safety.

AL-MEGRAHI

Question. On December 21, 1998, Pam Am flight 103 exploded over Lockerbie, Scotland, killing 270 people on board, including 189 American citizens. Twelve years later Abdelbaset Ali Mohmed al-Megrahi was convicted of conspiracy for planning the bomb that brought down the plane.

I congratulate you for your statement yesterday that the United States is considering seeking the prosecution of Libyan leader Moammar Qadhafi for the 1988 Lockerbie bombing following reports by the ex-Justice Minister of Libya that Qadhafi personally ordered the attack.

- What steps has the United States taken to verify this information and when can we expect a decision on whether the United States will seek to prosecute Qadhafi for this heinous crime?
- Additionally, given the false pretenses under which convicted Lockerbie bomber, al-Megrahi, was released from Scottish prison, is the United States considering requesting of any new Libyan Government his extradition to the United States to serve the remainder of his sentence?
- Do we know where Megrahi is now?

Answer. We have met with family members of the victims and understand their anguish over this heinous act of terrorism. We shared their outrage at the release of Megrahi to Libya. We are also committed to seeing that justice is served. We have seen the recent public statements from a former Libyan official concerning Qadhafi's responsibility for the bombing. The investigation into the Pan Am 103 bombing remains open and we are committed to assisting law enforcement efforts in obtaining and evaluating any new information relating to it. We are coordinating closely with the Department of Justice on this sensitive law enforcement matter and are committed to assisting with any appropriate approaches to relevant Libyan officials. As this is an ongoing investigative matter, please refer to the Department of Justice for any further details.

Additional information in response to this question will be made available in a classified response.

CYPRUS

Question. Since 1993, Congress has appropriated ESF funds to Cyprus for reunification, but with the restriction that the funds "be used only for scholarships, administrative support of the scholarship program, bicommunal projects, and measures aimed at reunification of the island and designed to reduce tensions and promote peace and cooperation between the two communities on Cyprus."

The ongoing division of Cyprus presents a unique situation that warrants a level of scrutiny concerning the provision of United States assistance that goes beyond that which is required for other countries. Indeed, in recent years, Congress has de-

manded transparency related to the use of these funds to ensure that they are being used for bizonal, bicommunal programs.

- With respect to the FY12 funds for Cyprus, will you work to ensure that the funds are used in a manner consistent with these congressional restrictions and allocated transparently after engaging in consultation with the Government of the Republic of Cyprus?

Answer. Every activity implemented with U.S. funding in Cyprus is designed to help Greek Cypriots and Turkish Cypriots chart a path to peace and reunification in line with the congressional mandate.

The United States is committed to consultation and transparency with the Government of the Republic of Cyprus ("ROC") on our foreign assistance program. We have and will continue to be transparent and sensitive to recognition, property concerns, and other issues raised by the ROC. Likewise, we will continue to consult with and be sensitive to the concerns of the Turkish Cypriot community.

That said, for the U.S. foreign assistance program to be effective, neither side can be allowed to make funding decisions reserved for the U.S. Government. Indeed, it would contravene recentcCongressional report language preventing organizations implementing U.S. assistance to be subject to approval by the government of any foreign country.[1]

IRAN

Question. With the drama of events in Egypt and overall unrest in the Middle East, I am concerned that the world's attention will be diverted from the dangers of Iran's nuclear program. I am worried that Iran will use this time to speed up its nuclear program and crack down on the opposition and human rights activists. I am also very concerned about the lack of sanctions on companies continuing to invest in Iran's energy sector in violation of U.S. law. The State Department has failed to sanction even one non-Iranian foreign company for its investments in Iran's energy sector. Under legislation signed by President Obama last July, the law now requires the State Department to complete investigations within 180 days after receiving credible information of a violation.

The administration has yet to sanction a non-Iranian bank, despite the reports that several Turkish, South Korean, Ukrainian, and Chinese banks continue to deal with Iranian financial institutions in violation of CISADA.

- When do you plan to sanction one of these banks? Will you consider sanctioning Iran's central bank?

I wanted to ask you about the idea of allowing Iran to maintain a civilian uranium enrichment program.

- Taking into account the regime's history of deceptive tactics, how can the current government can be trusted with a domestic enrichment program?

I find it hard to believe that the State Department has received no credible information on companies violating U.S. law.

- How many investigations are currently open, and when will the 180-day clock be reached? Will the State Department issue sanctions or waivers at that time?

During previous testimony, State Department officials have verified that there are several cases of confirmed violations of the Iran Sanctions Act. Last June, Under Secretary of State William Burns testified to the Senate Foreign Relations Committee that at least a couple of the violations appear to be ongoing.

- What is the status of the investigations into these violations? It appears that their 180-day clock has long expired.

Answer. We share Congress' sense of urgency regarding Iran's nuclear program and work on a global scale to secure the broadest enforcement of sanctions against it. Iran's nuclear program is one of our greatest global concerns and a top priority for the administration. We remain committed to achieving a diplomatic resolution, but Iran has not shown that it will negotiate seriously with the P5+1. After Iran's disappointing stance in Istanbul last January, we are working to increase pressure on Iran by enhancing implementation of existing sanctions and devising new measures.

CISADA is a valuable tool in our efforts to influence Iran's decisionmaking and we are working vigorously to enforce it. The success of these efforts can be seen in the growing trend of international companies choosing to pull out of Iran, Using the "special rule" in CISADA, we negotiated the withdrawal of five major international

[1] FY 2009 Appropriations Act, House Report—Joint Explanatory Statement reference to Section 7034(k) regarding nongovernmental organizations.

energy companies—Total of France, Statoil of Norway, ENI of Italy, Royal Dutch Shell of the Netherlands, and INPEX of Japan—out of Iran. This administration was the first to impose sanctions under the Iran Sanctions Act by imposing sanctions on the Naftiran Intertrade Company (NICO), the Switzerland-based company that is responsible for securing most of Iran's foreign investment and securing supplies of refined petroleum. As the result of this action, NICO has had difficulties maintaining the critical foreign relationships it needs to carry out these functions. Recently, we have also sanctioned Belarusneft, a Belarusian energy company, for investing in Iran. Sanctioning Belarusneft will increase pressure on Iran and further hamper their oil and gas production.

We are working vigorously to enforce the act. These efforts have been successful as we have seen a growing trend of international companies choosing to leave Iran. As part of those efforts, we work very closely with the Department of Treasury. President Obama has delegated the authority to the Department of Treasury, in consultation with the State Department, to enforce the sanctions with respect to financial institutions in CISADA. We respectfully refer you to the Treasury Department for further details.

We continue to work in conjunction with the Treasury Department to identify foreign companies that may be involved in sanctionable activities. We are also conducting a global outreach effort to explain the details of our sanctions legislation to foreign governments and commercial interests and warn them about the legal, proliferation and reputational risks of doing business with Iran as Iran seeks to replace lost business.

Iran has failed to address the international community's concerns about its illicit nuclear activities. The February 2011 report by the IAEA's Director General confirmed that Iran is not compliant with its international obligations. Iran must fulfill its obligations to the United Nations Security Council, the IAEA and as a signatory to the NPT. As we have stated before, Iran has the right to a peaceful nuclear program, but only when it is in full compliance with its international obligations and in cooperation with IAEA transparency and safeguards requirements.

ARMENIA

Question. The American Association for the Advancement of Science (AAAS) recently documented the demolition of an ancient Armenian cemetery in Azerbaijan with satellite images. The desecration, which was caught on videotape, was also condemned by the European Parliament through a resolution. The cochairs of the Minsk Group pledged to assess the destruction back in October 2010, but still have not visited the site.

- What are you doing to ensure this assessment and when should we expect the visit and report?

Answer. As a cochair of the OSCE Minsk Group, the United States remains closely engaged in seeking a peaceful settlement of the Nagorno-Karabakh conflict. The Minsk Group cochairmen have affirmed that they believe it is in their mandate as mediators to visit any area affected by the Nagorno-Karabakh conflict. In that context, the cochairs will continue to make such visits, but no dates have been set at this time for future trips.

Question. The administration has said, since early last year, that it wants Turkey and Armenia to establish ties "without preconditions and within a reasonable time-frame." The Bush administration also supported ending Turkey's blockade of Armenia without any preconditions. Can you define for us what the administration means by "preconditions," and also what the administration believes constitutes a "reasonable time-frame?" At his confirmation hearing in March 2009, Assistant Secretary of State Gordon indicated that he hoped that the Armenia-Turkey border would be reopening by October 2009.

Answer. The administration supports the work done by both Armenia and Turkey to normalize relations. We continue to urge both sides to keep the door open to reconciliation and normalization, and we believe that the normalization process carries important benefits for Turkey and Armenia as well as for the wider Caucasus region. Ultimately, this is a decision for Armenia and Turkey.

The border between Turkey and Armenia has been closed for 17 years; the current normalization process has been going on for only a fraction of that time. We applaud the Armenians for their commitment to normalize relations with Turkey. I have said that the ball is in Turkey's court, and I have encouraged Turkey to move forward.

UGANDA/LORD'S RESISTANCE ARMY

Question. The rebel Lord's Resistance Army (LRA) continues to destabilize a vast section of central Africa, where its brutal attacks have displaced over 400,000 people and resulted in the abduction of more than 850 children since September 2008. On November 24 of last year, the administration released to Congress it's "Strategy to Support the Disarmament of the Lord's Resistance Army," as mandated by the bipartisan Lord's Resistance Army Disarmament and Northern Uganda Recovery Act passed by Congress in May 2010.

- What programs and activities will the State Department support to implement the four components of the LRA strategy, and how are support for these programs and activities reflected in the FY12 budget request?

Answer. The Department of State is working with the Department of Defense to provide enhanced integrated logistical, operational, and intelligence assistance in support of regional and multilateral partners in an effort to apprehend or remove from the battlefield Joseph Kony and senior commanders. In addition, the Department of State continues to fund logistical and operational assistance through the Peacekeeping Operations (PKO) account. Since the launch of Operation Lightning Thunder (OLT) in 2008, we have obligated $29.1 million in PKO resources to provide nonlethal equipment, logistics support, and supplies to the Uganda People's Defense Force (UPDF) in support of its effort to defeat the LRA. State has programmed PKO funds for counter-LRA efforts from a variety of sources, including the Africa Conflict Stabilization and Border Security (ACSBS) program and funds reprogrammed from the Democratic Republic of the Congo (DRC). Of the $29.1 million already committed, $6 million of FY 2011 PKO funds were obligated to support the efforts through April 2011 of Uganda and the Central African Republic (CAR) to defeat the LRA. Additional PKO resources will need to be obligated to support counter-LRA operations after April 2011. Our FY 2012 request includes $7.15 million in PKO funds as part of the ACSBS program, a portion of which would be used to support counter-LRA efforts, as needed.

To promote the defection, disarmament, demobilization, and reintegration (DDR) of remaining LRA fighters, the Department of State is working with the World Bank's Transitional Demobilization and Reintegration Program, the United Nations Organization Stabilization Mission in the Democratic Republic of the Congo (MONUSCO), regional militaries, and humanitarian organizations to ensure appropriate facilities and procedures are in place to receive defectors and transport them to desired home locations. In Uganda, USAID continues to support the provision of reintegration assistance to demobilized LRA members and receiving communities. Our FY 2012 request also includes $4.4 million for conflict mitigation and reconciliation activities in Uganda, much of which will focus on northern Uganda.

To increase the protection of civilians, the Department of State and USAID are installing high-frequency radio networks in the DRC, expanding communication networks in the CAR, and supporting U.N. peacekeeping missions and humanitarian agencies in LRA-affected areas. In FY 2010, the United States provided $387.7 million in assessed contributions for MONUSCO's overall budget, a portion of which supported LRA-affected populations. Our FY 2012 request for Contributions for International Peacekeeping Activities (CIPA) includes $408 million in assessed contributions for MONUSCO and $298 million in assessed contributions for the U.N. Mission in Sudan (UNMIS), a portion of which will continue to support these peacekeeping operations' activities in LRA-affected areas.

To increase humanitarian access and provide continued relief to affected communities, USAID and the Department of State's Bureau of Population, Refugees, and Migration (PRM) are working with humanitarian agencies to promote increased access and infrastructure for the delivery of humanitarian services; provide recovery, transition, and livelihood support for LRA-affected populations; and provide minimum standards of life-saving support to LRA-affected populations. The FY 2012 budget includes support for humanitarian operations in DRC, CAR, and Southern Sudan within the Migration and Refugee Assistance (MRA) and the International Disaster Assistance (IDA) accounts. PRM and USAID will continue to monitor the humanitarian needs of LRA-affected communities in DRC, CAR, and Southern Sudan and will continue to promote civilian protection and deliver humanitarian assistance throughout the region.

CLIMATE CHANGE/CLEAN ENERGY

Question. How does America benefit from investments in a wide range of developing countries to combat the causes and impacts of a changing climate, including by bolstering preparedness for extreme weather, promoting clean energy solutions,

and reducing deforestation? How would the cuts to these programs proposed by the House, if implemented, affect our country's national security, job and business opportunities, and budgetary costs due to increased disaster aid, as well as our standing in the world and efforts to get global reductions in carbon pollution?

Do the cuts to the Clean Technology Fund impact the U.S.'s ability to maintain access to markets to export green technology?

How would cuts to international climate funding impact our diplomatic relations with emerging economies—such as Brazil, South Africa, India and China—that are central to our global diplomacy, including our efforts involving climate change? Will this affect our ability to get them to take action to reduce emissions or undertake other policies we would like to see? Which regions might you anticipate a need for funding that is not in the current budget request?

Answer. Global climate change has serious implications for U.S. national security interests. According to the 2008 National Intelligence Assessment on climate change, it will exacerbate tensions related to poverty, social conditions, environmental degradation, and weak political institutions.

It would be irresponsible for the United States to fail to work to reduce these impacts.

The administration's investments in international climate programs:

- Help ensure that all major economies—including major emerging economies—reduce emissions.
- Conserve forests, foster sustainable land management, and combat illegal logging around the world.
- Build resilience in developing countries to reduce the risk of damage, loss of life, and instability that can result from extreme weather and climate events. (The World Bank and U.S. Geological Survey estimate that every dollar spent on disaster preparedness saves seven dollars in disaster response.)
- Help put developing countries on a clean energy path, increasing trade and investment opportunities for U.S. businesses and improving air quality and human health around the world.
- Help the United States meet its international commitments, putting us in a better position to ensure that other countries meet theirs.

America's clean energy industry is well positioned to provide the innovative technology and services needed to meet rapidly growing demand in developing countries. U.S. support for the Clean Technology Fund mobilizes these kinds of investments, and helps create the functioning, fair, and competitive markets in which American businesses thrive.

The cuts to international climate programs proposed by the House, if implemented, would have adverse implications for our national security interests, and decrease job and business opportunities in America. Such cuts would reduce our standing in the world and compromise our efforts to get global reductions in greenhouse gas pollution, including by reducing our leverage to ensure that major economies such as Brazil, South Africa, India, and China take action. These cuts would erode our ability to work with poor countries to decrease their vulnerability to climate disasters and damage, increasing the likelihood of U.S. expenditures on disaster aid. And these cuts would erode our ability to build and maintain opportunities for U.S. clean energy exports in big emerging markets.

RESPONSES OF SECRETARY OF STATE HILLARY RODHAM CLINTON TO QUESTIONS SUBMITTED BY SENATOR JAMES E. RISCH

Question. Recently the State Department completed the first Quadrennial Development and Diplomacy review (QDDR), which as you noted is based on the Quadrennial Defense Review (QDR) that the Defense Department performs.

I applaud the efforts of the Department to develop this important document, but as you know DOD produces a number of documents and the QDR is used to help inform the drafting of the Future Years Defense Plan (FYDP).

- With the QDDR finished, can we expect the State Department to draft a similar long-term strategic budget and other planning and programming documents?

Answer. The Department is in the early phases of implementation of the Quadrennial Diplomacy and Development Review (QDDR). The decisions and guidance contained in the QDDR have already and will continue to inform the range of planning and programming processes normally undertaken by the Department, including the 2013 Mission and Bureau Strategic Planning, resource requirements and out-year estimates that are used to inform those documents . Additional planning and programming processes and documents will be produced as appropriate and as

indicated in the QDDR, including Integrated Country Strategies and Regional and Functional Strategies.

Question. According to the White House Fact Sheet on the State Department's FY12 budget, this request "Makes strategic investments of $1.4 billion to address the root causes of hunger and poverty and lift a significant number of people out of poverty and reduce malnutrition for millions of children under 5 years old by 2015."

Can you please clarify your metrics and goals more and define what a "significant number of people" means? How many have been lifted out of poverty so far according to State's statistics?

Answer. The FY 2012 request will enable the President's Feed the Future Initiative to:

- Assist 18 million individuals to significantly increase their annual purchasing power. For example, current due diligence on impact projections demonstrate that:
  - An individual who participates directly in FTF investment implementation should experience a 68 percent increase in income compared to individuals that do not receive FTF support.
  - This, in real terms, is a buildup of an annual increase of about $300/year after 10 years.
  - A majority of FTF's beneficiaries—over 7 million individuals and most of them women—will start FTF below the poverty line and experience similarly dramatic increases in their annual income;
  - Evidence shows women choose to use increased purchasing power to:
    - Diversify dietary intake among household members;
    - Pay for school fees, including for girls; and
    - Invest in preventative health care.
- Reach some 7 million children to improve nutrition, reduce stunting, and prevent child mortality.
- Generate $2.8 billion over the long term in economic benefits through research activities to raise agricultural GDP, distributed broadly among agricultural sector stakeholders in FTF target regions.

All of these levels assume the following:

- Five years of funding. These levels include FY 2010 enacted as well as request levels for 2011 and 2012. For FY 2013 and 2014, we assume a "straight line" to FY 2012 request levels.
- Expected results are for the initiative as a whole. They cannot be applied to specific country levels. BFS is currently quantifying country specific results using a standard applied cost-benefit analysis that reflects USG investments aligned with each FTF focus country's food security investment plan.

Specifically, the first expected result is necessarily a future projection that must be based on assumptions, such as:

- A $280 unit cost on the budgets for the 20 focus countries, regional programs, private sector initiatives, economic resilience and multilateral programs;
- The total population experiences a 10-percent increase in initial income levels sustained over a period of 10 years;
- Approximately 40 percent of the beneficiary population starts below the poverty line of $1.25/day.

The second statement regarding nutrition is necessarily a future projection that must be based on the following assumption:

- An average unit cost of $100 against the nutrition budget, reaching a total population of children under 2. As a result of this nutrition package, children will experience improved nutrition, reduced stunting and mortality will be prevented.

The third statement is necessarily a future projection that must be based on the following assumption:

- For every dollar spent on research, four dollars of additional agricultural GDP are generated over 35 years. These benefits will accrue broadly and equitably among the population in the target regions and raise agricultural GDP.

PROGRESS TO DATE

FY 2010 funding for the Feed the Future (FTF) initiative was only made available to missions and other operating units late last summer, at which point they began their procurement processes. Because FTF represents a major rampup of new and

substantively different activities in most FTF countries, many missions have had to design and compete new grant or contract mechanisms. Funds that have been obligated to existing grant or contract mechanisms by the end of the fiscal year can be disbursed fairly quickly. As a result, we have no development impacts to report at this time.

However, knowing of congressional interest in tracking results, FTF has implemented an aggressive monitoring and evaluation process that will report actual progress on development indicators against planned targets by the end of FY 2011. During FY 2010, FTF has been intensively monitoring important process indicators that signal commitment and strategic implementation of the Initiative. A sample of these Performance Indicators and milestones for FTF are listed below.

Sample Performance Milestones:

- 10 FTF focus country investment plans and one regional investment plan have successfully completed technical review and include integrated investments in preventative nutrition approaches;
- Funding provided by the U.S. Treasury to the Global Agriculture and Food Security Program at the World Bank, which is the multilateral counterpart to the bilateral initiative, has begun to flow to eligible countries;
- The FTF's Global Research Strategy has been launched to find new solutions to the global food security needs and initial awards have been allocated.

Question. Over the past 2 years, the Obama administration has sought to reach out to the Syrian Government, most notably by appointing the first American Ambassador to Syria since 2005. This administration has essentially taken unilateral steps toward Syria in the hope they would respond positively.

- Have we seen any signs that Syria is taking steps to improve its behavior and its relationship with the United States, if so please identify these specific signs? Is Syria changing its relationship with Iran, Hezbollah, or Palestinian terror groups?

Answer. The President appointed an Ambassador to Syria in order to protect U.S. interests. Since arriving in Damascus, Ambassador Robert Ford has been granted access to a range of senior Syrian interlocutors with whom we have spoken only infrequently, if at all, during the past 6 years. He also worked to secure the release of two American citizens detained by the Syrian Government. As CENTCOM Commander General Mattis recently testified, Ambassador Ford's presence is a key component of our regional national security architecture.

Syria has responded by engaging senior U.S. officials in a serious discussion on a wide range of regional issues, including Lebanon, Iraq, and Middle East peace. These discussions have helped make clear to Syrian officials that normal relations between Syria and the United States will only result when Syria addresses all these regional concerns, including an end to Syrian support for regional actors that promote instability and extremism, including Hamas and Hezbollah.

Question. For most of the past 2 years, the Palestinian leadership has refused to enter into direct talks with Israel. Instead, they have sought to use the U.N. and other international forums to delegitimize Israel and seek support for a unilateral declaration of statehood outside the negotiating process.

Just a few weeks ago, they embarrassed the United States by insisting on a U.N. Security Council resolution on settlements, setting up a U.S. veto and then orchestrated West Bank demonstrations to protest U.S. actions.

- What have we communicated to the Palestinians about these actions? Do they understand that if they continue, it will hurt their relationship with the United States and possibly effect aid levels?
- Some in the PA leadership have threatened to pursue U.N. membership and unilaterally declare statehood in September. If the PA attempts this will the United States actively oppose Palestinian efforts to gain membership in the U.N. prior to an agreement with Israel? How will the administration respond to a unilateral declaration of statehood?

Answer. U.N. members devote disproportionate attention to Israel and consistently adopt biased resolutions, which too often divert attention from the world's most egregious human rights abuses. We work to ensure that Israel's legitimacy is respected and its security is never in doubt. We will keep working to ensure that Israel has the same rights and responsibilities as all states—including membership in all appropriate regional groupings at the U.N. Efforts to chip away at Israel's legitimacy will continue to be met by the opposition of the United States.

We have long expressed our opposition to—and work to prevent—the use of international organizations, particularly the U.N. and its organs, to single out Israel for criticism.

While we agree with our fellow Security Council members—and indeed, with the wider world—about the illegitimacy of continued Israeli settlement activity, we voted against the recently proposed Security Council resolution on settlements because it risked hardening the positions of both sides and encouraging the parties to stay out of negotiations. The resolution would also have encouraged the parties to return to the Security Council whenever they reach an impasse.

The tough issues between Israelis and Palestinians can only be solved by substantive and meaningful negotiations between the two parties, not in New York and not through unilateral actions. We oppose unilateral actions and have made that position clear. That is why we continue to pursue a dual track approach, both elements which are key to peace and stability for Israel and the region: serious and substantive negotiations on permanent status issues and an equally vigorous institution-building track that supports Palestinian Authority efforts to reform and ensure they are prepared for statehood.

RESPONSES OF SECRETARY OF STATE HILLARY RODHAM CLINTON TO QUESTIONS SUBMITTED BY SENATOR BOB CORKER

Question. During recent travel to the Pakistan and Afghanistan region, I had the opportunity to discuss the effectiveness of our assistance in garnering critical support from the Pakistanis in combating insurgent elements critical to our success in Afghanistan and remain supremely disappointed in their willingness to target those elements. What can we do, how should we position our aid package, to place the appropriate pressure on Pakistan to turn their attention toward battling the Haqqani Network, al-Qaeda and the Quetta Shura?

Answer. U.S. assistance is critical to maintaining and deepening the long-term strategic partnership that the United States is forging with the people and Government of Pakistan. Pakistan, a nuclear-armed nation with deep ties and strong interests in Afghanistan, has a direct impact on U.S. national security. As such, we have structured our assistance to help build a long-term strategic partnership with Pakistan rather than a transactional one.

Our security assistance builds the Pakistani security forces' capacity to eliminate safe havens for terrorists, to provide internal security, and to cooperate with the United States in defeating al-Qaeda and the Taliban. It also improves the capacity of Pakistani security forces to engage in counterinsurgency operations. Through this assistance, we have strengthened our military-to-military relationship, which has allowed for cooperation against extremists in the border areas. Continued security assistance to Pakistan is critical to the success of our investment of American lives and treasure in Afghanistan, and it is critical to ensuring our security at home.

Equally important is our civilian assistance to Pakistan. We are broadening our partnership and focusing on shared interests, as well as addressing Pakistan's political and economic challenges. Since 2009, we have worked with the Pakistani Government and people, including through our enhanced U.S.-Pakistan Strategic Dialogue process, which met three times last year at the ministerial level. This has refocused assistance on Pakistan's urgent energy and economic needs and coordinated our own efforts as a government to better coordinate, manage, and oversee foreign assistance funds.

The assistance is designed to help ensure Pakistan is a tolerant, economically stable, and a civilian-led democracy, with enough economic prospects and capacity to meet basic human needs so that Pakistan can prosper over the long-term, so the population turns away from extremism, not toward it.

Even as we've had serious challenges to the relationship, we have continued civilian and military efforts throughout the country and even expanded our cooperation. Some significant challenges must still be overcome in our relationship with Pakistan, as distrust lingers on both sides. But it is critical that we remain engaged with Pakistan and help build the stability of its elected leaders as they work to address the myriad domestic challenges they face.

Question. How far do we go financially or otherwise to convince members of the Taliban to reintegrate? Do we have the capability to provide consistent and sustainable incentives for these individuals in order to keep them from returning to the battlefield?

Answer. Our military and civilian surges that started last year have established conditions for the success of the Afghanistan Peace and Reintegration Program

(APRP), a national program designed to reintegrate ex-combatants back into Afghan society. Today, the escalating pressure of our military campaign is sharpening a decision for the Taliban and other insurgent groups: Break ties with al-Qaeda, renounce violence, and abide by the Afghan Constitution, and you can rejoin Afghan society; refuse and you will continue to face the consequences of being tied to al-Qaeda as an enemy of the international community. As the military surge weakens the insurgents and pressures them to consider alternatives to armed resistance, our civilian surge is creating economic and social incentives for participating in peaceful society.

The security and governance gains produced by the military and civilian surges have created an opportunity to reintegrate nonideological insurgents through the APRP. Many low-level fighters entered the insurgency not because of deep ideological commitment, but for financial and economic reasons. The international community pledged over $230 million in financial support for the Afghan Government's APRP to draw insurgents off the battlefield and back into society. So far, almost 700 insurgents have entered into the APRP, and around 2,000 more are potential candidates. As we continue our civilian-military efforts, we expect more insurgents to seek alternatives to violence. The possibility of a safe return to Afghan society as well as the means to restart their lives will be critical.

The U.S. Congress has provided us with what we believe is adequate funding to support the Afghan Government in its reintegration efforts for the coming year, with $50 million in Operations and Maintenance Funds for reintegration purposes under the FY 2011 National Defense Authorization Act, and another $50 million in 2010 for the National Solidarity Program's community recovery activities. These funds will be used to support outreach, promote grievance resolution, and assist entire communities—including women and Afghans of all ethnic groups—that reintegrate ex-combatants into them. We are not paying insurgents to stop fighting, but instead making it possible for the communities they join to heal and move forward as hostilities cease. We have stressed that reintegration must not occur at the expense of women's and human rights, and will continue to advocate that women should be active participants at all levels of the reintegration process.

The APRP was designed as a 5-year program. By the end of the 5 years, the Afghans should be able to deal with what remains of the insurgency with their own resources. Reintegration to date has proceeded slowly, but it is gaining momentum. Critical aspects of this initiative include international political and financial support, effective Afghan action in handling reintegration opportunities, and the flexibility needed for us to support Afghan-led reintegration in the field. We have the first, and we are witnessing the second develop at a steady rate.

Question. Given the current state of affairs—political and security—in Afghanistan and Pakistan, what level of assistance from the respective governments should we expect to receive in achieving our "civilian" goals? How confident do you feel that Afghanistan and Pakistan are equal partners in achieving the objectives?

Answer. The United States works closely with the Government of Afghanistan to achieve our mutual civilian objectives, including growing the Afghan economy and strengthening democratic institutions. The London Conference in February 2010 and the Kabul Conference in July 2010 helped define the areas where further work is needed. The Afghan Government participated actively in both of these conferences, which set the stage for a revitalized effort to make progress on economic, social, and political challenges in Afghanistan in lockstep with the international community. In 2012, State and USAID aim to meet the London Conference goal of channeling at least 50 percent of development aid through the Afghan Government's core budget. The 50-percent goal is a shared responsibility, however, in that it requires the Government of Afghanistan to take critical steps to ensure its ministries and agencies are prepared to effectively and accountably implement assistance.

This year, the United States and Afghanistan will conclude a new Strategic Partnership Declaration that will define the most important elements of our bilateral relationship through the end of transition in 2014 and beyond. Our negotiations to conclude this partnership will help establish mutual expectations and obligations that lock in the gains the Afghan people have made in rebuilding their society since the ouster of the Taliban regime.

We recognize a politically sustainable partnership must rest both on shared interests and on shared values. As partners, President Obama and President Karzai have both acknowledged occasional disagreements do not have to be an obstacle to achieving our strategic objectives, but do reflect a level of a trust that is essential to any meaningful dialogue and enduring partnership.

The U.S. Government and Pakistan are pursuing a broad and important agenda together, including our shared desire to see Pakistan become a strong, prosperous

democracy, at peace with its neighbors, and to build security across the region. Yet we still occasionally experience difficult periods in our relationship over contentious issues.

In this context, we respect the difficulties Pakistan is facing. Pakistan has lost thousands of its best soldiers fighting against violent extremists and thousands of its civilians to terrorist attacks—a cost few other countries have paid. Last year's floods only compounded the nation's difficulties. Pakistani leaders can build confidence by making the hard, even unpopular, choices that are critical to Pakistan's economic reform and stability, all of which will ensure that development assistance is not wasted. The civilian government has faced tough challenges but remains a vital partner for us in achieving our objectives.

We welcome Pakistan's role in supporting a secure and economically prosperous Afghanistan. As a neighbor, Pakistan plays a vital role in the realization of a stable Afghanistan, one that is able to provide for its own security, to exercise sovereignty over all its territory, to provide economic prosperity, and one that plays a constructive role in the region.

Question. What needs to be done to improve the contracting mechanisms or change the types of organizations that we award contracts to ensure more money goes to programs or indigenous organizations and less to security and overhead for American companies?

Answer. We are working to change our business processes—contracting with and providing grants to more and varied local partners, and creating true partnerships to create the conditions where aid takes a back seat to local support in the countries where we work. To achieve this, we are streamlining our processes, increasing the use of small businesses, building metrics into our implementation agreements to achieve capacity-building objectives and using host country systems where it makes sense.

In Afghanistan, USAID has dramatically altered the way we deliver assistance through changes in our acquisition strategy; devolution of authority to the field; and, the provision of on-budget assistance to the Government of the Islamic Republic of Afghanistan.

Large multiyear international contracts are being replaced with 1-year or 18-month contracts with options; national-scale contracts and grants are being replaced with regionally focused awards, to reduce their size and increase their manageability; and USAID is placing small-grant authority ($25K) in the hands of qualified and trained field staff.

- For example, one indefinite quantity contract (IQC) with a ceiling of $1.4B for infrastructure covered roads, power, and vertical structures was broken down into 3 separate programmatic areas (energy/water, transportation, and vertical structures) with up to 12 possible IQC award holders;
    - Total ceiling for all 12 awards: approx. $2 billion;
- Another example is the Stabilization in Key Areas (SIKA) project where we will have four separate regional awards totaling up to $43.6M.

USAID is shifting the locus of control from Kabul to the field by delegating programmatic and administrative authorities for regional activities to the USAID Senior Development Officer (SDO) at the Regional Platforms to the greatest practicable extent. The Regional Platforms East and South are developing regional operating frameworks (ROF) for transitioning from stability assistance to development assistance. In addition to providing accountability for current program/project decision-making, the ROFs will be used to inform future resourcing and programming, engaging Afghan counterparts in program and project design of stability assistance and longer term development assistance.

With regard to security, the U.S. Government is currently examining what is needed to shift from reliance of Private Security Contracts to reliance upon the GIRoA Afghan Public Protection Force (APPF), through the Ministry of Interior, to satisfy the need for security for implementing partners. However, not all contractors or projects will require APPF. Many are looking at different ways of operating without guards, such as relying more on Afghan staff for field work, and using unarmed security advisors instead of armed guards. USAID is working, project by project, to help find the best solution that meets the security needs of our partners.

Question. The United States has appropriated over $16 billion since fiscal year 2002 for development efforts in Afghanistan, implemented by USAID and DOD, focusing on similar initiatives, such as improving Afghanistan's road, water, and other infrastructure sectors. This line of effort is an integral part of the U.S. civilian-military campaign plan focused on countering insurgents in Afghanistan and requires extensive interagency coordination and information-sharing. In a re-

port released yesterday, GAO identified these programs as potentially being duplicative. How are you enhancing processes to communicate across U.S. efforts to avoid duplicative or contradictory programming?

Answer. USAID is coordinating closely with the military on all levels to make sure that our assistance is not redundant. At the district and provincial levels, USAID Field Program Officers meet regularly and frequently with their military counterparts to coordinate CERP and USAID programming. Often USAID and CERP programs are designed to dove-tail with each other. CERP projects tend to be used to build the infrastructure (i.e., schools and clinics), and then USAID projects provide the technical oversight and additional inputs (e.g., school curriculum, teacher training, and clinic supplies). In the counterinsurgency effort, CERP projects tend to be used to help with the clearing and the initial "hold," while USAID stabilization efforts follow in behind to provide "hold-build" activities.

At the Task Force and Regional Command level, USAID staff participate on CERP Boards and wield veto authority if the project is unsustainable from a development perspective or if it is overlapping with an effort that USAID is already undertaking.

At the Kabul level, USAID and Embassy Kabul are voting participants on the DOD countrywide CERP Board. In addition, USAID sits on several working groups including the Infrastructure Working Group, various vetting and oversight task forces, Force Reintegration Cell, and participates in the Country Team meeting with the leadership of all the Embassy sections and Federal agencies. The USAID Stabilization Unit interacts regularly with ISAF to help shape military plans, and has been a key player to help design the Civilian Military Campaign Plan.

At the Washington level, USAID coordinates closely with the interagency. USAID principals participate in a regular series of high-level meetings coordinated by the National Security Staff (NSS), beginning with the Inter-Agency Policy Committee (IPC) meetings, the Deputies' Committee meetings, and the Principals' Committee meetings. USAID also regularly participates in the monthly SRAP-organized "shura," as well as the biweekly NSC-led "Tandberg" conversations.

USAID/Washington is also sending a liaison officer to work at the Pakistan Afghanistan Coordination Center in the Pentagon, and engages regularly with CENTCOM through a liaison in the Office of Military Affairs and through USAID liaisons in Tampa at CENTCOM.

Question. In the FY12 budget, the economic support line for Tunisia has been zeroed out. We are at a critical juncture in this country's transition and Tunisia needs international support in building democratic institutions and civil society.

- What is your plan to provide Tunisia the assistance it needs to transition?

Answer. Our FY 2012 budget preparation began last April—well before Tunisia embarked on its remarkable democratic transition. Over the course of the previous year, the previous Tunisian Government had been taking steps to terminate security cooperation with us and had ceased working hand in hand with us on many issues that were in our mutual interest. These factors provide more context and explain why the administration requested the amount it did for Tunisia in the FY 2012 budget you received.

I agree entirely that we must work closely with the Tunisian people and the international community in assisting Tunisia during its democratic transition. The State Department, through the NEA Bureau's Middle East Partnership Initiative, has identified $20 million in FY 2010 and FY 2011 Economic Support Funds that will be allocated to support the Tunisian transition. Our Bureau of Democracy, Human Rights and Labor (DRL) has identified an additional $1.1 million from its global democracy fund that it plans to use to support transitional justice processes in Tunisia. USAID has made $3 million available for programs that will help prepare Tunisia for elections. We will also work with Congress to establish a Tunisian-American enterprise fund to stimulate investment in the private sector and provide businesses with low-cost capital, particularly in the less-developed areas of Tunisia.

Finally, the Overseas Private Investment Corporation (OPIC) will offer financial support in the form of direct loans, guarantees, and political risk insurance. OPIC is already supporting one Tunis-based private equity firm that is focused on small- and medium-size businesses, is conducting diligence on two additional Tunis-based funds that will invest in the same, and will support investor visits by American businesses to Tunisia.

Looking ahead, we must continue to identify points of entry for U.S. engagement in Tunisia and prepare assistance levels that reflect our commitment to supporting the democratic change underway.

Question. Across the Middle East and North Africa, we are witnessing a transformational moment, with the region's citizens demanding democratic rights and accountable governments. These countries will need external support as they undertake what we hope will be successful transitions to democratic governments.

- How will the United States provide sufficient support to the transitional governments in Egypt and Tunisia, while also being prepared to assist in other countries as needed, with protests now sweeping the rest of the region, including Libya, Bahrain, Jordan, and Yemen?

Answer. We are actively reevaluating our programming and assistance in order to adapt our support to the transitions underway across the region. The United States will continue to be a friend and partner of the Egyptian people, and we are prepared to support Egyptian efforts to pursue a credible democratic transition. We are also committed to helping Egypt address the very serious economic difficulties that it currently faces, which present significant challenges during this sensitive period.

In order to support Egypt's economic recovery and democratic transition in the immediate term, we are reprogramming $150 million from previous year bilateral USAID funds and we intend to reprogram $4 million from the global democracy fund, in addition to $2.6 million of previously planned funds from the Middle East Partnership Initiative (MEPI). Our support for democratic transition will help Egypt conduct free and fair elections and establish a responsive, accountable government that respects the universal human rights of the Egyptian people. OPIC will provide up to $2 billion in financial support to encourage private sector investments in the Middle East and North Africa; the U.S Export-Import Bank has approved $80 million in insurance cover to support letters of credit issued by Egyptian financial institutions; and the administration is working with a bipartisan group of Members of Congress to establish an Egypt-American Enterprise Fund that will stimulate private sector investment, support competitive markets, and provide business with access to low-cost capital.

In the longer term, Egypt's growth depends on deepening economic relationships within the region and the wider world, and we are working to ensure that priority assistance is coordinated with long-term goals in mind. Many of our friends and allies in the international community have expressed a similar desire to provide support to Egypt, and we are also engaging with our colleagues at the multilateral development banks and other international financial institutions in order to explore how those institutions may also play a helpful role.

Since the fall of the former Tunisian regime on January 14, we have been working on ways to reengage with the Tunisian people, support their democratic transition efforts, and align our resources behind this priority. The State Department, through the NEA Bureau's MEPI program, has identified $20 million in FY 2010 and FY 2011 ESF that will be allocated to support the Tunisian transition. State and USAID are also working with our international partners to focus on rapid and tangible support for Tunisia's short-term financial stability, as well as its long-term economic growth that will create benefits and opportunities across Tunisian society. My visit to Tunisia on March 16 is a clear demonstration of our support for the Tunisian people and the country's transition to democratic governance.

Your question correctly intimates that reprogramming finite funds in the short term does not ensure stable support for longer term objectives. Contingency funding capabilities, such as the Elections and Political Processes Fund (EPP) and the Complex Crises Fund (CCF), provide the U.S. Government with the flexibility necessary to respond to rapidly developing political scenarios, without forcing us to divert funding from other priority programs. In addition, MEPI, as well as USAID and DRL programs, will allow the USG to continue to flexibly support civil society as it promotes economic, social, and political reforms, expands opportunities for women and youth, and helps communities work alongside governments in shaping their own futures. The combination of the EPP and CCF contingency funds, in addition to economic assistance funds, allows the U.S. Government to pursue its regional foreign policy priorities with a variety of tools, including diplomacy, development, capacity building, public outreach, and regional dialogue.

We understand that we face an extraordinarily difficult budgetary climate, and the administration has reflected that in its proposed budget. However, we must ensure that we have the resources to respond to the reality of unfolding events in the Middle East and recognize the opportunity, as well as the security imperative, that these events bring with them. Simply put, current funding levels make it difficult for us to meet the emerging needs of the region at this time of unparalleled opportunity. It is critical that the parameters of our assistance remain flexible so that

State and USAID can respond quickly and strategically within a rapidly changing environment.

Question. Haiti: With other crises occurring around the globe, we are at risk of losing focus on the reconstruction and stabilization efforts in Haiti. Can you discuss the progress that has been made since funds became available last November? How is execution impacted by the current political impasse? Do we run the risk of reversing gains made in some critical sectors last summer?

Answer. The United States will not let the many other challenges it faces distract us from our efforts in Haiti. As President Obama has made clear, the United States commitment to Haiti will be sustained.

The U.S. Government (USG) had been working on a comprehensive strategy to support Haiti since March 2009. The January 12, 2010, earthquake necessitated careful review and revisions to meet the needs of the post-earthquake nation. While providing nearly $1.2 billion in relief and recovery assistance since the very beginning of the crisis, the State Department and the United States Agency for International Development (USAID) led the planning and development of a whole-of-government comprehensive strategy to support Haiti's long-term reconstruction, in close coordination with the Government of Haiti and other donors. The supplemental moneys that became available in November are continuing to make this long-term, forward-thinking strategy possible.

The Supplemental funds have been put to good use. Since November, the U.S. Government has disbursed $212 million of supplemental money to provide Inter-American Development Bank debt relief, freeing up money for the Government of Haiti to meet their highest and most urgent priorities. The U.S. Government also used $120 million to fund projects through the Haiti Reconstruction Fund (HRF) to support the construction and repair of houses targeted to benefit 50,000 people; remove rubble in critical areas of Port-au-Prince; establish a partial credit guarantee fund to help finance private sector activity; and to provide education assistance.

The U.S. Government has also invested almost $300 million of FY 2010 and prior year funds in recovery and development activities. In addition, USAID's Office of Foreign Disaster Assistance (OFDA) has provided over $45 million for the immediate response to the cholera outbreak. This money has funded the establishment of more than 30 cholera treatment facilities with more than 1,100 beds. The U.S. Government is also funding more than 115 oral rehydration posts out of a total 282 established throughout Haiti.

The U.S. Government has provided nearly $18 million in FY10 and FY11 moneys to support the November 28 and March 20 elections. This has included: supporting a long-term international election observation mission from the Organization of the American States and the Caribbean Community; contributing $6.6 million to the U.N. Development Program-managed elections trust fund to purchase election material including ballots and ballot boxes; supporting the development of training materials and training of polling center and station staff; providing technical and financial assistance for a nationwide civic and voter education campaign, including a call center and SMS "push and pull" campaign to help voters locate their polling stations; supporting nonpartisan action groups for voter education, nonpartisan Get-Out-The-Vote efforts, and the deployment of more than 5,000 election day observers; providing technical assistance to political parties in poll watching, debates, and election dispute resolution. The USG also provided both technical and financial support for the organization of Presidential debates prior to both the first and second round election, which were broadcast nationally on radio and television and screened in several of the largest IDP camps to help inform voters of their choices on election day.

Political unrest in Haiti has at times hindered the progress of our programs. Violent demonstrations following the November 28, 2010, first round elections impeded the delivery of assistance services and resources, particularly in the fight against cholera. This is one reason why the United States, along with Haiti's international partners, has worked with the people and Government of Haiti in support of a free and fair electoral process, one in which Haitians can choose their leaders during this important period. I am pleased that the second round of Presidential and Parliamentary elections on March 20 went off relatively peacefully, with less confusion than the first-round balloting and with good voter turnout. The newly elected Presidential and parliamentary leadership will be critical to realizing Haiti's vision for its recovery.

It will take years for Haiti to fully realize the gains of sustainable development. It is important to understand that such change cannot happen overnight. We want make clear that as we undertake substantial investment in long-term development, we will not forsake humanitarian assistance. It is vital that the urgency we all felt

in the days after the earthquake continue to drive our efforts so that we can support Haiti as it charts a course toward sustainable development in the months and years to come, and ensure that the gains we have achieved are not reversed.

Question. Global Security Contingency Fund (GSCF): I understand that the Global Security Contingency Fund is meant as a new funding paradigm to quickly respond to crises before or as they begin to occur without the delays that can pague such funding requests, pooling funds from State and DOD.

- Could you explain in brief what the benefits of the Global Security Contingency Fund would be? Could it demonstrate the potential of other, broader reforms to the way we plan and budget for our national security missions?
- What would you say to my colleagues on the Armed Services Committee about the purpose and intent of the GSCF? Would you tell them it's a good use of reprogrammed DOD dollars?

Answer. Secretary Gates and I have proposed a new tool called the Global Security Contingency Fund (GSCF) which would allow DOD and State to pool resources and expertise to provide assistance to security forces and the government agencies responsible for those forces as well as justice sector and stabilization assistance. We believe this proposal advances U.S. national security interests in four main ways: (1) it provides us with the agility needed to address today's complex strategic environment; (2) it serves as a new business model, emphasizing collaboration and the interconnected nature of defense, diplomacy, and development; (3) it enables our departments to respond jointly and effectively to a broad scope of transnational challenges; and (4) it leverages the resources and expertise of other departments and agencies.

- The legislation we have proposed would allow either the Department of State or the Department of Defense to transfer additional funds from their existing appropriations into the Global Security Contingency Fund, up to a combined total of $500 million in appropriations and transfers. The intent of the fund is not to spend $500 million on an annual basis, but to have adequate resources available to the Departments to respond rapidly to emergent challenges or opportunities within a given fiscal year, in the event that such resources are necessary. Actual expenditures in a given year will depend on the requirements. We believe this approach is a responsible way to balance the need for additional agility with a funding structure that encourages rigor in programming decisions due to the need to transfer funds from other sources.
- We envision specific uses of the GSCF in the future will vary depending on the emergent threat or opportunity and operating environment. Current events in the Middle East suggest increased flexibility and agility in U.S. Government responses within the budget cycle will certainly be necessary to respond to rapidly changing circumstances in regions critical to U.S. interests. We believe that the GSCF would enable the USG to respond more rapidly and more comprehensively to emergent requirements through programs that provide assistance to both security forces and the governmental bodies responsible for such forces. We envision that such assistance would often include instruction on accountability, human rights, and resource management to help develop responsible security forces.

We intend to have an ongoing dialogue with Congress as this fund is stood up. In a manner similar to that of the Complex Crisis Fund, we expect to conduct regular consultations with Congress on the use of the GSCF. We will report to Congress on the use of these funds on a quarterly basis so that you can indeed verify that our use of the authority provided in the GSCF is both prudent and effective. We have drafted this initiative as a pilot program in order for both the administration and Congress to evaluate its use and confirm its utility before extending the duration of the authority.

Question. Interagency coordination has been one of the greatest obstacles to the effective implementation of the U.S. foreign policy agenda. What are you doing to break down barriers to effective coordination, ensuring that all appropriate agency heads have a place at the table and equal opportunity to provide input and recommendations in the implementation of our foreign policy that will effectively use each dollar we appropriate?

Answer. Today's increasingly complex challenges—humanitarian crises, global economic trends, weak and failing states—require a whole-of-government solution, and there are significant opportunities for interagency coordination that we are tapping into well. Agencies that have traditionally been purely domestic in nature are engaging more internationally. The Quadrennial Diplomacy and Development Review (QDDR) specifically refers to our Chiefs of Mission abroad as the CEOs of

multiagency missions and interests. The QDDR calls for an integrated multiyear strategic planning process that, more than ever, will compel interagency participation and perspective. State Department and USAID officials have a long and strong history of engaging with their interagency colleagues, and I believe that the QDDR will provide an equally compelling approach for senior leadership of many agencies to provide insight and input into our foreign policy agenda.

Question. This administration, like the Bush administration, considers the International Affairs programs to be part of our overall national security strategy. But I don't think it's widely recognized just how vital the programs you oversee—development and diplomacy—are to our Nation's security and strategic interests. Secretary Gates has said "without development we will not be successful in either Iraq or Afghanistan."

- Could you please describe how the budget request for State and USAID will help meet our national security objectives?
- Why are these investments that American taxpayers should be making at a time like this?

Answer. National security is a fundamental objective of development and diplomacy. By protecting our interests and promoting security and prosperity abroad, we shape the world in a way that ensures the security and prosperity of Americans at home.

Generations of Americans have grown up successful and safe because we chose to lead the world in tackling its greatest challenges. We invested the resources to build up democratic allies and vibrant trading partners in every region. Whether negotiating arms treaties, brokering talks with belligerent states, fostering stability through development projects, helping to rebuild countries shattered by war, countering nuclear proliferation, enhancing economic opportunity for our businesses abroad in order to create jobs here at home, protecting our nation's borders and Americans abroad, or serving as the platform from which the entire U.S. Government operates overseas, our diplomatic and development work is dedicated to strengthening national security.

The FY 2012 budget request for the Department of State and USAID clearly reflects this essential mission. Our work in Iraq, Afghanistan, and Pakistan is focused on promoting stability in these three nations, to keep them from becoming havens for extremists who threaten the United States. The request promotes conflict prevention and crisis response in other fragile states, from helping Haiti stabilize after a devastating earthquake to civilian and military efforts to strengthen governance and security capacity in places battling terrorist groups. Human security is a major goal of our budget and a critical part of supporting global productivity and prosperity, supporting programs that promote health, education, and nutrition, and counteract infectious diseases like HIV/AIDS. By funding new technologies and research, we increase agricultural productivity and promote food security with the goal of preventing economic and political crises that can arise from food shortages and price spikes. Finally, we help nations adapt to the effects of climate change, efforts meant to ensure that these shifts do not disrupt vital trade and economies.

These goals represent a wise investment for the American taxpayers. By supporting diplomacy and development, the nation is able to respond to problems before they escalate into crises that require a more significant, and usually much more expensive, response. It costs far less to deploy a diplomat or development expert than a military division. And by using a preventive approach to global issues, we are able to stave off potential threats before they become major risks to our national security. There have always been moments of temptation in our country to resist obligations beyond our borders, but each time we have shrunk from global leadership, events have summoned us back to reality. We saved money in the short term when we walked away from Afghanistan after the cold war, but those savings came at an unspeakable cost, one we are still paying 10 years later in money and lives.

Question. As you know, the world has changed dramatically in recent years, and the future of high economic growth is shifting from the developed to the developing world. Over the past 40 years, trade has tripled as a share of our economy, and more than one out of five American jobs are tied to international trade. America's fastest growing markets—representing roughly half of U.S. exports—are in developing countries. Economic engagement must keep the United States competitive in the global marketplace.

- Can you describe for us the role our International Affairs programs play in helping spur economic growth here at home and creating American jobs?
- How do these programs help U.S. businesses and entrepreneurs to remain competitive in the global market place?

Answer. You have well identified the crucial role that exports play in creating U.S. jobs and rebalancing the U.S. economy. That is why the Department of State and our embassies and consulates abroad are so deeply involved in the work of the President's National Export Initiative, helping U.S. manufacturers, services providers, farmers, and ranchers achieve more sales outside our domestic market. With increased exports, the Nation can create millions of new jobs across many sectors and throughout the country. The President has challenged the Nation to double overall exports in a 5-year period, and important progress was achieved in the 1st year. U.S. exports in 2010 increased $261 billion compared to 2009, but in too many markets we are only back to 2008 export levels, before the effects of the global financial crisis that began in 2008.

U.S. Ambassadors serving abroad and the country teams they lead at their embassies make promotion of U.S. exports of manufactured goods, services, and farm goods an important part of their work. The Ambassadors are the CEOs of the interagency process at their posts, setting priorities for execution by their teams. State Department economic officers at embassies and consulates are available to counsel U.S. companies about market opportunities and challenges overseas. Economic officers and their colleagues also urge policy and regulatory reforms by our trading partners, to make economies more open and the application of regulations more transparent, predictable and even-handed, thus assisting U.S. companies' access. Effective protection and enforcement of intellectual property rights—the patents, trademarks, and copyrights on which so many knowledge-intensive U.S. companies rely—is an important focus of work by our embassies and the Department of State (particularly the Office of International Intellectual Property Enforcement), in conjunction with other agencies in Washington. Our embassies also help facilitate the establishment of American Chambers of Commerce overseas and seek counsel from and offer briefings to such groups. I met with the Business Round Table in December 2010 and the President's Export Council on March 11 of this year. With input obtained by our diplomatic posts from U.S. exporters and U.S. business representatives resident in foreign markets, feedback from the Department's Advisory Committee on International Economic Policy, and the constructive views offered by many U.S. domestic businesses and business organizations such as the Business Round Table and President's Export Council, we strive to integrate private sector issues into U.S. foreign and economic policy and direct U.S. Government resources to assist U.S. business interests overseas.

State Department consular officers adjudicate millions of nonimmigrant visa applications each year, facilitating legitimate travel by foreign business people, tourists and students. These visitors spend annually tens of billions of dollars in the United States, helping to create jobs across the Nation. We provide our consular officers with clear guidance to provide business-friendly application procedures while adjudicating applications for business visas within the bounds of U.S. immigration law.

I convened U.S. Ambassadors from around the world at the Department of State on February 2 and 3 this year, and their great enthusiasm to be champions on behalf of U.S. exports and U.S. exporters was quite apparent. They are concerned, however, about the resources available to our missions abroad, including for export promotion purposes.

U.S. Ambassadors are eager to explain commercial opportunities in their host countries to U.S. business audiences. One, but by no means the only, recent example: the Department of State's Bureau of Economic, Energy and Business Affairs and the Bureau of Near East Affairs worked with the Business Council for International Understanding to program meetings with U.S. domestic business groups for nine U.S. Ambassadors from the Middle East and North Africa in October of last year. The Ambassadors made presentations to business associations from New York to Seattle and San Francisco and Milwaukee to New Orleans. Other U.S. Ambassadors have made similar presentations to U.S. audiences, and in this year in which the United States will be host to the APEC summit, many more such events will occur. All of these activities are designed to help U.S. companies understand the export opportunities in often unfamiliar foreign markets.

I and other senior officials of the Department of State regularly advocate on behalf of U.S. bidders on foreign government and foreign military procurements, in meetings abroad, on the margins of international conferences, and in diplomatic correspondence to foreign government officials. Those efforts, and similar efforts by other Cabinet members and their senior officials, White House officials, and the ongoing advocacy by our embassy teams abroad, have resulted in important, sizable export wins for U.S. businesses. You will recall, for instance, the multibillion dollar contracts for Boeing jets and other items announced during President Obama's visit to India in November and during the January state visit of Chinese President Hu

Jintao to the United States. It is important to emphasize that it is not just our biggest companies and their supply chains that benefit from commercial advocacy, however large or important those contracts may be. The day-to-day work of our country desk officers, regional bureaus, the Bureau of Economic, Energy and Business Affairs, and our Ambassadors and embassy teams overseas reap important accomplishments for U.S. businesses of all sizes across the Nation. For example:

- Embassy Manila played a crucial role in the successful bid of the largest North American producer of solid zinc strip and zinc-based products, Jarden Zinc Products of Greenville, TN, to supply coin blanks to the Philippines Central Bank. The contract value exceeded $20 million.
- One of our smallest posts in terms of staffing, the American Presence Post in Rennes, France, recently helped a Maryland firm secure a contract for at-sea refueling systems for European naval frigates.
- The U.S. Embassy in Tirana recently brokered an understanding with Albanian Customs and National Food Authority officials, who had differing interpretations of the requirements of an ambiguous Albanian law. The Embassy's intervention allowed release of U.S. meat shipments that had been delayed in an Albanian port because of those bureaucratic disputes.
- Embassy Asuncion officers counseled a southern California firm in its successful bid to lay 1,000 kilometers of high temperature, low-sag transmission cable for the Paraguayan National Electricity Administration, a contract valued at more than $10 million.
- State's International Communications and Information Policy Office (CIP) has promoted the benefits of holding wireless spectrum auctions to other countries. Brazil, India, Costa Rica, and Mexico have held these auctions with our encouragement. In Brazil, U.S.-based Nextel won 11 3G (third generation) wireless licenses, as well as other licenses, resulting in Nextel Brazil becoming the fifth mobile carrier with almost 100 percent national coverage there.

The work of many of the offices in State's Bureau of Economic, Energy and Business Affairs (EEB) actively support the goals of the President's National Export Initiative or otherwise contribute to U.S. economic prosperity.

- EEB administers a Business Facilitation Incentive Fund for export promotion activities that is used by dozens of posts without a Commercial Service presence.
- EEB/CIP works with foreign governments and U.S. industry to encourage regulatory reform and market access for the information and communications technology (ICT) sector. Through public-private partnerships CIP promotes U.S. ICT industry instruction of visiting foreign officials on best practices, regulatory reform, international standards, and telecommunications competition.
- EEB's Office of Aviation Negotiations expands markets for our airlines, which benefits U.S. exporters, the travel and tourism industries, and the express delivery industry, and creates demand for long-haul aircraft to fly these new routes.
- EEB's Office of Development Finance helps the Millennium Challenge Corporation increase private sector awareness of procurement opportunities offered there.
- EEB's Office of Trade Policy and Programs represents State and supports officials of the Office of the United States Trade Representative in numerous bilateral and multilateral trade negotiations with the express goal of opening markets and creating a level playing field for our firms.
- EEB's Office of Investment Affairs joins with USTR in negotiating protections for overseas investors against expropriation. The United States is the world's largest outward investor, and an estimated 21 percent of U.S. exports are intracompany transfers from U.S. parents to their overseas subsidiaries. The annual Investment Climate Statement produced by our embassies and published on the State Department Web site is a key tool used by many American companies to evaluate risk associated with their overseas investment plans.
- EEB's Office of Investment Affairs and Commerce's Invest in America program cooperate to attract foreign investment to the United States that creates thousands of high-value jobs in our economy. In October, we sent a joint State-Commerce instruction to all diplomatic and consular posts stressing the importance of attracting investment to the United States. The United States is the world's No. 1 recipient of inward foreign direct investment, and foreign subsidiaries in the United States provide approximately 19 percent of all U.S. exports.

In sum, International Affairs funding is crucial for the foreign policy of the United States, but also for our international economic policies and the creation of a more

prosperous economic future for our workers and companies in an increasingly connected and competitive global marketplace.

Question. I am pleased with USAID reform efforts to strengthen the monitoring and evaluation across all programs, particularly in light of the emphasis my colleagues and I placed on this in the Foreign Assistance Reform and Revitalization Act last Congress. Could you explain what is currently being done to shift toward the impact measuring, outcome-oriented approach in all assistance and development programs? What progress has been made in building in-house staff expertise and filling the mid-level staff that the agency currently lacks to effectively perform the monitoring and evaluation mission?

Answer. On January 19, 2011, USAID released a new evaluation policy. One of the policy's primary goals is to promote the objective and unbiased evaluation of USAID-funded programs. To that end, the policy includes two firm requirements—namely, that all large projects undergo a methodologically rigorous evaluation; and that all pilot (or "proof of concept") projects undergo a rigorous evaluation. The policy establishes firm protocols and procedures for ensuring that all USAID evaluations will be transparently conducted, unbiased, integrated into project design, relevant for decisionmaking, methodologically sound, and oriented toward reinforcing local capacity.

To ensure that evaluations are conducted in an unbiased manner, USAID's evaluation policy stipulates that most evaluations will be conducted by external third-party evaluators who are not directly involved in project implementation. To promote unbiased evaluation work at USAID missions, these evaluations will be managed by the Program Office (which has multiple responsibilities but does not generally manage projects directly) rather than the offices that manage the projects.

USAID expects that the majority of these evaluations will be conducted by externally contracted organizations that have specialized expertise in evaluation. Recognizing, however, that USAID simultaneously needs to build in-house evaluation capacity, the Agency is training its staff in evaluation design, methods, and management. Between January and April of this year, more than 100 individuals completed the courses.

USAID staff and/or implementing partners will conduct evaluations when this serves the evaluation purpose, is cost-effective and does not compromise objectivity. However, it is anticipated that all evaluation teams will be led by an external expert.

RESPONSES OF SECRETARY OF STATE HILLARY RODHAM CLINTON TO QUESTIONS SUBMITTED BY SENATOR ROBERT P. CASEY, JR.

Question. I have been a longtime supporter of strengthening institutions in Pakistan and believe that we should be doing all in our power to enhance our relationship not only with the Pakistani Government and the Pakistani military, but also with the Pakistani people. A central element to this relationship is enlisting the talent and dedication of the Pakistani American community. As the Enhanced Partnership with Pakistan Act was being formulated, I offered an amendment which called for an active role for the Pakistani-American community.

I know that the Office of the Special Representative for Afghanistan and Pakistan (SRAP) has attempted to engage Muslim-Americans in general and Pakistani-Americans specifically. What is the United States currently doing to ensure that the talents and knowledge of Pakistani-Americans are brought to bear in enhancing our relations with Pakistan? What more can we be doing in the Senate to help?

Answer. The U.S. Department of State and USAID have been actively engaged with the Pakistani-American community to discuss relations between the United States and Pakistan, the successes and challenges of civilian assistance, and to gain support for U.S. Government programs as well as receive feedback on areas of improvement.

One key concern of the Pakistani-American community has been the effectiveness of U.S. assistance and ensuring that aid reaches those who need it the most. We have helped address some of these concerns in changes we have made to the mechanics of how assistance is distributed—for example, in increasingly working through local implementers and those with a record of strong fiscal oversight.

We have discussed these policy changes directly with the diaspora community, through formal organizations such as the Pakistani American Liaison Council, the American Pakistan Foundation, the Pakistan League of America, and the Association of Pakistani Physicians of North America. In the wake of last year's floods, SRAP led weekly conference calls with the Pakistani-American diaspora community.

Sometimes including several hundred participants, these calls were a critical channel for exchange of information.

The U.S. Government has also actively engaged with local and regional leaders by hosting townhall style forums in several states as well as participating in community functions such as parades and rallies. We would be happy to help organize such a forum in Pennsylvania and send a representative to participate, as part of our ongoing effort to build diaspora support for U.S. objectives in Pakistan and better communicate U.S. policies.

Question. I want to thank the administration for your commitment to enforcing existing Iran sanctions as evidenced by the recent designation of the two Iranian Government officials as human rights violators on February 23: Abbas Jafari Dolatabadi and Mohammed Reza Naqdi. I was very supportive of Senators McCain and Lieberman's efforts to ensure that human rights violators would be sanctioned under CISADA.

While this is a welcome development, I am concerned that the administration has not designated enough companies and/or individuals under current authorities. Does the State Department have enough personnel devoted to sanctions enforcement on Iran and around the world?

Given your public statements after Istanbul, I understand that the administration intends to ramp up enforcement of the existing sanctions regime. What concrete steps do you plan to take along those lines to induce Iran to stop enriching uranium and comply with the NPT and IAEA monitoring?

Answer. I appreciate your support of our efforts to designate Iranian officials for serious human rights abuses. These designations underscore our continued support for Iranians seeking to exercise their universal human rights, demonstrate our solidarity with Iranian victims of abuse, and hold Iranian officials accountable for human rights violations they commit against their own people.

The State Department and Treasury Department continue to work closely with human rights defenders, NGOs, and the Intelligence Community to collect and assess evidence about persons and entities who might meet the legal requirements for designation. We will continue to designate persons and entities as new information becomes available and as developments unfold in Iran.

The threat Iran's nuclear program poses is one of our greatest global concerns. The Iranian leadership continues to refuse to address the serious concerns of the international community about its nuclear activities program, instead using last January's talks in Istanbul to deliver unacceptable preconditions. Iran is more isolated internationally than it has been in years.

U.N. Security Council Resolution 1929 dramatically expanded the breadth of existing multilateral sanctions on Iran and helped to reinforce international efforts to convince Iran to change its calculus and negotiate seriously to resolve concerns over its nuclear program. We worked with our friends and allies to implement additional autonomous measures, such as those taken by Australia, Canada, the European Union, Japan, the Republic of Korea, and Switzerland. Following the discussions in Istanbul, we began looking at what other steps, possibly in coordination with other countries, could be taken to increase pressure on Iranian leadership. We will keep the committee abreast of developments as we move forward in this regard.

As I noted in my testimony, we are pleased that we have been able to use CISADA to secure the withdrawal of five major international energy companies from Iran. As you know, we have designated one firm for targeted sanctions, Iranian owned NICO, thereby further inhibiting Iran's ability to secure investment and collaboration for its energy interests and signaling to other companies that we are prepared to use these sanctions.

This is not the end of the story. We have moved carefully and deliberately, collecting information, determining the reliability of data and making careful judgments about the impact of potential sanctions on our own economy and our international interests. We will keep Congress apprised as this ongoing process develops and we take additional actions. Very soon, for example, we expect to provide Congress with information on a number of cases of sanctionable economic activities undertaken by entities in a variety of countries.

That said, our accomplishments have been made thanks to the hard work of a rather small group of staff, whose numbers we have augmented by temporary means and who have been supported by technical experts in specialized fields. I am pleased that we are hiring new staff to assist this effort, particularly since sanctions enforcement becomes ever more complex and difficult as violators learn to "game the system."

RESPONSES OF SECRETARY OF STATE HILLARY RODHAM CLINTON TO QUESTIONS SUBMITTED BY SENATOR MIKE LEE

Question. President Obama proposed to freeze "nonsecurity discretionary spending" for FY 2011–13 at FY 2010 nominal levels. Nonsecurity discretionary spending is defined as discretionary spending outside of defense, homeland security, veterans' affairs, and international affairs.

- Does the administration consider all the programs in this budget to be "security" programs that are outside the reach of the nonsecurity spending freeze?
- If so, please explain how post-earthquake assistance to Haiti, the Feed the Future Initiative, Global Health Initiative, and Global Climate Change Initiative (worthy programs though they may be) are related to the national security of the United States.

Answer. The administration considers the Department of State and U.S. Agency for International Development (USAID)—as well as all other Function 150 international affairs agencies—to be part of the national security budget and, therefore, not subject to the nonsecurity spending freeze. National security is a fundamental objective of development and diplomacy. By protecting our interests and promoting security and prosperity abroad, we shape the world in a way that ensures the security and prosperity of Americans at home.

Generations of Americans have grown up successful and safe because we chose to lead the world in tackling its greatest challenges. We invested the resources to build up democratic allies and vibrant trading partners in every region. Whether negotiating arms treaties, brokering talks with belligerent states, fostering stability through development projects, helping to rebuild countries shattered by war, countering nuclear proliferation, enhancing economic opportunity for U.S. businesses abroad in order to create jobs here at home, protecting our Nation's borders and Americans abroad, or serving as the platform from which the entire U.S. Government operates overseas, our diplomatic and development work is dedicated to strengthening national security.

The FY 2012 budget request for the Department of State and USAID clearly reflects this essential mission. Our work in Iraq, Afghanistan, and Pakistan is focused on promoting stability in these three nations, to keep them from becoming havens for extremists who threaten the United States. The request promotes conflict prevention and crisis response in other fragile states, from helping Haiti stabilize after a devastating earthquake to civilian and military efforts to strengthen governance and security capacity in places battling terrorist groups. Human security is a major goal of our budget and a critical part of supporting global productivity and prosperity, supporting programs that promote health, education, and nutrition and counteract infectious diseases, like pandemic flu, tuberculosis, and HIV/AIDS, which directly threaten America. By funding new technologies and research, we increase agricultural productivity and promote food security with the goal of preventing economic and political crises that can arise from food shortages and price spikes. Finally, we help nations adapt to the effects of climate change, efforts meant to ensure that these shifts do not disrupt vital trade and economies.

These goals represent a wise investment for the American taxpayers. By supporting diplomacy and development, the nation is able to respond to problems before they escalate into crises that require a more significant, and usually much more expensive, response. It costs far less to deploy a diplomat or development expert than a military division. And by using a preventive approach to global issues, we are able to stave off potential threats before they become major risks to our national security. There have always been moments of temptation in our country to resist obligations beyond our borders, but each time we have shrunk from global leadership, events have summoned us back to reality. We saved money in the short term when we walked away from Afghanistan after the cold war, but those savings came at an unspeakable cost, one we are still paying 10 years later in money and lives.

Post-earthquake assistance to Haiti, as well as the Feed the Future, Global Health, and Global Climate Change Initiatives are prime examples of using the combined assets of smart power, diplomacy, development, and defense to protect our interests and advance our values. The challenges of humanitarian emergencies, disease, food insecurity, and climate change threaten the security of individuals, and increasingly in our world, individuals here at home. They are also the seeds of future conflict, which will require much larger infusions of U.S. resources and power to address if we ignore them now.

Haiti suffered devastating losses during the earthquake—losses that can quickly develop into staggering levels of poverty, suffering, and lawlessness without substantial interventions. Our post-earthquake assistance is helping to stabilize the country, restore livelihoods, and lay the foundation for political and economic sta-

bility—efforts that are essential to building regional stability and securing the borders of the United States.

Food security is a cornerstone of global stability. With global food prices approaching an all-time high, it is more important than ever for the United States to help countries achieve long-term food security and forestall short-term food crises. Three years ago, it was the spike of food prices that led to protests and riots in dozens of countries. Through Feed the Future, we are helping farmers to grow more food, drive economic growth, and turn aid recipients into trading partners, which creates opportunities for U.S. farmers and agricultural businesses.

Our largest investment is in global health programs, including those launched and led by President George W. Bush. In addition to saving and improving individual lives, these programs stabilize entire societies that have been devastated by HIV, malaria, tuberculosis, malnutrition, and other diseases, thereby reducing the need for international relief or intervention. These programs also limit the global spread of diseases that might otherwise reach Americans, such as pandemic influenza, HIV, and tuberculosis.

Climate change threatens food security, human security, and national security. Through the Global Climate Change Initiative we help to build resilience against droughts, floods, and other weather disasters; we promote clean energy; and we preserve tropical forests. This also gives leverage to us to persuade China, India, and other nations to do their part as well. Our efforts also help to expand the markets and reach of U.S. clean energy technologies.

Assistance that addresses global climate change, food security, and health challenges helps to create the conditions in developing countries for the growth of democracy, economic expansion, and ultimately, increased stability. If we want to lighten the burden on future generations, we have to make the investments that will make our world more secure. And in order to maintain U.S. global leadership, it would be a mistake to retreat on these critical issues in a world where we are competing with countries like Iran and China that seek to promote their own influence in a way that may not meet our own global interests.

Question. How closely does the administration work with private, nonprofit agencies to implement certain administration initiatives including The Feed the Future Initiative, Global Health Initiative, and Global Climate Change Initiative?

FEED THE FUTURE INITIATIVE

Answer. The administration's Feed the Future initiative supports national and regional efforts to engage the private sector, private voluntary organizations, research organizations, and other stakeholders in the planning and implementation of country and regional agriculture and food security investment plans. Here in Washington, Feed the Future has an office that is focused on leveraging the skills and resources of both the private sector and humanitarian nongovernmental organizations through partnerships focused on increasing agricultural productivity and market access. In addition to the programming of Community Development Funds (funds requested to complement private voluntary organizations' nonemergency title II agreements and reduce their reliance on monetization), this office is developing a new innovation grant to address risk reduction and economic resilience in vulnerable communities—a mechanism which will be available to private voluntary organizations involved in food security programming.

Our USAID missions are using a variety of procurement mechanisms, including grants and cooperative agreements to implement Feed the Future at a country-level, and consistent with USAID Forward, are prioritizing agreements that strengthen local institutions—both public and private—and contribute to country ownership and the sustainability of country-led food security efforts.

Here in Washington we have developed a Feed the Future civil society stakeholder network that includes representatives from more than a hundred different private sector, private voluntary organizations, and research institutions both here and overseas. We have brought the group together through webinars for consultation on various aspects of Feed the Future's implementation, including nutrition, gender, food assistance, and monitoring and evaluation. In April this group will examine the intersection of food security and global climate change—identifying best practices in programming which addresses both.

GLOBAL HEALTH INITIATIVE

Private, nonprofit agencies and other civil society actors are critical partners in the administration's implementation of the Global Health Initiative (GHI).

Together with our partners, the GHI has set ambitious goals for achieving improved health outcomes for HIV, malaria, TB, reproductive, maternal and child

health, and nutrition in developing countries. The success of the initiative in meeting these goals is predicated upon building and leaving behind sustainable, country-led platforms to manage, oversee, and operate basic care and health services in partner countries. Ultimately, to sustain these efforts, it is our partner governments—together with private, nonprofit agencies, civil society organizations (CSOs) including affected communities, faith-based organizations (FBOs), the private sector and others in countries—that must manage and implement health programs based upon their countries' health needs and strategies.

Accordingly, the USG has engaged in extensive consultations on GHI with government and nonprofit civil society organizations, and these partners remain critical to our implementation efforts. Private, nonprofit partners work in-country with long-established relationships with community leaders and health workers, deploying their technical expertise at the community level. They are important advocates, both in the United States and in partner countries, working to ensure transparency and accountability in our mutual efforts.

Part of the administration's GHI strategy includes a focus on developing new partnerships with a variety of civil society actors, both nonprofit and for-profit private sector, to promote sustainability, leverage funding, and create synergies and efficiencies to achieve our mutual global health goals.

GLOBAL CLIMATE CHANGE INITIATIVE

Under the Global Climate Change Initiative, the administration works with a wide range of partners, including private, nonprofit organizations, other U.S. Government agencies, private, for-private groups, and institutes of higher learning. Private voluntary organizations, especially host country groups, play critical roles in advocating for accountability, transparency, and inclusiveness in national consultation and planning processes around climate change, in monitoring country commitments to emission reductions, and in ensuring equitable access to benefits from payments for environmental services such as carbon sequestration. NGOs both in the United States and abroad are also at the forefront in piloting new approaches to mitigation and adaptation. USAID is tapping into this knowledge by hosting knowledge sharing events, such as a recent, one-day public meeting on Low Emissions Development strategies and a workshop on monitoring performance of adaptation programs.

Question. Within the State Operations & Broadcasting budget, $767 million is requested for International Broadcasting (including Voice of America). The recent pro-democracy protests in Egypt were begun and spread, in part, by the influence of social media.

- At this time, how relevant is Voice of America to the spread of democracy?

Answer. The U.S. international broadcasting services under the supervision of the Broadcasting Board of Governors (BBG), among them the Voice of America (VOA), are charged with promoting freedom and democracy and enhancing understanding through news, information and other programming. The Middle East Broadcasting Networks (Alhurra TV and Radio Sawa), a BBG grantee, broadcasts in Arabic to the Middle East. While BBG services have a respected track record of breaking the information stranglehold of repressive regimes on their own people—including during the cold war—it is difficult to gauge the degree to which they can be credited with influencing specific events, such as the pro-democracy demonstrations in the Middle East.

But it is possible to document increases in viewership and listenership during such events, since the BBG tracks in detail each of its networks' performance in reaching audiences with accurate, objective news and information that empowers citizens and supports democratic values.

For example, following the outbreak of protests in Egypt that led to the eventual ouster of President Mubarak, a BBG-commissioned telephone poll of Egyptians in Cairo and Alexandria indicated that Egyptians had turned heavily to satellite television to keep up with the events in their country. And while some other broadcasters had been blocked, 25 percent of the 500 respondents said they had watched Alhurra TV to follow the events.

In addition to their broadcast signals, the BBG's language services have a robust Internet presence and are expanding their social media activities, including through the use of Facebook, Twitter, and mobile platforms.

Question. Under the Taiwan Relations Act, "Meetings between United States Government officials and Taiwan authorities within and outside the United States must be held outside United States Government and Taiwan offices."

- Has the administration considered proposing or supporting changes to allow greater visitation between Taiwanese and American Government officials?

Answer. The Taiwan Relations Act (TRA) authorizes "the continuation of commercial, cultural, and other relations between the people of the United States and the people on Taiwan." Relations with Taiwan are unofficial in nature, and meetings and contacts between executive branch personnel and representatives of Taiwan are by definition unofficial. Executive branch guidelines provide that such meetings may take place in most U.S. Government office buildings, with the exception of the State Department, the White House, and the Eisenhower Executive Office Building. Nevertheless, the United States continues to have wide-ranging, continuous contact with Taiwan on a broad range of issues.

- How are we utilizing Taiwan to address security concerns in the region, especially from North Korea?

Answer. The United States has wide-ranging, continuous contact with Taiwan in the security realm. United States-Taiwan military-to-military interactions are considerable, through academic courses and training, through the mutual observation of the others' military exercises, and through conferences and visits. This interaction is important to the overall U.S. security strategy in the region.

Taiwan's high-tech manufacturing base makes it an attractive source of sensitive materials to a number of countries of concern, and its location and infrastructure make it a potential market and transshipment point for strategic goods to North Korea and elsewhere. By working with Taiwan, the administration has been able to consistently raise Taiwan's awareness and ability to combat proliferation, building Taiwan's capacity to adopt and implement export controls consistent with international standards.

Taiwan has adopted unilateral controls over sensitive items that could be exported to North Korea. This Sensitive Commodities List was developed in consultation with the United States. The United States has also consulted with Taiwan on its development of an interagency license review mechanism, which is expected to be implemented this year.

Question. The administration has said that it is unacceptable for Iran to have a nuclear weapons capability. With the eyes of the world focused on Egypt and Libya, I am concerned that Iran continues to feel pressure to abandon any plans for nuclear weapons capabilities.

- How is our policy of "no nuclear weapons" in Iran reflected in this budget?
- Are we prepared to impose additional sanctions on Iran if they move ahead with development of nuclear weapons?
- If our policy of sanctions fails, and Iran moves ahead with development of nuclear weapons, what is our next step in United States-Iran relations?

Answer. We are continuing to work on a global scale to secure the broadest enforcement of sanctions against Iran, robustly implementing the existing U.N. Security Council resolutions, including most recently Resolution 1929 (2010), and making full use of our own new national laws in coordination with autonomous measures imposed by Australia, Canada, the European Union, Japan, Norway, the Republic of Korea, and Switzerland. We are also leading the effort to strengthen the international nonproliferation regime through support for the International Atomic Energy Agency (IAEA) and international safeguards application.

The administration remains committed to its dual-track strategy, which presents Iran with two choices: It can rejoin the international community by fulfilling its international obligations under the Nuclear Non-Proliferation Treaty and to the U.N. Security Council and the IAEA, or it can face increasing pressure and economic and political isolation for its activities.

Following disappointing talks in Istanbul last January, our focus has been on increasing pressure on Iran by enhancing implementation of existing sanctions. We continue to work independently and with our allies to deny Iran access to the technology and know-how it needs to develop further its nuclear program. We are working with our partners to eliminate Iran's ability to abuse the international financial system and to fund its proliferation activities. Ultimately, should Iran continue to act in contravention of its international obligations, as the administration has said before, all options are on the table.

Preventing Iran's development of nuclear weapons is one of the administration's top foreign policy objectives. Our efforts against Iran's nuclear activities are made across a large cross-section of the Department, as well as the interagency, making it difficult to identify a specific budget figure for our work. The Department has mobilized existing and secured additional personnel and resources to address this high policy priority. Recognizing the importance of aligning policy and resources to this

important task, I have called on Special Advisor for Nonproliferation and Arms Control Robert Einhorn to serve as the U.S. coordinator for the implementation of sanctions related to Iran and North Korea. Mr. Einhorn is leading U.S. efforts with partners and allies around the world to strengthen multilateral and national measures to impede Iranian proliferation activities.

Question. In light of recent events in the Middle East, how closely is the administration working with the Government of Israel to ensure Israel maintains a qualitative military edge in the region?

Answer. This administration is closely monitoring the situation throughout the region and we hold regular confidential consultations with the Government of Israel, as evidenced by recent visits to Israel by Secretary of Defense Gates and Assistant Secretary for Political-Military Affairs Andrew Shapiro. Our commitment to Israel's security is unwavering and any developments we believe pose a threat to Israel's qualitative military edge (QME) will be carefully considered and responded to appropriately. We are taking full advantage of the consultative and political mechanisms currently in place to respond to and act on Israel's concerns and to ensure the region's unrest does not negatively impact Israel's QME.

Since the Reagan administration, official U.S. policy has been to safeguard Israel's Qualitative Military Edge (QME), defined as "the ability to counter and defeat any credible military threat from any individual state or possible coalition of states or from nonstate actors, while sustaining minimal damages and casualties."

In 2008, Congress passed legislation (section 201(d) of P.L. 110–429, or the "Naval Transfer Act of 2008") requiring quadrennial reports on the U.S. Government's assessment of Israel's QME. The first of these reports was submitted in September 2009.

The law stipulates that any arms sale to the Middle East subject to congressional notification must include a certification that the sale does not adversely impact Israel's QME. Indeed, we will not proceed with the release of any military equipment or services that could pose a risk to our allies or compromise regional security in the Middle East.

The United States also protects Israel's qualitative military edge in a number of other important ways: (1) Currently, Israel receives nearly $3 billion per year in U.S. security assistance for training and equipment under the Foreign Military Financing Program (FMF). For FY 2010 (which marked the second year of a 10-year, $30 billion FMF memorandum of understanding with Israel), the administration requested $2.775 billion in security assistance funding for Israel (the largest such request in U.S. history, and an increase of $225 million from the previous year), which helps Israel to: purchase the advanced military equipment it requires for its defense; deter potential aggressors; and maintain its conventional military superiority; (2) We committed to requesting $205 million from Congress to support Israel's Iron Dome short- to medium-range counterrocket system in addition to our FY 2011 FMF request for Israel; and (3) Providing Israel with privileged access to advanced U.S. military equipment, such as the F–35 Joint Strike Fighter.

Question. How is the administration ensuring that U.S. interests are protected during the period of transition in Egypt? Specifically, has the administration received any indication from emerging leaders in Egypt that peace between Egypt and Israel will be maintained, the Suez Canal will remain open, and that the Egyptian Army will provide security on the Gaza border?

- What can we do to ensure that democracy in Egypt is not used to advance the interests of the Muslim Brotherhood?

Answer. The Supreme Council of the Armed Forces (SCAF) has explicitly affirmed Egypt's commitment to honor all existing international agreements to which it is a party. We will continue to encourage both Israel and Egypt to abide by their treaty obligations, and we will continue to communicate this message to Egypt's new government. The border between Israel and Egypt remains secure thanks to the efforts of both countries as well as our strong support for the Multinational Force and Observers (MFO) contingent in the Sinai.

The Egyptian Armed Forces have taken very seriously their responsibility to maintain the security of the Suez Canal and the Suez-Mediterranean Pipeline. Both of these key pieces of infrastructure continue to operate and we expect that the Egyptian military will continue to ensure their security.

We are willing to work with any elected, peaceful group, provided they operate through democratic institutions and the rule of law, respect equal rights for all, and reject violence as a way to achieve their political goals. We believe that Egypt's transition must be a locally owned process. To assist the transition to democracy, we will engage directly with a wide range of critical actors, including civil society orga-

nizations, youth, political party representatives, labor, and others who have been mobilized by recent events. If appropriate, we will also work with government-related institutions that have a role in supporting the organization and implementation of democratic elections, and for other purposes related to a democratic transition.

What is important here is not a particular group—it is a process that allows the Egyptian people to have their aspirations genuinely met. There is a whole range of voices that need to be included in the discussion on how to get there. What was also clear throughout the protests is that Egyptian society is far broader than any one group. We saw people of all ages, walks of life, and even different religions.

Question. How will the recent events in Egypt affect future U.S. aid to that country?

Answer. USAID will continue to provide assistance to pursue a credible transition to a democracy and to meet expressed social and economic needs. Given the historic situation, we are drawing on all resources and expertise to respond effectively and efficiently to Egyptian needs. This includes adapting ongoing programs to the current political, social, and economic context; mobilizing $15m in existing FY 2010 initiatives to immediately support civil society; and reprogramming $150m in prior year resources to support the transition process.

At the same time, other critical, long-term development programs are proceeding without interruption in health, education, economic growth, and democracy to ensure that endemic problems that Egypt faced before the recent transition are continuing to be addressed.

With the $150 million announced by Secretary Clinton to support the transition process, USAID will engage directly with a wide range of critical actors, including civil society organizations, youth, political party representatives, labor, and others who have been mobilized by recent events. Transition programs will be demand-driven, but are expected to cover needs related to the political transition, youth engagement, economic recovery, and rebuilding social networks and support institutions.

Question. Is the administration considering increasing economic aid to Egypt?

Answer. In the critical days and months ahead, the United States will work to ensure that the economic gains Egypt has forged in recent years continue, and that all parts of Egyptian society benefit from these gains. As the situation evolves, we will continue reviewing how best to use our assistance to address Egypt's economic recovery.

The Obama administration is working with a bypartisan group of Members of Congress to establish an Egypt-American Enterprise Fund that will stimulate private sector investment, support competitive markets, and provide business with access to low-cost capital. Pending congressional approval, the Fund will be a not-for-profit, privately managed corporation launched with U.S. grant assistance and governed by a joint American-Egyptian board of directors. The United States plans to initiate the Fund with up to $60 million in funding from the Egypt program. In addition to the U.S. grant capitalizing the Fund, the Overseas Private Investment Corporation (OPIC) would then be able to partner with the Fund to offer cofinancing downstream for OPIC-eligible investments.

We recognize the need, especially in the current budget environment, to consult early and often with the Congress. At this time, we have not identified the need for additional assistance. We look forward to working with Congress to ensure that we have the funding and authorities necessary to support the Egyptian people in this transition to provide whatever assistance is necessary, appropriate, and requested.

Question. Are there any real secular, democratic parties operating in Egypt today that the United States could support?

Answer. Real secular, democratic parties operate in Egypt today. Even before the recent upheaval and transition, there were liberal secular parties registered in Egypt, including the Wafd, Democratic Front, and Tagammu, but these parties had a limited base of support. Indications are that a number of new democratic actors and groupings will take advantage of the opening political space and register as political parties. USAID is prepared to assist these newly emerging democratic parties.

USAID's political party policy is governed by two principles: USAID programs support representative, multiparty systems; and USAID programs do not seek to determine election outcomes. Consistent with our policy, we make every effort to support all democratic parties that support nonviolence; democratic institutions and values; equal rights for all, including women and minorities; and a tolerant, pluralistic society.

Question. I understand that the administration is reviewing U.S. assistance to Lebanon. What is the status of this review and how is it being carried out?

- Are you concerned that Hezbollah is gaining influence in the Lebanese Government?

Answer. PM-designate Najib Mikati is still in the process of forming his government. He has publicly indicated that he will take as long as needed to ensure his government represents all of Lebanon.

When the new government is formed, we will review its composition, policies, and behavior. Since this government has not yet been formed, it is premature to judge the next government and make any determinations about the future of U.S. assistance to Lebanon. It is important that we continue to plan for ongoing assistance through FY 2012 in order to leave all options open.

Additional information in response to this question will be made available in a classified response.

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