

S. HRG. 118-543

# *Senate Hearings*

*Before the Committee on Appropriations*

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## State, Foreign Operations, and Related Programs Appropriations

*Fiscal Year* 2024

118<sup>th</sup> CONGRESS, FIRST SESSION

H.R. 4665/S. 2438

ADVANCING SECURITY AND PROSPERITY THROUGH INTERNATIONAL CONSERVATION  
ENHANCING AMERICAN COMPETITIVENESS THROUGH THE U.S. INTERNATIONAL DEVELOPMENT  
FINANCE CORPORATION  
UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT  
UNITED STATES DEPARTMENT OF STATE

State, Foreign Operations, and Related Programs Appropriations, 2024 (H.R. 4665/S. 2438)

**STATE, FOREIGN OPERATIONS, AND RELATED  
PROGRAMS APPROPRIATIONS FOR FISCAL  
YEAR 2024**

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**HEARINGS**

BEFORE A

**SUBCOMMITTEE OF THE  
COMMITTEE ON APPROPRIATIONS  
UNITED STATES SENATE**

ONE HUNDRED EIGHTEENTH CONGRESS

FIRST SESSION

ON

**H.R. 4665/S. 2438**

AN ACT MAKING APPROPRIATIONS FOR THE DEPARTMENT OF STATE,  
FOREIGN OPERATIONS, AND RELATED PROGRAMS FOR THE FISCAL  
YEAR ENDING SEPTEMBER 30, 2024, AND FOR OTHER PURPOSES

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**Advancing Security and Prosperity Through International Conservation  
Enhancing American Competitiveness Through the U.S. International  
Development Finance Corporation  
United States Agency For International Development  
United States Department of State**

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**STATE, FOREIGN OPERATIONS, AND RELATED  
PROGRAMS APPROPRIATIONS FOR FISCAL  
YEAR 2024**

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WEDNESDAY, MARCH 22, 2023

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

The subcommittee met at 10:02 a.m., in room SD-138, Dirksen Senate Office Building, Hon. Christopher Coons (Chairman), presiding.

Present: Senators Coons, Shaheen, Merkley, Murphy, Van Hollen, Schatz, Murray, Graham, Boozman, Moran, Rubio, Hagerty, and Collins.

U.S. DEPARTMENT OF STATE

OPENING STATEMENT OF SENATOR CHRISTOPHER COONS

Senator COONS. I call this hearing to order. Welcome to the first State and Foreign Operations Hearing of the fiscal year 2024 Appropriations process.

Each member of the subcommittee will have 7 minutes for questions. Those present will be called in order of seniority, followed by members in order of arrival. Alternating sides, of course, between the parties. If you miss your turn and later come back and rejoin, I will do my best to insert you at the appropriate time. We will have a second round of questions, time permitting.

Mr. Secretary, it is great to have you with us again. We have a lot to cover. But let me briefly first mention that tomorrow is the 1 year anniversary of the passing of a dear friend, Secretary Madeleine Albright. I was pleased that we could honor her tremendous impact on U.S. diplomacy and national security in last year's fiscal year 2023 SFOPS Bill, and will continue to reflect our shared values through the work of the State Department.

Thank you, Mr. Secretary, for what you are doing to keep alive her memory, as someone who was a clear-eyed, high spirited, and hardworking advocate for our unique role, as the indispensable nation.

I know that you and the President also believe in the importance, the centrality of bipartisanship in foreign policy. I am very fortunate to have Senator Graham as the Ranking Member on this subcommittee, and strong subcommittee membership on both sides of the aisle. I am confident we can forge and maintain bipartisan support to address the most critical challenges facing us, and to ad-

vance America's interests, including supporting Ukraine's determined fight against Russian aggression, countering the threats posed by China, and leveraging our trade tools in the private sector to drive our core economic interests.

We have made real progress together to advance our national security priorities over the last 2 years, this subcommittee has provided you and the President with the tools you need to lead the international community in unwavering support of the Ukrainian people. We have recognized the need to enhance U.S. competitiveness globally, using our diplomatic and developmental tools, especially to address the coercive influence of authoritarian states, like the PRC and Russia.

We work closely together to help you strengthen the State Department workforce, provided additional flexibility, increased funding, and work to expand the U.S. presence overseas, accordingly, including in the Indo-Pacific.

We have addressed the impacts of an unprecedented number of globally displaced people, roughly 100 million, so far, and an ongoing global food crisis. And we reaffirmed U.S. multilateral engagement by enabling you to rejoin UNESCO, and increase investments to support Americans seeking entry-level and leadership positions in international organizations.

But, we face enormous challenges. Vladimir Putin continues his barbaric assault on Ukraine. The PRC, through misinformation, and expanded diplomatic developmental trade investments seeks to reshape the global environment challenging our core interests. There are the ongoing impacts of climate change including increased water and food insecurity that are driving mass displacement and fueling instability. And a sustained global trend of democratic backsliding.

We need to be proactive, and use every tool at our disposal to get ahead of these challenges. Your task is daunting, and my message to my colleagues is simple: We can't do more with less. We must increase our investments in our diplomatic and development tools if we want to strengthen our national security. That is why I am encouraged by the fiscal year 2024 budget request for the State Department, USAID, and Related Agencies. It is an ambitious request, but the challenges of our time demand no less.

We look forward to discussing the details with you, including your highest priorities, as we consider how best to support the Department's critically important people, programs, and operations.

Thank you, Mr. Secretary.  
Senator Graham.

#### OPENING STATEMENT OF SENATOR LINDSEY GRAHAM

Senator GRAHAM. Thank you, Mr. Chairman. I want to also welcome Senator Collins, and Senator Murray. They have done a good job of getting the Committee back in business. We are having hearings, we are going to do markups, we are going to become appropriators again, and that is welcome news to me.

As to the budget request, it is ambitious. We have got to deal with the House eventually. An 11 percent increase, I don't think the market will bear that, but we will do the best we can. I consider this account to be national security in another form. Soft

power, to me, is just as important as hard power, and many times even more important.

We are dealing with real threats out there. Countering China is one of them. A 13.1 billion dollar mandatory spending request in this budget is not going to fly. We need to appropriate money directly to counter the influence of China, but it will not be in a mandatory spending construct, like it has been requested. I want to work with you Mr. Chairman, and the Department, for coming up with some funds to counter China throughout the world, particularly in their backyard.

Bottom line is we will get the bill done. We always do. I enjoy working with you. On Taiwan: there is no funding in the budget, specifically, for Taiwan. Senator Menendez and I, and many others have pushed for a \$2 million authorization for Taiwan's defense needs, and I think we need to put money directed for Taiwan's defense needs in the bill during markup, when that time comes.

But Mr. Secretary, I want to say this to you and your personnel; you serve in very dangerous places without a lot of military support at times. The military gets a lot of credit, and they deserve it, but our men and women of the State Department, they are heroes in their own way. And I appreciate what they do for our country.

Senator COONS. Thank you, Ranking Member Graham.

It is my understanding the Chair and Vice Chair did not want to make opening statements?

Senator MURRAY. I do have one, but I can wait for the Secretary.

Senator COONS. Mr. Secretary, if you would, please proceed.

**STATEMENT OF HON. ANTONY J. BLINKEN, U.S. SECRETARY OF STATE,  
U.S. DEPARTMENT OF STATE**

Secretary BLINKEN. Thank you, very, very much.

Chairman Coons, Ranking Member Graham, very good to be with you; Chair Murray, Vice Chair Collins, to all the Committee Members here today, thank you for this opportunity to speak with you about our proposed fiscal year 2024 budget for the State Department and USAID.

And I think as you have both laid out in different ways, we are meeting at an inflection point. The post-Cold War era is over, and there is an intense competition underway to shape, to determine, what comes next.

We, the United States, have a positive vision for the future: a world that is free, that is secure, that is open, that is prosperous. And it is our belief that the budget that we put forward will help advance that vision and deliver on issues that actually matter to the American people, particularly by preparing us to effectively meet two broad sets of challenges.

The first is the challenge posed by our strategic competitors. The immediate, acute threat posed by Russia's autocracy and aggression, most destructively, of course, through its brutal aggression against Ukraine, and the long-term challenge from the People's Republic of China.

The second set of challenges is really posed by shared global tests, including the climate crisis, migration, food and energy inse-

curity, pandemics, all of which directly impact the lives and livelihoods of Americans and people around the world.

With this committee's leadership and support, including through the fiscal year 2023 Omnibus, the United States is in a stronger geopolitical position than we were 2 years ago, hence our ability to deal with these challenges, I think has been enhanced.

We have drawn enormous power from investments that we have made in our own economic strength and technological edge at home, including through the Infrastructure and Jobs Act, the CHIPS and Science Act, the Inflation Reduction Act.

The unmatched network of alliances and partnerships has never been stronger. In fact, we have been building on it, not only strengthening existing alliances and partnerships, but building new coalitions of countries and other institutions that are fit-for-purpose.

We are expanding our presence in critical regions, like the Indo-Pacific. We are leading the unprecedented coalitions to confront aggression and address humanitarian challenges around the world.

The fiscal year 2024 budget request for the State Department and USAID meets this moment head on. This budget will sustain our security, economic, energy, and humanitarian support for Ukraine to ensure that President Putin's war remains a strategic failure.

It will strengthen our efforts to outcompete the PRC. President Biden is firmly committed to advancing a free and open Indo-Pacific, which is why this proposal asks for an 18 percent increase in our budget for that region over fiscal year 2023.

The budget contains both discretionary and mandatory proposals, and we are happy to talk about why we proceeded this way, for new, innovative investments to outcompete China. Including, by enhancing our presence in the region, and ensuring that what we and our fellow democracies are able to offer, including maritime security, disease surveillance, clean energy infrastructure, digital technology, is more attractive than any alternative.

The budget will help us push back on advancing authoritarianism and democratic backsliding by strengthening democracies around the world, including through supporting independent media, countering corruption, defending free and fair elections. And it will allow us to pay our contributions to international organizations, because we need to be at the table wherever and whenever new international rules that affect the livelihoods of our people are being debated and being decided.

The budget will allow us to continue leading the world to addressing these global challenges, from food and energy insecurity to climate and health crises.

And just on that last point, as you all know, we are celebrating now the 20th anniversary of PEPFAR, which I think is one of the greatest achievements in our foreign policy over the last decades. It has helped us save 25 million lives around the world.

This budget will help us continue the fight against HIV/AIDS, while advancing health security more broadly through a new Bureau of Global Health Security and Diplomacy, which I look forward to working with Congress to establish this year.

The budget will advance our efforts to modernize the State Department, including by expanding our training float, updating our technology, carrying out diversity, equity, inclusion, and accessibility initiatives including, to make our overseas missions more accessible.

I am grateful for the progress we have already made together, including Congress' support in updating the Secure Embassy Construction and Counterterrorism Act, and Accountability Review Board to give us some of the flexibility that we need to open new missions and better manage the risks that we face.

We know there is more to do. And we are looking forward to working with Congress to accelerate these modernization efforts so that the Department can better attract, better retain, and support a first-rate workforce as they advance our interests in what is a very complex and fast-moving world.

Finally, the budget will further a personal priority for me, and I know for many of you, and that is supporting Enduring Welcome, our whole-of-government effort to resettle our Afghan allies. Keeping our promises to those who served alongside the U.S. remains an unwavering priority. This budget will help us continue to make good on that commitment.

When I took on this role, I committed to doing my part to try to restore Congress' place as an equal partner in our foreign policy-making. I am determined to continue to do that and very much appreciate the work that we have been able to do with this committee over the last couple of years and look forward to the work ahead.

And with that, I welcome any questions. Thank you.

[The statement follows:]

PREPARED STATEMENT OF SECRETARY OF STATE HON. ANTONY J. BLINKEN

Chairman Coons, Ranking Member Graham, Chair Murray, Vice Chair Collins, committee members: thank you for the opportunity to speak with you about the administration's proposed FY 2024 budget for the State Department and USAID.

We meet at an inflection point. The post-Cold War world is over, and there is an intense competition underway to determine what comes next. The United States has a positive vision for the future: a world that's free, secure, open and prosperous.

This budget will help us advance that vision, and deliver on the issues that matter most to the American people, by preparing us to meet two major sets of challenges.

The first set is posed by our strategic competitors—the immediate, acute threat posed by Russia's autocracy and aggression, most destructively through its brutal war against Ukraine . . . and the long-term challenge from the People's Republic of China.

The second set is posed by shared global tests, including the climate crisis, migration, food and energy insecurity, and pandemics, all of which directly impact the lives and livelihoods of Americans and all peoples around the world.

With this Committee's leadership and support, including through the FY 2023 Omnibus, the United States is in a stronger geopolitical position than we were 2 years ago.

We've drawn enormous power from investments we've made in our economic strength and technological edge at home, including through the Infrastructure Investment and Jobs Act, the CHIPS and Science Act and the Inflation Reduction Act. Our unmatched network of alliances and partnerships has never been stronger. We're expanding our presence in critical regions, like the Indo-Pacific. And we're leading unprecedented coalitions to confront aggression and address humanitarian crises worldwide.

The President's FY 2024 budget request for the State Department and USAID meets this moment head on.

This budget will sustain our security, economic, energy, and humanitarian support for Ukraine to ensure President Putin's war remains a strategic failure.

This budget will also strengthen our efforts to outcompete the PRC. President Biden is firmly committed to advancing a free and open Indo-Pacific, which is why this proposal asks for an 18% increase in our budget for that region over FY 2023. The budget contains both discretionary and mandatory proposals for new innovative investments to outcompete China—including by enhancing our presence in the region, and ensuring what we and our fellow democracies have to offer, including maritime security, disease surveillance, clean energy infrastructure to digital technology, is more attractive than any alternative.

This budget will help us push back on advancing authoritarianism and democratic backsliding by strengthening democracies worldwide—including through supporting independent media, countering corruption, and defending free and fair elections. And it will allow us to pay our contributions to international organizations, because the United States needs to be at the table wherever and whenever new international rules that affect the livelihoods of our people are debated and decided.

This budget will allow us to continue leading the world in addressing global challenges, from food and energy insecurity to climate and health crises. On that last point: we're celebrating the 20th anniversary of PEPFAR, which has helped us save 25 million lives worldwide. This budget will help us continue the fight against HIV/AIDS, while advancing health security more broadly through a new Bureau of Global Health Security and Diplomacy, which I look forward to working with Congress to establish this year.

This budget will advance our efforts to modernize the State Department, including by expanding our training float, updating our technology, and carrying out diversity, equity, inclusion, and accessibility (DEIA) initiatives, including to make our overseas missions more accessible. I'm grateful for the progress we've already made together, including Congress' support in updating the Secure Embassy Construction and Counterterrorism Act and Accountability Review Board to give us the flexibility to open new missions and better manage risks. We know there's more to do, and we're looking forward to working with Congress to accelerate modernization efforts, so the Department can better attract, retain, and support our first-rate workforce as they advance U.S. interests in a complex and fast-moving landscape.

Finally, this budget will further a personal priority for me, and I know for many of you: supporting Enduring Welcome, our whole-of-government effort to resettle our Afghan allies. Keeping our promises to those who served the U.S. remains an unwavering priority, and this budget will help us continue to make good on that commitment.

When I began this role, I committed to restoring Congress's place as an equal partner in our foreign policymaking.

I'm looking forward to continuing that close coordination, and I'm grateful for the chance to answer your questions. Thank you.

PREPARED STATEMENT OF DIANA R. SHAW, DEPUTY INSPECTOR GENERAL\*  
(\*PERFORMING THE DUTIES OF THE INSPECTOR GENERAL) UNITED STATES DEPARTMENT OF STATE

Chairman Coons, Ranking Member Graham, and distinguished Members of the Subcommittee, thank you for the opportunity to provide testimony today for this hearing on the U.S. Department of State's fiscal year 2024 budget request.

The Office of Inspector General (OIG) for the U.S. Department of State (Department) inspects embassies and diplomatic posts throughout the world to determine whether policy goals are being achieved and whether the interests of the United States are being represented and advanced effectively. OIG performs specialized security inspections and audits in support of the Department's mission to provide effective protection to our personnel, facilities, and sensitive information. OIG also audits Department operations and activities to ensure that they are as effective and efficient as possible. Finally, OIG investigates instances of fraud, waste, and mismanagement that may constitute either criminal wrongdoing or violations of Department regulations. In short, OIG plays a crucial role in overseeing the funds Congress appropriates to the Department for its many programs and activities and we believe that our work can play an important role in assisting Subcommittee Members with funding decisions.

A growing and substantial element of our mission emerged within the last year: oversight of the U.S. government's response to the invasion of Ukraine. In the past fiscal year, we have worked closely with our OIG counterparts in the Department of Defense (DoD) and the U.S. Agency for International Development (USAID), as well as the broader oversight community, to ensure comprehensive oversight of the more than \$113 billion in U.S. assistance that has been appropriated as a result of the war in Ukraine. This remains our top priority for the coming year.

In this testimony, I will discuss the nature and scope of our oversight mission, various projects related to Ukraine and Afghanistan, and other recently completed and noteworthy projects. I will conclude by making an appeal for the subcommittee's assistance in addressing OIG's resource challenges.

#### MISSION AND RESULTS

OIG's mandate covers both Department and the U.S. Agency for Global Media (USAGM) programs and operations, which include more than 80,000 employees and more than 270 overseas missions and domestic entities. We also oversee the U.S. Section of the International Boundary and Water Commission, a Federal agency that operates under the foreign policy guidance of the Department. In terms of dollars, we are responsible for the oversight of more than \$81 billion in Department, USAGM, and foreign assistance resources.

In pursuit of this mission, OIG provides valuable return on investment through its audits, evaluations, inspections, and investigations. In FY 2022 alone, OIG identified nearly \$400 million in questioned costs and taxpayer funds that could be put to better use. Additionally, OIG's criminal, civil, and administrative investigations produced \$14.7 million in monetary results (including fines, restitution, and recoveries) in the last fiscal year.

Our work consistently results in findings and recommendations that significantly improve the programs and activities we oversee—including improvements that are not easily quantifiable, such as our safety and security work. By helping the Department improve its security, OIG's work safeguards the lives of the thousands of people who work in or visit U.S. posts abroad and at home. Our recommendations frequently address inadequate compliance with emergency planning standards and facility safety and security deficiencies.

Further, our investigative work consistently holds employees, contractors, and grantees accountable. In FY 2022, OIG obtained 14 indictments or informations<sup>1</sup> and 16 convictions. In one case, a former employee was sentenced to 5 years in prison and ordered to pay approximately \$2 million in restitution for using his official position to embezzle grant money by falsifying official documents to solicit overpayments.

#### UKRAINE-RELATED WORK

As mentioned, Ukraine oversight is our top priority. State OIG, along with DoD and USAID OIGs, as well as other U.S. government oversight organizations, have adopted a collaborative approach to ensure that our oversight of the U.S. government's response to the Ukraine crisis is comprehensive, relevant, timely, and transparent, and preemptively identifies and mitigates gaps in coverage or duplication of effort. At State OIG, we have 43 staff members working on Ukraine oversight projects full time and a total of 107 staff members contributing on at least a part-time basis. Congress provided us with \$13.5 million in dedicated funding for Ukraine response oversight—funds that are available through FY 2024. We are grateful for this essential support and are using these funds to support about two dozen Ukraine response oversight projects. As of today, we have completed four of these projects.

One of the completed projects is an information brief issued in December of last year.<sup>2</sup> This brief is a tool for decisionmakers at the Department to assist them with preventing and mitigating challenges encountered in similar situations. In the brief, we noted that Embassy Kyiv's dispersed operations, with essential functions simultaneously based in Poland and Ukraine, present a similar set of leadership and management challenges faced by remote missions examined in prior work. The brief highlights effective practices for addressing such challenges and was well received by Department personnel.

Also in the brief, we noted the challenge of conducting official activities in Ukraine where there are significant security restrictions. Although this makes monitoring and evaluation activities difficult, we identified and shared practices from our past work that have been successful in addressing such difficult circumstances, including the establishment of third-party monitoring contracts to increase visibility on the ground and the need to properly document monitoring and evaluation practices.

<sup>1</sup>Per Black's Law Dictionary 772 (6th ed. 1990), an information is an accusation exhibited against a person for some criminal offense, without an indictment.

<sup>2</sup>OIG, Information Brief: Oversight Observations to Inform the Department of State Ukraine Response (OIG-23-01, December 2022).

We have many other projects underway, including a review of the management and operations at Embassy Kyiv to determine whether the Department established a foreign assistance strategy and how it is exercising its foreign assistance coordination responsibilities. We will also describe Embassy Kyiv's operating status, highlight potential risks, and outline how the Department plans to address facilities, staffing, and security challenges. Other projects will address end use monitoring of security assistance to Ukraine and examine whether the Department implemented Ukraine-related humanitarian assistance in accordance with policies, guidance, and award terms and conditions to ensure funds achieve intended objectives.

I believe that robust oversight of the U.S. government's response to the invasion of Ukraine will help give both taxpayers and Congress the necessary confidence that our resources are being used efficiently and effectively.

#### AFGHANISTAN-RELATED WORK

Another priority is oversight of the withdrawal from Afghanistan. In the wake of the Department's suspension of operations in 2021, OIG devoted substantial time and resources to planning and coordinating oversight activities focusing on key aspects of the situation and its aftermath. For example, in response to a congressional request, OIG issued an information report on the Afghan special immigrant visa (SIV)<sup>3</sup> process and related data.<sup>4</sup> In an audit of the same program, we found that the Department's actions to address open OIG recommendations related to the SIV process did not improve methods for collecting or verifying Afghan SIV application processing times.<sup>5</sup> Specifically, the Department established procedures for calculating the average processing time for applications; however, it continued to use inconsistent calculation methods because the procedures lacked details and did not encompass the entire Afghan SIV process.

In addition, we discovered a lack of internal controls for verifying Afghan SIV data and the Department continued to face a significant SIV application backlog. The backlog occurred for several reasons, including insufficient staffing, limited coordination with the Department of Defense, and the lack of prioritizing SIV functionality within the Department's consular system modernization program. We concluded that these deficiencies may have delayed vulnerable Afghan allies from reaching safety.

In other work, we inspected the Afghanistan Affairs Unit (AAU) and learned that Department and interagency stakeholders were unclear about the lines of responsibility among the multiple Department entities that had a role in managing U.S. government policy or programs for Afghanistan: the AAU, the Special Representative for Afghanistan, the Bureau of South and Central Asian Affairs' Afghanistan Desk, and the Special Envoy for Afghan Women, Girls, and Human Rights, among others. Although there was some principal-level coordination, an understanding about the division of responsibilities at the working level was less clear. Failure to redefine responsibilities and authorities when multiple entities contribute to the Department's policies and programs can result in duplication of effort, delayed action, and resource misallocation.

Our work on Afghanistan is ongoing. We continue to closely coordinate with other relevant OIGs, and we have several forthcoming projects, including a review of the evacuation and suspension of operations at Embassy Kabul.

#### OTHER OVERSIGHT EFFORTS

For our oversight work outside of the specific contexts of Ukraine and Afghanistan, I would like to highlight some recent findings and recommendations that relate to three management challenges that we have consistently identified for the Department: safety and security, stewardship, and staffing.

##### *Safety and Security*

Safeguarding people, facilities, property, and information is a continual challenge for the Department. Physical security and safety deficiencies at diplomatic facilities is one aspect of this challenge. To illustrate, a recent inspection of Embassy Kuwait City, Kuwait, found that the Embassy did not comply with all Department standards for two buildings constructed on the chancery compound.<sup>6</sup> The Embassy built

<sup>3</sup>In 2009, Congress established a visa program to resettle Afghans who had worked on behalf of the United States in Afghanistan and experienced an ongoing and serious threat as a result.

<sup>4</sup>OIG, Information Report: Afghan Special Immigrant Visa Program Metrics (AUD-MERO-22-38, September 2022).

<sup>5</sup>OIG, Compliance Follow-Up Review of the Afghan Special Immigrant Visa Program (AUD-MERO-23-01, October 2022).

<sup>6</sup>OIG, Inspection of Embassy Kuwait City, Kuwait (ISP-I-23-07, November 2022).

the permanent structures without requesting the required technical review to ensure the projects conformed to Department building codes. This is problematic because construction and subsequent use of structures without ensuring building code requirements are met poses significant life safety risks to employees.

Residential safety is another area that our inspection work frequently assesses. In an inspection of Embassy La Paz, Bolivia, we found the Embassy did not assess 17 of its 46 residences for seismic risk to mitigate deficiencies. Failure to conduct seismic evaluations and mitigate deficiencies risks the life safety of residential occupants and could result in fatalities or serious injuries in an earthquake.<sup>7</sup>

Another health and safety risk our work often highlights relates to emergency action planning. For example, an audit of emergency action plans at domestic facilities showed that plans were not always certified in a timely manner and did not always contain complete, accurate, and executable information.<sup>8</sup> Our report noted that when the Department addressed the emergency action plan deficiencies, domestic Department personnel would be better prepared to execute emergency procedures that are meant to prevent injury, loss of life, and property damage.

In addition to the security of people and property, we often focus on information security, and our oversight of the Department's IT security program continues to identify numerous control weaknesses. The FY 2022 Federal Information Security Modernization Act (FISMA) audit concluded again that the Department had not fully developed and implemented an effective organization-wide information security program.<sup>9</sup> Specifically, we reported that the Department was operating below an effective level in four of five FISMA cybersecurity functions, making it vulnerable to IT-focused attacks and threats to its critical mission-related functions.

#### *Stewardship*

Efficiently and effectively managing its significant resources is another longstanding challenge for the Department. OIG's work demonstrates that the Department could enhance its stewardship of taxpayer resources by improving its ability to identify and address weaknesses in financial and property management and contract and grant oversight. Additionally, identifying and addressing weaknesses in its internal controls is an element of the Department's stewardship challenge.

For example, a January inspection revealed that the Bureau of International Narcotics and Law Enforcement Affairs (INL) had weak and missing internal controls related to monitoring, evaluating, and closeout of foreign assistance projects. OIG also found multiple internal control weaknesses in the management of its bureau resources and information management operations. Regarding the latter, OIG found deficiencies and waste in information technology contract management, and a lack of oversight for both domestic and overseas systems. Most of OIG's 28 recommendations were related to weak internal controls, which collectively hindered INL's ability to effectively plan, manage, and evaluate the results of its projects, programs, and operations.<sup>10</sup>

Turning to contracts, during one project we found that the Department did not administer its domestic guard services contract, valued at approximately \$362 million, in accordance with applicable Federal and Department standards.<sup>11</sup> For example, we found that Contracting Officer's Representatives files were incomplete. We also found that the Department had not obtained sufficient documentation to support invoice approval. During the project, we identified numerous issues with the invoices, including mathematical errors, incorrect number of hours worked, and lack of overtime approval. As a result of these deficiencies, we questioned the entire amount of the contract (approximately \$362 million).

We also issued a report related to how the Department promotes competition for overseas construction projects.<sup>12</sup> During that project, we found that the Department took steps to promote competition as required by law but had not developed a formal process to guide its efforts. Moreover, the Department did not fully comply with acquisition planning and market research requirements. Until deficiencies are addressed, the Department will continue to miss opportunities for increased competi-

<sup>7</sup> OIG, Inspection of Embassy La Paz, Bolivia (ISP-I-23-03, January 2023).

<sup>8</sup> OIG, Audit of Department of State Emergency Action Plans at Selected Domestic Facilities (AUD-SI-22-36, September 2022).

<sup>9</sup> OIG, Audit of the Department of State FY 2022 Information Program (AUD-IT-22-43, September 2022).

<sup>10</sup> OIG, Inspection of the Bureau of International Narcotics and Law Enforcement Affairs (ISP-I-23-08, January 2023).

<sup>11</sup> OIG, Audit of the Bureau of Diplomatic Security's Oversight of Contractor Performance and Invoice Processing for the Domestic Guard Services Contract (AUD-SI-22-37, September 2022).

<sup>12</sup> OIG, Audit of Department of State Efforts To Promote Competition for Overseas Construction Projects (AUD-CGI-22-34, August 2022).

tion that could enhance the Department's ability to obtain quality construction services at reasonable prices.

Likewise, proper oversight and management of grants and cooperative agreements continues to be a challenge for the Department. In an audit of Federal assistance to for-profit organizations, we found that Grants Officers and Grants Officer Representatives did not always manage and monitor selected awards in accordance with requirements.<sup>13</sup> Specifically, the grant officials did not consistently perform and document performance and financial monitoring, complete updates to risk assessments and monitoring plans, or conduct annual reviews when applicable. Until the deficiencies are addressed, the Department will not have reasonable assurance that awards are being administered in accordance with requirements.

#### *Staffing*

The Department expends substantial resources on recruiting, training, and retaining a diverse, talented workforce capable of carrying out the Department's foreign policy mission and priorities. However, OIG's work finds that staffing gaps, frequent turnover, poor oversight, and inexperienced and undertrained staff are frequent challenges for the Department.

In one report from the past year, OIG examined the process for selecting public members of Foreign Service Selection Boards (FSSBs), the entities responsible for selecting and promoting all Foreign Service Officers. OIG found that the Bureau of Global Talent Management did not demonstrate that it considered all required criteria when recruiting and selecting FSSB public members. Less than half of the public members who served from 2019 through 2021 were fully qualified under these criteria. OIG also found that the public member recruitment and selection process lacked adequate management oversight and internal controls to minimize the risk of favoritism and to ensure that the best qualified applicants were recruited and chosen. For example, family members of Department employees received public member contracts to serve on FSSBs every year from 2014 to 2021.<sup>14</sup>

In another example, an OIG inspection of Embassy Khartoum, Sudan, illustrated the unique staffing challenges presented in a difficult or critical operating environment. We found the diplomatic post had persistent difficulty in attracting bidders to fill Foreign Service positions. Despite incentives and allowances, the Embassy struggled to attract mid-level officers, which, in turn led to long-term staffing gaps in the Embassy's Political-Economic, Public Diplomacy, and Consular Sections. For instance, the Public Diplomacy Section sustained a staffing gap of 20 months or more for two of its three U.S. direct-hire positions. Similarly, the Political-Economic and Consular Sections sustained long-term gaps of more than 1 year.<sup>15</sup>

#### RESOURCES

We appreciate the subcommittee's ongoing support of our work and are grateful for the \$13.5 billion in supplemental funding for Ukraine response oversight. The subcommittee's timely foresight in recognizing the draw on OIG resources created by the invasion of Ukraine allowed us to strategically shift our focus and resources to this critical and dynamic event.

Nonetheless, OIG's baseline budget has remained relatively flat in recent years, which has affected our operations in significant ways. We have not been able to keep pace with inflation due to our static budget and we have had to scale back staffing—instituting a hiring freeze for the first 9 months of FY 2022. More fundamentally, it has jeopardized our ability to sustain high-quality oversight work across the wide spectrum of programs and activities at the Department and USAGM. In addition to meeting our mandated reporting responsibilities, the effectiveness of our oversight relies on our ability to take on important discretionary work, including work on big initiatives of congressional interest, such as Afghanistan. Our funding challenges have made this difficult.

I would like to quantify the magnitude of this challenge. As mentioned earlier, we oversee approximately \$81 billion in agency resources, funds that span more than 35 appropriation accounts. While those accounts have grown over time, our budget has remained relatively constant, resulting in our budget being less than a quarter of 1 percent of what is appropriated to the accounts we oversee. In absolute terms, OIG would have needed an additional \$94 million across FYs 2020–2023 to keep pace with increases in the scale and scope of the programs we oversee.

<sup>13</sup> OIG, Audit of the Department of State Management and Monitoring of Federal Assistance Awards to For-Profit Organizations (AUD-CGI-22-26, May 2022).

<sup>14</sup> OIG, Review of the Recruitment and Selection Process for Public Members of Foreign Service Selection Boards (ESP-22-02, May 2022).

<sup>15</sup> OIG, Inspection of Embassy Khartoum, Sudan (ISP-I-23-13, March 2023).

Our FY 2024 budget request was designed to reset the relationship between our budget and the dollars we oversee, while also addressing past shortfalls. Our FY 2023 baseline appropriation was \$93 million, and we are pursuing a roughly 15 percent increase for FY 2024 to \$106.8 million. This level of funding will help us address key priorities related to Department and USAGM management challenges, maintain our core operations, and adapt to future workforce needs.

Beyond securing adequate funding, a related resource priority for State OIG is securing quality oversight professionals to meet increasing oversight demands. I am fortunate to lead an organization with outstanding staff members who have pivoted quickly to focus on Ukraine-related work. However, we must not let the Ukraine response oversight detract from our broader oversight mission spanning the globe. We will need to ramp up staffing to effectuate the broad set of extensive oversight plans highlighted in this testimony.

The largest challenge we face in this regard is the current selection and appointment requirements, which add months to the onboarding process for new hires. In the context of our Ukraine-related work, this not only delays our ability to meet staffing needs, but also makes it difficult to effectively utilize our supplemental funding. To address this challenge and meet the long-term and critical hiring needs associated with Ukraine-related oversight, we would like to secure selection and appointment flexibilities consistent with direct hire authority. We are also seeking legislative changes that would give us the same flexible hiring authorities that exist in the context of overseas contingency operations.

#### CONCLUSION

I am incredibly proud of the work of my OIG colleagues and the value we provide to the Department, USAGM, Congress, and taxpayers. We are a talented and committed team of professionals dedicated to helping the Department and USAGM successfully accomplish their respective missions through robust oversight and well-designed, practical recommendations. I want to thank my team for their resilience, ingenuity, integrity, and leadership.

I also want to conclude by thanking Chairman Coons, Ranking Member Graham, and distinguished Members of the subcommittee for the many ways in which you support OIG's mission. I take my statutory requirement to keep Congress fully and currently informed seriously, and I appreciate your enduring interest in our work.

Senator COONS. Thank you, Mr. Secretary, for that brief, but a broad review of the challenges we face, and the leadership that you have shown at the helm of the State Department.

Let me open with a question, if I could, about the workforce. I have had the opportunity to visit State Department employees around the world in lots of difficult and dangerous places; and like I believe all my colleagues, I am uniformly impressed with their skills and their determination.

If we are going to achieve our national security objective, it is critical to ensure our diplomatic corps is putting the right people with the right tools, and the right resources, and training in the right places to carry out their work. We worked together, Senator Graham and I, to ensure that last year's bill delivered on that goal, but there is more to be done.

What are the most critical workforce and other investments needed to strengthen the Department to meet the challenges confronting us today, and to have the flexibility to meet emerging challenges in the year ahead?

Secretary BLINKEN. Very much appreciate that question, Mr. Chairman. And really, it does come down to us, to people, to resources, and in some cases to some authorities, what you will see in the budget is a proposed hiring increase for another 500 new employees to fill some of the staffing gaps that we have, and that I can go into more detail on.

We need more people to address some of these emerging priorities and emergencies. That include, for example, a couple of hun-

dred new consular positions, I know you are seized with some of the challenges that Consular Affairs has experienced over the last few years, because of COVID, we have been building back in a very significant way, but we need more work there, and we need more resources there. So the budget proposes that.

We need an additional number of civil and foreign service employees to scale up the Indo-Pacific strategy, and to out-compete China, to strengthen our outreach to fully staff, for example, new missions in the Pacific Islands, something else that we can talk about.

We want to make sure that we are building on something that has been a terrific innovation that has been supported by this committee, and that is having additional positions so that we can increase our float, which enables us to pull people out of their day in day out, and allow them to have career-long training, so that they can keep their skill set fresh. In fact, get new skills as they go along; for example, by coming here to spend time, by going to an academic institution, et cetera.

We are requesting, in addition, new management hires, this is critical because where the rubber meets the road in the Department, as in so many other institutions, is particularly our mid-level management. And we have terrific management people in the Department, but what you know, and what you will see, is the people who don't actually come up through the management silo in the Department are, nonetheless, called upon at different stages in their career, to exert management skills. We need more there.

We have money there to make sure that we are protecting our missions, and our diplomats, and I commend that to you. We have to keep pace with the increased security threats, and costs, the growing overseas presence, as I said, in the Pacific Islands, we hope to reopen the mission in Libya, something we want to work with you on, that is going to require some funding as well.

We have significant funds as well to make sure that we are up to speed on cybersecurity. We have all been challenged across government by this, and we have to make sure that we have the funding to do that. There are a number of authorities as well, Mr. Chairman, that we can get into, and I am also happy to share with you, that would be very helpful, it would be very useful for us to have a new funding account for the Enduring Welcome operation, to consolidate up to about \$2.5 billion in existing funding for relocating our Afghan partners.

There is some personal services, Contractor Authority, we need to hire more domestic personnel services contractors, we can get to that, some Special Immigrant Visa adjustments, again, to make sure that we are making good on our commitments to our Afghan allies.

And then, I would just cite one last thing, there is more to be said, but you touched on this. I think it is very important for us to be able to pay our multilateral commitments. And this is not a gift to these institutions, it is not saying that these institutions are perfect, or don't need a lot of work, it is saying that when we are not at the table, then usually someone else is, and probably not in a way that advances our interests and values.

And particularly in institutions that are actually having a real impact on—you know, in windowless rooms, that people don't see, in shaping a lot of rules, and a lot of norms, and a lot of standards. For example, the way technology is being used, we need to be there. And part of being there sometimes is paying our dues.

The other thing that happens in these institutions, we are the largest, actually, contributor to the U.N. system, and yet, when we are in arrears, our competitors and adversaries point to that and say: You know, the United States isn't serious about it. So I hope we can do the best possible on that.

I very much believe we should be back in UNESCO. Again, not as a gift to UNESCO, but because things that are happening at UNESCO actually matter, and if we are not there, we are not shaping it. They are working on rules, norms, and standards for artificial intelligence, we want to be there. They are doing the same thing on education curricula around the world.

China right now, is the single-largest contributor to UNESCO. That carries a lot of weight. We are not even at the table. It is important that we get back there. Thank you.

Senator COONS. Thank you, Mr. Secretary; both for that answer and for your leadership across those different issues. You mentioned at the conclusion of your introductory statement, Operation Enduring Welcome, I would just be interested in a brief update on your efforts to review and identify any lessons learned on Afghanistan, so far.

Secretary BLINKEN. Thank you very much. Yes. One of the things that was very important to me was that we conduct an after-action review of the State Department's role and execution of the withdrawal from Afghanistan. And we initiated that review, we brought in very experienced people who had—including one of our most senior retired diplomats to conduct it.

And they conducted many, many interviews, reviewed many, many documents, and produced a, I think, important report that looks at what we did, what we did right, what we did wrong, and could do better. And other agencies, as you know, have been doing the same thing. We have not been spending time putting all of this together to make sure that we look at the—some of the common lessons learned, especially where there are overlaps. And I am committed and determined to make that information available to Congress. And we will do that.

We will do that by mid-April, so I can tell you today, you will have the after-action review, we will share the findings, and find the appropriate mechanism to do that within the next three weeks.

Senator COONS. Great. Thank you, Mr. Secretary. In your opening, you referenced your commitment to including consulting with Congress, and including us in the foreign policy making process and this is a good example of that work.

I have long questions I look forward to asking about the Development Finance Corporation, the Global Fragility Act. But I will just ask one, and then turn to my Ranking Member.

We are in the middle of a global food crisis, according to the World Food Programme: pre-pandemic, there were 135 million people in more than 50 countries who were facing hunger. That has gone up to 345 million people across more than 80 countries today.

It is fueled by conflict, climate change, COVID-19, and as the war in Ukraine grinds on, its shocks, in terms of prices of food and fertilizer, are driving millions to the edge of starvation and increasing instability.

What is the Department doing to increase contributions from other donors to help tack this challenge? And what should the international community be doing differently in order to improve the resiliency of communities facing food insecurity for the long term?

Secretary BLINKEN. Thank you, Mr. Chairman. And I will say, I very much appreciate the leadership of this committee; particularly you, Senator Graham, on this issue; and others. I say quickly two things: First of all, we have to tackle two aspects of this problem. We have emergency situations that demand an emergency response, where people need food now.

And back in May, we gathered together countries from around the world at the UN Security Council, to focus them, not just us, on the specific things that they can do, and we can do, to make sure, to the best of our ability, that food is getting to people when they need it.

And of course, as you know very well, we have had an almost perfect storm that has built up between climate change, between COVID, and of course conflict, and now, exacerbated dramatically by Russia's aggression against Ukraine. Ukraine, bread basket to the world, that grain was taken off the market by the Russian aggression. I am very glad that through the work of the United Nations and Turkey, we were able to get the Black Sea Corridor going, but that is a fragile thing. It has made a difference, but it is fragile.

So there is the emergency assistance. We have significantly increased our own contributions, as you know, we provided about \$13.5 billion going back to the Russian aggression over the course of 2022. We have gotten other countries to step up and increase their contributions, World Food Programme, Food and Agricultural Organization, the UN Fund. That is one critical piece of it.

But again, as I know you know very well, the other piece that is critical, and what I hear, and I know you hear from our colleagues around the world, especially in Africa, is that, as focused as they are in emergency assistance, what they really want, is investment in their productive capacity, and this is absolutely critical to making sure that they have sustainable agricultural production, and that they ultimately can feed their own people, and actually feed others. There is tremendous potential in Africa.

Let me just cite one thing that we are doing. And we have in the budget, a significant fund for this. To me, one of the most exciting things, building on and adding to the Feed the Future Program, that USAID, and the State Department run, is something that we have, I think you know, one of the leading agronomists in the world at the State Department, Dr. Cary Fowler. One of the things that we have learned in recent years is that the two most determinative things to having sustainable food production capacity, comes down to two things: soil and seeds.

If the soil quality is bad, you can throw as much fertilizer on it as you want, it is not going to work. We now have the ability to

map the quality of soil, pretty much anywhere, including throughout Africa, determine where it is good, where it is bad, what needs to be done to improve it. And we have a program there, the seeds, if they are not resilient to drought, to climate, to other things, again, it doesn't matter, we have the capacity to do that, to provide resiliency through nutritious crops. So I think what you will see in the budget is the beginnings of an important program to provide for that.

Senator COONS. Thank you, Mr. Secretary. That is a topic of interest to both of us.

Let me now turn to my Ranking Member, Senator Graham.

Senator GRAHAM. Yes. I really want to work with you. I think what you have said is absolutely spot on. I talked to Larry Ellison, from Oracle, and he has created a new school, I think at Oxford or Cambridge, about food security. So, there are a lot of people interested in making sure people can feed themselves, and you know, it is soil, seed, and water, you have got to have water.

Secretary BLINKEN. Yes.

Senator GRAHAM. I look forward to working with you on that. Are you familiar with the International Criminal Court (ICC) arrest warrant issued against Russian President Vladimir Putin?

Secretary BLINKEN. Yes.

Senator GRAHAM. Do you think that is sound?

Secretary BLINKEN. I think we have all seen, Senator, the atrocities and war crimes committed in Ukraine.

Senator GRAHAM. Yes.

Secretary BLINKEN. And we all—we believe strongly as we have said at the outset—

Senator GRAHAM. I think the President said he thought that was a sound approach.

Secretary BLINKEN. There needs to be accountability.

Senator GRAHAM. Yes.

Secretary BLINKEN. And the ICC is an—

Senator GRAHAM. What do they want to arrest him for?

Secretary BLINKEN. The focus of the—as I understand it—the focus is on the, in effect, abduction of children—

Senator GRAHAM. Right.

Secretary BLINKEN [continuing]. From Ukraine, taking them to Russia, giving them to Russian—

Senator GRAHAM. Yes. So let us just stop for a second. There is an arrest warrant for Putin by the ICC, for kidnapping children in Ukraine, and taking them to Russia.

Secretary BLINKEN. That is right.

Senator GRAHAM. Is that pretty much it, right?

Secretary BLINKEN. Yes.

Senator GRAHAM. If Putin came to the United States, for whatever reason, would we turn him over to the ICC?

Secretary BLINKEN. Well, I can't get ahead of that, because, as I said, I would have to look at the laws, and those, as you know, we are not actually a party to the ICC, so I don't want to engage in that hypothetical, but—

Senator GRAHAM. I would encourage you, that if he came here, we should turn him over.

Secretary BLINKEN. Now, I don't think he has any plans to travel here soon.

Senator GRAHAM. Yes. Well, would you encourage our European allies to turn him over?

Secretary BLINKEN. I think that anyone who is a party to the court, and has obligations, should fulfill their obligations.

Senator GRAHAM. Okay. Are you aware that the Congress, 100 to nothing, which is pretty rare around here, supported the idea of declaring Russia a state sponsor of terrorism under U.S. law?

Secretary BLINKEN. Yes.

Senator GRAHAM. I don't know how much more we can do to help you in that regard. Do you intend—

Secretary BLINKEN. Could I just—can I just say on that?

Senator GRAHAM. Yes. Yes.

Secretary BLINKEN. I appreciate it. Well, we have as you know, multiple designations that focus on Russia's war crimes, atrocities, et cetera. The SST brings with it, also, I think, potentially, some unintended consequences—

Senator GRAHAM. So here is my question.

Secretary BLINKEN. Yes.

Senator GRAHAM. Are you going to designate Russia a state sponsor of terrorism under U.S. law? Do you intend to do that?

Secretary BLINKEN. What we have been doing, Senator, as you know, I think, is working with you to look at a new designation that would go to a—

Senator GRAHAM. Well, but we sort of failed in that endeavor, and since we started, he has been—an arrest warrant has been issued— what more do you have to do to be a state sponsor of terrorism?

On China, the meeting between Xi and Putin: would you consider that a marriage of convenience, or a strategic alliance?

Secretary BLINKEN. Perhaps a combination of both. I think you have got a—you do have a partnership. Remember, as you know, right before the Russian aggression, they met.

Senator GRAHAM. Yes.

Secretary BLINKEN. They talked about a partnership with no limits.

Senator GRAHAM. So let us just break that down a bit here, “with no limits”, the world is trying to put a cap on Russian oil.

Secretary BLINKEN. Mm-hmm.

Senator GRAHAM. The West; is that correct?

Secretary BLINKEN. That is correct.

Senator GRAHAM. I think China just agreed to buy oil, as much as Russia can supply. They are undercutting our efforts there: do you agree with that?

Secretary BLINKEN. They are, although, we see it as two things, Senator. With the oil cap, we try to accomplish two goals. One, reduce the revenues that Russia is getting from selling energy.

Senator GRAHAM. Yes.

Secretary BLINKEN. But at the same time keep enough energy on the market so that we don't have a crisis.

Senator GRAHAM. Sure.

Secretary BLINKEN. I think we have largely accomplished that goal. Russian oil revenues are down as a result of the—

Senator GRAHAM. But China has made a pledge to buy all of the Russian oil they can buy, right, not at the cap price?

Secretary BLINKEN. Well, we will see at what price they actually buy at.

Senator GRAHAM. The bottom line is China is working against us, when it comes to Russia: do you agree?

Secretary BLINKEN. I think their diplomatic support, their political support, and to some extent material support for Russia, certainly goes against our interest in bringing this war to an end, in a way that is just—

Senator GRAHAM. You have publicly said that you had reason to believe that China may be considering providing lethal aid to Russia: is that correct?

Secretary BLINKEN. That is correct.

Senator GRAHAM. If you provide lethal aid to a state sponsor of terrorism, that would be considered material support under U.S. law: is that correct?

Secretary BLINKEN. I believe that is correct.

Senator GRAHAM. Okay. Don't you think it would be smart to tell China, you provide lethal aid to a state sponsor of terrorism, and they may be more deterred than if we just remained silent about that?

Secretary BLINKEN. Senator, I have shared directly, with my Chinese counterpart the serious problem that China providing lethal material support to Russia for—

Senator GRAHAM. Do you think it is working? Do you think they will provide aid?

Secretary BLINKEN. As we speak today, we have not seen them cross that line.

Senator GRAHAM. So my point is, that we made a mistake, I think, by not having pre-invasion sanctions. We should have supplied more weapons to Ukraine before the invasion to deter the war. We are at tipping point here. China is openly embracing Russia, they are undercutting everything the West is trying to do to isolate Russia. They are buying unlimited oil.

I think now is the time, Mr. Secretary, to label Russia state sponsor of terrorism, because they are. Up the ante if China wants to continue to help Russia. Would you at least consider that as a deterrent possibility?

Secretary BLINKEN. We want to look at every reasonable deterrent, but again, when it comes to the SST, and we should talk about this further, I think there are better ways to get at the same—at the same thing, that could have some of the—

Senator GRAHAM. Whatever those ways are, let us—we are over a year into this war. Let us do something. And I am just going to tell you, as a friend. I like you. I will try to work with you. I am not going to sit down on the sidelines any longer, and see Russia not labeled for who they are. They are terrorists. They are wreaking havoc all over Africa. We just got back from a trip to Africa.

Through the Wagner Group, Russia committed immense war crimes in Syria, this is just a modus operandi. They just bomb the hell out of people, terrorize people, use rape as a weapon of war. And it is now to stand up and say: You are a terrorist state under U.S. law. And I think the sooner we do that, the better.

Let us go to Mexico, real quick. And I will try to keep within my time, go over a couple minutes. Are there places in Mexico that the Government of Mexico does not have control?

Secretary BLINKEN. I think you see significant insecurity in parts of—

Senator GRAHAM. Well, my question is, if their own Government—

Secretary BLINKEN [continuing]. I am sure that there are individual places, communities, where the—break down.

Senator GRAHAM. Yes. Are there drug cartels in control of parts of Mexico, not the Government of Mexico?

Secretary BLINKEN. I think it is fair to say, yes.

Senator GRAHAM. Okay. Do you agree with the following statement: that fentanyl coming from Mexico is killing Americans by the tens of thousands?

Secretary BLINKEN. It is. And it is also killing Mexicans as well.

Senator GRAHAM. Yes. Well, do you agree it is now time to change our policy because it is not working? Or do you think it is working?

Secretary BLINKEN. I think that, Senator, first of all, you are exactly right about the insecurity in Mexico. As I said, the Mexican people themselves are the number one victims of that insecurity. The Mexican Government have supporters working—

Senator GRAHAM. Are more Mexicans are dying of fentanyl poisoning than Americans?

Secretary BLINKEN. Currently, no. But it is growing problem.

Senator GRAHAM. So how many have died in Mexico from fentanyl poisoning?

Secretary BLINKEN. I don't have the exact numbers, but I am sure that is—

Senator GRAHAM. Well, 70,000 died last year—

Secretary BLINKEN. That is correct.

Senator GRAHAM [continuing]. Alone, in the United States. Do you believe our policies toward drug cartels, and fentanyl coming from Mexico are working?

Secretary BLINKEN. They need to do more. They need to be more effective.

Senator GRAHAM. Yes.

Secretary BLINKEN. Here is one way we can do that. One way we can do that, is making sure that we have, for example, the technology on our borders to detect and intercept the fentanyl. 96 percent of the fentanyl coming into the United States is coming through legal ports of entry. We have the technology that can catch a lot of that.

Senator GRAHAM. Yes.

Secretary BLINKEN. We need to deploy it faster, that is exactly what we—

Senator GRAHAM. How about this idea. Rather than just interdicting at the border, we go to the source and declare Mexican drug cartels foreign terrorist organizations under U.S. law.

Secretary BLINKEN. Mm-hmm.

Senator GRAHAM. Would you consider that?

Secretary BLINKEN. Yes, we would certainly consider that.

Senator GRAHAM. And that would help us with China, because if you provide material support to a foreign terrorist organization, you could be prosecuted in U.S. courts.

Secretary BLINKEN. They are also transnational criminal organization, and that brings with it a number of sanctions—

Senator GRAHAM. That is what they are today?

Secretary BLINKEN. Yes, and—

Senator GRAHAM. I want to up—

Secretary BLINKEN [continuing]. It is not clear to me that the— again, that we would get additional tools of authorities, it is worth pointing out that—

Senator GRAHAM. We would with China, Mr. Secretary, Transnational Criminal Organizations cannot—material support doesn't bring in U.S. courts. For Foreign Terrorist Organizations (FTOs), material support for an FTO would capture in U.S. courts if you are a China company.

Secretary BLINKEN. Mm-hmm.

Senator GRAHAM. So please consider that. I would say our policy is not working. I want to introduce into the record a State Department travel advisory map that tells you where to go and not to go in Mexico. The red is getting redder, Mr. Secretary.

Mexican President Obrador is going to call Chinese President Xi, great. I am not looking for a phone call from Mexico. I am looking for action on their part. I am willing to do a Plan Colombia-type effort with Mexico, but I am going to put the Mexican Government on notice, and your Department, when it comes to poisoning of America, we are going to take different action because what we are doing is not working.

Secretary BLINKEN. Mm-hmm.

Senator GRAHAM. This is not a confrontational statement, it is a statement of fact. More Americans are being poisoned by fentanyl from Mexico in a single year than we lost in the entire Vietnam War. And the leading cause of death in America, from 18 to 45 years old, is fentanyl poisoning.

Secretary BLINKEN. And Senator, I—

Senator GRAHAM. Enough is enough.

Secretary BLINKEN. I absolutely share your priority and focus on that.

Senator GRAHAM. Thank you, Mr. Chairman. Thank you, Mr. Secretary.

Senator COONS. Chair Murray.

#### OPENING STATEMENT OF SENATOR PATTY MURRAY

Senator MURRAY. Well, thank you very much, Chair Coons, and Ranking Member Graham. I am really glad to join you as we kick off this subcommittee hearing on President Biden's budget request. We are really lucky in the Senate to have a Chair and a Ranking Member on this committee who both really know their stuff when it comes to foreign policy, and are so similarly committed to finding common ground for the good of this country.

These hearings provide a really important opportunity for us to assess our country's needs as we write our funding bills for the year ahead.

Vice Chair Collins, who is here today, and I, have made very clear we want to return to regular order, a goal I know that both you and the Ranking Member share, and many of our colleagues do as well. We have a responsibility to work in a timely way to write funding bills that will build a stronger economy, make our communities safer, and ensure we stay ahead of our global competitors.

I think we all know that getting this done through regular order, for the first time in years, will be no walk in the park, but it will be worth it. So I am really glad to have both of you as partners in this effort, and I look forward to working with everyone on this subcommittee to provide the robust funding that these issues deserve.

Now, this hearing offers an important reminder that when it comes to keeping our Nation safe, and competitive, and secure, defense spending is important, but it is only one part of the equation.

After all, our strength here at home and across the world isn't just measured by the strength of our military, it is measured by our diplomacy, our influence abroad, and our strategic investments, which make the world, including our own Nation, safer and more secure.

And that is why boosting investments in non-defense discretionary spending is so critical, because we are weaker, our families are more at risk, when we retreat from the world stage, and folks back home get that. They see every day how our world is more connected than ever, and how crises on the other side of the world have ramifications for their daily lives: like when supply chains are broken, and families can't get the products they need; or when small businesses and our growers are cut off from foreign markets that they rely on to make a living; or when viruses spread undetected, leading to outbreaks, and as we know, pandemics; or when the world becomes more hostile to women as their rights are attacked, and less free, as democracies are undermined; or when families become refugees, and flee their homes due to persecution and violence. The more we are engaged in the world now, the better we can address and prevent these challenges before they reach our door.

But if we fail to invest in the State Department and the powerful diplomatic tools we have, if we don't keep our embassies well-staffed, Mr. Secretary, as you mentioned, if we don't invest in preventing conflict before it causes catastrophe, and promoting stability with humanitarian aid and development, if we don't stand up for democracy, and stand up to autocrats, and if we don't invest in global solutions to global challenges, like food security, and tackling the climate crisis—in short, if we stand down on the world stage, our adversaries and competitors will step up and fill that leadership void.

We know China is already working to build relationships and alliances across the world by building infrastructure far beyond its borders. If we are going to stay competitive we have to continue making smart investments that make our allies and our partnerships stronger. And we know a global challenge, like the climate crisis, cannot be solved through unilateral action, it can only be solved through global cooperation, and that requires leadership.

Chair Coons, I really appreciate your leadership in focusing on how we must address the climate crisis on the world stage, because we are constantly seeing new, alarming examples of how the climate crisis poses an immense threat to global security, and to our own national security: water scarcity, food scarcity, extreme weather events, don't just create humanitarian crises in a vacuum, they can destabilize entire regions, threatening our own security.

And we have also seen how Russia has tried to use energy dependence to strengthen its hand in its brutal war against Ukraine, which is just one more reason it is so important that we invest in global solutions to the climate crisis that allow our allies be less reliant on our adversaries for energy.

At the same time we have to keep in mind that when we strengthen our ties in Asia, when we support economic stability in Latin America, when we build up public health capacity in Africa, those investments pay dividends, including for all of us right here at home. And that is true for families across the country, and especially for my home State of Washington.

My State is a hub of global trade, especially with Asia, and one of America's great gateways to the world. We welcome diplomats, and have numerous consulates in our State. We welcome refugees, and are one of the top five States when it comes to hosting families that have fled the conflict in Ukraine.

And not only do we welcome students, and workers, and tourists, we engage with the world too, including the many Fulbright scholars, and students, and Peace Corps members who head out from Washington State to learn about other countries, and cultures, and build relationships, and strengthen communities. Our investments in these programs help create a world that is safer and more open to Americans.

So Mr. Chairman, I will just end by noting the list of issues in this subcommittee are really critical, for our Nation, for our families, and they literally span the globe. But the bottom line is pretty simple, we cannot be a player on the world stage and keep our country safe and prosperous if we put ourselves on the sidelines. And there is just too much at stake in this moment to let that happen.

We have to continue the work of leading a global coalition that holds Russia accountable for its cruel and unjust invasion of Ukraine. We have to continue standing with our Ukrainian allies, supporting refugees, and providing the support they need, especially as we see China stepping in to grow its influence, with Xi's visit to Moscow earlier this week.

We have got to continue to be steadfast in our investments to counter these influences, and continue to lead by example.

So Mr. Secretary, I welcome you here today. I look forward to working with you and the administration, and working with my colleagues on this subcommittee on a bipartisan funding bill for next year that provides robust investments for the State Department, so we can strengthen our ties, support our allies, and solidify our place as the leader of the free world.

So I have used my minutes.

Senator COONS. Thank you, Madam Chair.

Senator MURRAY. But Mr. Chairman just let me say, I am following this subcommittee very closely. And look forward to working with you on a bipartisan product for all of us to support. Thank you.

Senator COONS. Thank you very much, Madam Chair. Madam Vice Chair. I am so excited by the drive, the energy, the leadership that you are delivering, and look forward to spending lots of time together, on subcommittee hearings, on full committee hearings, on markups, and getting a work product out. And thank you for sharing with us the ways in which Washington, as I suspect we may now hear is also true for Maine, are parts of our Nation, that although thousands of miles apart, share a common connection to the world, to global trade, and a connection to our security.

Madam Vice Chair.

#### OPENING STATEMENT OF SENATOR SUSAN COLLINS

Senator COLLINS. Thank you very much, Mr. Chairman. I am going to take the opposite approach of Chair Murray. I am going to submit some comments for the record, and go straight to questions.

Senator COLLINS. So as usual, we are complementing one another.

Let me start with Ukraine, Mr. Secretary. There are those who view our support of Ukraine, as an either-or proposition for our national security. And they argue that either the United States focuses on pushing back Russian aggression in Ukraine, or the United States focuses on countering the rising influence of China.

I don't agree with that assessment. I view the two challenges as interconnected, and believe that Russia and China are working in concert to reshape the international order to our disadvantage.

Two questions for you. First, what message would it send to China and Russia, were we to abandon Ukraine at this point? And second, please articulate the case for why our involvement in Ukraine is in America's national interest?

Secretary BLINKEN. Madam Vice Chair, thank you very much for that question. First of all, I fully agree with you. And let me put it this way, because it does go—in effect, the second part of your question actually goes right to the first part. Why is this in our interest? Why is it profoundly in the interest of the United States, to do what we have been doing, which is to continue to stand with Ukraine, as it defends itself, against this Russian aggression, to continue to exert pressure on Russia, to end the aggression, and to strengthen our own alliance, defensive alliance, NATO, in case that aggression spreads?

It is two reasons: fundamentally, first of all, I think Americans do not like to see big nations bullying smaller ones, that is something that sticks in our craw, and we see the horrific abuses and atrocities that are being committed, and that is something that, I think, Americans focus on very intensely.

But fundamentally, the reason is this: If we allow the Russian aggression in Ukraine to go forward with impunity, if we allow the very basic rules of the road, for how countries relate to one another, that were established after two world wars, and that focus, among other things, on making sure that countries respect the ter-

ritorial integrity of other countries, respect their independence, respect their sovereignty.

If we allow that to be violated with impunity by Russia in Ukraine, we open a Pandora's box around the world, where would-be aggressors everywhere look at this and say: If they can get away with it, I can too. And that is a world of conflict, that is a world of war, that is world that we have been in before, and we have had to come in and do something about it. But it is not a world that we want.

So the stakes in Ukraine go well beyond Ukraine. And to your point, I think it has a profound impact in Asia, for example. Everyone is watching to see how we and the world respond to this aggression. And they will draw their lessons from it. One of the reasons that there are so many partners involved in this from Asia is precisely because, even though this is happening half-a-world away, they see the stakes for them.

One of the leading countries in our coalition that support Ukraine is Japan, South Korea is playing an important role, Australia is too, and they see the stakes. I think if China is looking at this, and they are looking at it very carefully, they will draw lessons for how the world comes together, or doesn't, to stand up to this aggression.

Senator COLLINS. Thank you. And let me encourage you, and the other members of the administration, including the President, to make that case to the American people, much more forcefully, so that we do not see this continuing troubling decline in public support for our efforts in Ukraine. It goes way beyond doing the right thing from a moral or a humanitarian viewpoint. It is very much in our interest.

Let me follow up, to some extent, on Senator Graham's questions on fentanyl.

Secretary BLINKEN. Mm-hmm.

Senator COLLINS. We have recently had a tragic case in Maine, where a 14-year-old girl with no history of drug abuse, died from taking a pill that was laced with fentanyl, so this is a tragedy that affects each and every one of our States. The International Narcotics Control and Law Enforcement account, works to reduce the production and trafficking of fentanyl, and other drugs, through its drug supply reduction program.

The President's budget proposes \$20 million for this program, which is only a \$3 million increase above this year's level, despite the flood of fentanyl, the precursors of which come from China, go to Mexico, and then into this country to poison our people.

So this disappoints me, and I ask you: do you think you are requesting sufficient funding? If you do, what other measures are you taking to specifically address the threat of fentanyl flowing into our country?

Secretary BLINKEN. Thank you very much for that question, because I absolutely share the priority that you, Senator Graham, I think everyone on this committee, is putting on this problem.

As Senator rightly said, the number one killer of Americans, 18 to 49, is fentanyl, synthetic opioids. And so this is, it needs to be, a national priority. And I think we—the way that we are approaching this is really a whole-of-spectrum approach, by which I mean,

that obviously we are doing work at home to try to reduce demand, protect our own people, get them the treatment, and antidotes they need, but that is not the answer, it is part of it, but it is not the answer.

We talked a minute ago about border security and technology, where we can do a lot more to effectively intercept things coming into the country. But that is not enough. We have to be, and we are, working to disrupt the transnational criminal organizations that are engaged in moving this—making this stuff, and moving this stuff, and we are.

We need to be working with, as we are, with Mexico to take down the labs, to take down the enterprises. And we need, to your point, to be more effective in preventing the diversion of illicit precursors into the illicit fabrication of synthetic opioids, like fentanyl.

So we have done a number of things to intensely focus on this with Mexico. We actually are working in very close collaboration. They have now, you know, over the last year, arrested dozens of first- and second-tier transnational criminal organization leads. They have seized record amounts of fentanyl, but it is a huge sea. But that is going up. They disrupted production facilities with our assistance.

We have our financial intelligence unit working with theirs to disrupt the financing of these networks, and we have now, as a result of work that I did with my colleagues, a Joint Synthetic Drug Action Plan with Mexico that expands cooperation with them, from law enforcement to the regulatory agencies in Mexico, to the trade and health organizations that are really important.

Second, more broadly, for the first time, I just came, a couple of months ago, from the G20 Foreign Ministers Meeting, in preparation for the leaders. For the first time the United States got this on the full agenda of the G20, so these are the most important economies in the world that have a real role and stake in different ways in this, and we will be establishing a working group in the G20 to work on this.

Third, from the perspective of the State Department as well, one of the things that we are working on is building a coalition on a voluntary basis at first, to tackle another aspect of this problem, and that is the illicit diversion of legal precursors. This is a big problem, as you know.

There are things that we can do much more effectively: sharing information, labeling, putting in place know your customer protocols, around the world including with China, to make sure that companies that are, again, involved in the production of perfectly illicit precursors, do not have them diverted into the fabrication of synthetic opioids. So all of that we are coming together.

Now, as to the resources, Madam Vice Chair, very happy to work with you, very closely, to make sure that we are properly resourced for this. I could not agree with you more. This is a number one priority.

Senator COLLINS. Thank you.

Senator COONS. Thank you, Madam Vice Chair. My strong suspicion is that an amendment to increase the funding would get unanimous support.

Senator Shaheen.

Senator SHAHEEN. Yes. I would be happy to cosponsor it.

Mr. Secretary, thank you for being here. And I want to begin by thanking the State Department and the President for your request in the budget to support those people who have been affected by anomalous health incidents. As we know, that continues to be an issue for people affected, and I appreciate the continued work of the State Department.

I was also pleased to see the President's budget include 20,000 additional special immigrant visas for our Afghan allies, you mentioned that as part of your remarks. And I understand the Department is undertaking an effort to review our withdrawal from Afghanistan last year. I hope that that is a review that also considers the implication on Afghan women and girls—

Secretary BLINKEN. Yes.

Senator Shaheen[continuing]. Who have been, again, once again, had their rights stolen by the Taliban regime after our departure, who were not, as we have heard, have real concerns about what their future holds.

Secretary BLINKEN. Mm-hmm.

Senator SHAHEEN. So can you give us an update on this effort, and is it going to be shared with the members of Congress?

Secretary BLINKEN. So for the after-action review, and I think I mentioned at the very start of this, before you were here, yes. In short, yes, we have been working on that review, this was a commitment that I made very early on after the withdrawal to make sure that we learned the lessons from our part in that, what we got right, what we got wrong, what we need to learn from it. We brought in very experienced retired senior Foreign Service Officers to run that process. We did that.

Other agencies have done similar efforts. We have been working in recent months to bring all of that together, to understand what the common lessons learned should be. A bottom line is this, we will be making those reports available, sharing that information with Congress within the next three weeks.

Senator SHAHEEN. You wouldn't like to preview what it is going to say, would you?

Secretary BLINKEN. Well, I don't want to get ahead of it, except to say that we have been looking at, just from the perspective of the State Department, I obviously can't speak to other agencies, about how we can be more effectively organized to deal with complex emergencies in advance. And we have definitely learned lessons from this experience that I think can make us more effective going forward, but we will share in detail what we have learned.

Senator SHAHEEN. Well, thank you. I will look forward to seeing that. And one of the places where I think that kind of a more coordinated strategy would be really important, is in the Black Sea region.

Secretary BLINKEN. Mm-hmm.

Senator SHAHEEN. And the invasion of Ukraine really pointed out, with the closing of shipping lanes, and the impact on food security globally, just how important that region is. And as I am sure you are aware, we had language in the last Omnibus and Defense Authorization Bill, to ask the administration to develop a comprehensive approach to the Black Sea. I think it should include, not

just national security issues, which we saw with the downing of our drone, how important those are in the region, but also economic and democracy support for what is happening in the region.

So can you talk about where the administration is in developing that kind of a strategy, when we can expect it, and how it is helping to—helping us think about our approach to the region?

Secretary BLINKEN. Senator, I very much appreciate your focus and leadership on this. And bottom line up front, we will produce that strategy. I think there is actually a deadline in the—

Senator SHAHEEN. Right.

Secretary BLINKEN [continuing]. Legislation of June. And we will produce it by then. And I couldn't agree with you more. It requires, and we are focused on a much more comprehensive approach to the Black Sea region. As you know, larger than California, it has got six countries on its coast. Three of them are our NATO allies, others like Ukraine are obviously are important friends to the United States.

And to your point, the strategy will focus, not just on the security aspects, but on promoting political engagement, on promoting economic cooperation, including strengthened energy security, which is critical to all of these countries in a variety of ways. As well as building democratic resilience because they are in a challenged neighborhood.

And one of things that we have done, and the reason we want to make sure that we get this right is, we have gotten inputs from some of these countries, we want to make sure that they are factored into our strategy. For example, our Romanian colleagues have done, as you know, very well, have done a lot of thinking, and a brought a lot of focus to this. They shared with us their own views and plans, and that is something that we are factoring in. The bottom line though is, we will have it to you by June.

Senator SHAHEEN. Well, I can tell you, I was in the region in both Romania and Georgia, the end of February, and there was a great deal of interest in the fact that we were beginning to think about that region more comprehensively, and really looking also at the economic potential that is there. In Georgia they are looking at what they are calling the "Middle Corridor" that would provide an opportunity to get around Russia in terms of energy.

And I think as we look at countries like Georgia, where I am disappointed by some backsliding in the government, but where the people are very clearly committed to looking towards Europe, to looking at NATO, we need to think about how we can better support them. Our ambassador, their Ambassador Degan, has done an excellent job.

Secretary BLINKEN. Thank you.

Senator SHAHEEN. As I was saying to the Chairman, thinking about where we put in Development Finance Corporation Office in that region, Georgia, I think has some real potential for that. It is something that could be very important.

Let me just end by going back to the fentanyl question, because it has been such a huge issue for us in New Hampshire, and for everybody, I think, on this committee. We passed, Senator Portman and I worked on a legislation called the FENTANYL Results Act, to try and give the State Department more resources to work with

other countries who might want to help us address fentanyl coming into the United States.

Are there resources you need to do that legislation, and if so, what do you need? Let us know what you need so that we can—

Secretary BLINKEN. Thank you.

Senator SHAHEEN [continuing]. So that we can ensure that that happens.

Secretary BLINKEN. I really welcome working with you on that, because, indeed, one of the things that we are doing, is working to build a coalition of countries that can work together more effectively to deal with this challenge internationally, particularly again, when it comes to the diversion of licit precursors into illicit production of fentanyl.

We started to do that, as I mentioned, at the G20, but there may be other ways that will be effective in building that out. That may require some additional resources. It will be great to work with you on that. Thank you.

Senator SHAHEEN. Thank you. Thank you, Mr. Chairman.

Senator COONS. Thank you, Senator Shaheen.

Senator Rubio.

Senator RUBIO. Thank you, Mr. Chairman. Thank you for coming in, we appreciate it.

It strikes me—I know you like history. Is that one of your—isn't that one of your majors? Did you study that?

Secretary BLINKEN. Yes.

Senator RUBIO. Yes. And I think history is always instructive. One of the things that is most interesting about history is if you look back at these pivot moments in human history, the people that lived through them didn't realize that is what was happening. When you are living a hinge moment in history, you know, you are busy with everyday life, and everything else that is going on, and sometimes you don't entirely perceive it.

So I am pleased, as I read the beginning of your statement here, and I heard it before I came in on the broadcast, where we meet at an inflection point, the post-Cold War world is over, and there is an intense competition underway to determine what comes next.

So it is an acknowledgment that this is not what it was like 10 years ago, 5 years ago.

Secretary BLINKEN. Yes.

Senator RUBIO. Very different. And that is important. I would argue that we are beyond simply competitive, and I don't understand why we talk about strategic competition, and I don't say this with any joy in my heart, but simply because it is sort of par for the course in human history. I think we are entering, perhaps the beginning of a period of conflict, which doesn't necessarily always mean military conflict, but conflict nonetheless. We have an all-out war in Europe.

Secretary BLINKEN. Mm-hmm.

Senator RUBIO. That is most clearly a conflict, and it has been a globalized one. People call it a "Proxy War", but it has been globalized.

We saw that very clearly yesterday with Xi's visit to Moscow, but beyond that, sort of the way the world is aligned in different ways. We have seen the rise of, by necessity, militarization. Germany,

Japan, nothing that we are against, frankly, because given the necessities of the world, but this post-Cold War—post-World War II Order in which both countries decided that they were going to be less martial, less military. Necessity has changed it for both of them.

Secretary BLINKEN. Yes.

Senator RUBIO. A positive development for our alliance, but nonetheless a reality. We have these nine Eastern European countries that are even more hawkish than the rest of Europe, geography puts them right at the edge of Russia's aggression, when they can see very clearly what is happening.

We have the very clear outlines of this emerging conflict: the U.S., the West, the democracies, and an alliance, the China-Russia Alliance, they don't want to call it that, but that is what it is, in conjunction with others like Iran, potentially, participating as well. And then these dozens and dozens of developing, so-called, the "Non-Aligned Nations", all trying to cut deals for themselves; we saw that with Saudi Arabia, you see it throughout Africa, et cetera.

And then on top of that, in this emerging block of two nations between, it is not simply these military alliances, we are seeing the rise of alternatives to the SWIFT Banking System, to the U.S. dollar, ways to—the growth of countries that now have a vested interest in figuring out how to evade sanctions.

You see supply chain diversity, Europe is diversifying where it gets its energy, and the rest of the world is diversifying, because I think there is the understanding that the market is responding to the fact that we are entering a period, a conflict. It is in that vein, given all of that, that I am really concerned about whether we can continue to afford to do some of the things that we are doing. I don't mean from a dollar standpoint, but from a geopolitical standpoint.

So for example, last summer the State Department released a report attacking the Solomon Islands for their stance on same-sex marriage. It alienated their partners there. The next week they signed a Mutual Security Agreement with Beijing and the Pacific, and the Prime Minister declined to participate in the commemoration of the memorial marking the Battle of Guadalcanal. That is just one example.

I mean, we could go—I could take 10, 15 minutes to go through each of these here, and point to different such places where we have sort of aligned ourselves in that way.

Haven't we now reached a point where, frankly, we have to understand we are entering a period of geopolitical competition bordering on conflict, diplomatic conflict, economic conflict; and God forbid, potentially military conflict, and as a result need to govern ourselves accordingly? Not that these values, or whatever our values may be don't matter, but our approach has to look very different than it did 5, 10, 15 years ago when, frankly, the U.S. was the world's sole superpower.

And we had, in many cases, the luxury to be able to go through and do some of these things, because it is not that these issues don't matter, it is that none of these issues are going to matter if 15, 10, or 5 years from now we live in a world in which the dominant economic military and technological power in the world is in

the hands of authoritarian regimes, who frankly resemble what the vast majority of human history looks like. And that is, led by despots where there are no individual rights, and all these things that have made, not just our prosperity and freedom possible here, but the world a better place.

Isn't it time for us to view the world through the lens, frankly, of the beginnings, the early stages of a geopolitical conflict?

Secretary BLINKEN. Senator I share your—I share your basic analysis. And I think that, in a sense that is exactly what we are doing. We have worked from day one to do two things, foundational things: One is to support important investments in ourselves, which I talked about a little earlier, to make sure that we are as strong and competitive as we can be. And I think, thanks to Congress, we have made those historic investments. And the CHIPS and Science Act is maybe the best example.

But second, we have worked from day one both to reengage, rejuvenate, and strengthen our existing alliances and partnerships, but also build new ones, new coalitions of countries, and even beyond countries, that are fit-for-purpose in dealing with different parts of the challenge that I think you described very, very well.

Just to give you one quick example. When we are dealing with the challenge posed to supply chains around the world, to make sure that we have, and benefit from, diversified and resilient supply chains. We brought together countries in a coalition to do that, to in many cases, near-shore and friend-shore, to have early warning systems in place if they are being disrupted. And also, through something called the Mineral Security Partnership, to make sure that the United States and likeminded countries are focused on ensuring that we are able to invest in, effectively, some of the critical minerals that are so important to so much of what we are doing.

When it comes to our engagement in the Asia-Pacific region, the Indo-Pacific, we have put that on full throttle. We have reopened an Embassy, as you know, in the Solomon Islands. We are looking at other places in the Pacific Islands, where we can make sure that we are present in ways that we haven't been in recent years, precisely because we are engaged in a competition.

And I could go down the list of different collections of fit-for-purpose partnerships that we built to deal with exactly the world that that you are describing. I do think, and you said it, that as we do that, the values that unite us are also usually important to the strength and solidarity of these alliances of partnerships.

Now, not every country that we need to be working with is in the same place that we are. I think we recognize that, and we need to make sure that we are adjusting and flexible enough for that.

The last thing is this: There are a number of countries that are looking, as you know, very carefully and what is happening, making their own decisions, in some sense making their own bets about which direction they are going to go in. And from my perspective this is less about saying to them: You have to choose, and more offering them a choice. If we are able to do that, for example, in being able to catalyze real infrastructure investment that is a race to the top, not a race to the bottom, they are going to choose us.

We also have to have some strategic patience. There are countries that have had long-standing, for decades, relationships, for ex-

ample, with Russia, where moving away from that, as they want to do, is not like flipping a light switch, it is moving an aircraft carrier, and we have to work with them to do that.

But I share the basic picture that you have painted, and really welcome working with you to figure out the most effective ways to deal with it. Thank you.

Senator COONS. Thank you, Senator Rubio, I couldn't agree more that that is one of the core arguments for robustly resourcing the State Department and the USAID, is to make sure we are meeting this moment.

Senator Murphy.

Senator MURPHY. Thank you very much, Mr. Chairman. Good to see you, Mr. Secretary.

The eyes of the world and the nation are rightly focused on Ukraine, on our broad set of competition, challenges with China; the Middle East always gets an outsized share of attention from this country and this Congress. But I want to thank you for the work that your diplomats have done to achieve two preliminary, but very important, smaller scale diplomatic agreements in the past several weeks.

First, the Windsor Framework, which the United States had a great interest in, to make sure that peace is preserved in Northern Ireland ahead of the 25th anniversary of the Good Friday Agreement, and the Normalization Agreement between Kosovo and Serbia. The team that you have in place in that region is absolutely exceptional. Well, that is the beginning of what we hope is more accommodations between those two countries, a really important step. So I just wanted to congratulate you and your team on the work that you have done on those two important achievements.

I want to turn your attention to the Global Engagement Center.

Secretary BLINKEN. Mm-hmm.

Senator MURPHY. Because this is something you and I have talked about, and I appreciate the fact that we have continued to scale up the size of the Global Engagement Center, and that your budget requests another double-digit percentage increase. I am of the belief that the GEC needs to take a primary, rather than secondary role when it comes to the way in which we counter misinformation around the world. I think, often, the Department of Defense which has a budget that dwarfs that of the GEC, doesn't always have the sensitivities that the State Department does about what messages work and what doesn't.

But what concerns me more is that we have ahead of us, the reauthorization of the GEC, we have got to put it back on the books, and there is really no way to combat Russian misinformation, their propaganda efforts, which are integral to their campaign against Ukraine; or China's efforts to expand its reach, without the GEC.

So I just wanted you—I want to sneak in at least one more question, but ask you for a minute to talk about what impact it would have if we were not able to extend the GEC's authorities beyond the end of 2024?

Secretary BLINKEN. Yes. And really, thank you for raising that. And also, thank you for your leadership on this.

And this is a front in the conflict that Senator Rubio was just talking about. That is information. And we have competitors, ad-

versaries, who are using information, or more accurately, misinformation and disinformation, against us, virtually every minute of the day, and against our allies and partners, both to drive wedges between us, and also to misinform publics in profound ways.

The GEC, for us, is a critical tool in actually being able to deal with that. And as you know, what it is doing is working with other agencies to direct, to lead, to synchronize, to coordinate, our efforts to understand these trends in foreign malign actors trying to spread disinformation and propaganda outside of the United States; and both to understand it, to expose it, to share that information with others, and to help them develop tools to combat it. We have campaigns through the GEC to—as I said, to expose, to educate, to mitigate disinformation.

It is now the premier information sharing platform internationally. For this we have dozens of countries that are participating with us, among other things. Just to cite a few examples: we have exposed through the GEC, Russian websites that have been pushing misinformation, disinformation, including about Ukraine, again in countries around the world; disinformation coming from China in third countries about elections, again, about Russia's war of aggression against Ukraine. We have done tremendous work, I think, doing open source mapping of some of the use that China has made of surveillance technology and data collection, and so on. I could go on, but the point is, it is a very effective vehicle for doing this, and if we lose that we are, in effect, disarming ourselves in this aspect of the competition.

Senator MURPHY. Here, here. And I hope that those of us who have worked in a bipartisan way to support the GEC, will continue to do that.

I wanted to turn your attention to North Africa for a moment. Senator Coons has led the effort in trying to increase our ability to operate in fragile environments, and there are a number of them in North Africa, one of them is Libya. Your budget requests a 6 percent increase in worldwide security protection funding for local forces to make sure that we have a diplomatic presence in dangerous places; and few more dangerous places than Libya.

Secretary BLINKEN. Mm-hmm.

Senator MURPHY. But other countries are reopening their diplomatic presence there. Senator Risch and I have led an effort to rewrite the Accountability Review Board process to try to give your folks a little bit more reason to reengage in those fragile places.

I just worry that without a presence there in 2023, we are going to have a hard time protecting our equities and a lot of taxpayer dollars that have been spent there. Do you have—with this additional funding that you have put in the budget; do you have any timetable for our ability to reopen the Embassy in Libya?

Secretary BLINKEN. Senator, I can't give you a timetable, other than to say that it is something we are very actively working on. And like you, I want to see us be able to reestablish an ongoing presence in Libya. There is also an important moment where, through the work of the UN Envoy, there may be, emphasize, "may be", a path forward to moving Libya in a better direction, including getting elections for a legitimate government.

And our diplomats are deeply engaged in that, but obviously it would be a lot easier and more effective if they were on the ground day in day out. So we are working on it. We want to work with you, work with this committee, on what would be necessary to support that.

Senator MURPHY. And lastly, on Tunisia.

Secretary BLINKEN. Yes.

Senator MURPHY. I know that you are just as concerned as this committee is, about the dramatic turn in Tunisia away from democracy, an 11 turnout in the so-called "elections". It seems to me that President Saied has made up his mind to move away from a success story of democracy in Tunisia, towards a neo-autocracy.

It seems that your budget, you know, is a bit of a middling ground, and maybe that is where you want to be, cutting economic funding, maintaining military funding, but then also opening up the possibility of additional military funding if Tunisia, quote "shows signs of a return to democratic governance." I kind of feel like they have made their decision, and I think that our funding and our policy should reflect that, but your budget suggests that you still have hope that Tunisia can return to the rule of law; is that correct?

Secretary BLINKEN. Hope is always important, but of course, it has to be grounded in reality. I have met with President Saied on a number of occasions, including most recently, I guess, the Africa Leaders Summit, at the end of last year. We are engaged with the Tunisian Government. We are indeed concerned about what we have seen over the last year.

There is another aspect of this that is critically important that also goes to our budget, which is the most critical thing they can do on the economic side, is actually get an IMF agreement. And we have been strongly encouraging them to do that because the economy risks falling off the deep end. So we need to see that, but we also want to see steps taken to put Tunisia fully back on the democratic path it was on.

Senator MURPHY. Thank you. Thank you, Mr. Chairman.

Senator COONS. Thank you Senator Murphy. One of the things we could do to help with public diplomacy is confirm Elizabeth Allen to the Undersecretary for Public Diplomacy.

Secretary BLINKEN. Yes. Thank you.

Senator COONS. But forgive me. Senator Hagerty.

Senator HAGERTY. Thank you, Chairman Coons.

Secretary Blinken, welcome, it is good to see you again.

Secretary BLINKEN. Good to see you.

Senator HAGERTY. A number of things to get through, Secretary, so I am going to move pretty quickly. The first one I would like to touch on: this past year, Senator Cardin and I passed a law to create a Commission on Reform and Modernization of the Department of State, via the 2023 NDAA.

This new law authorizes the commission to conduct a comprehensive review of the State Department, and to offer specific legislative proposals for modernizing the Department. And funding the Commission will be one of my top SFOPS appropriations priorities this year.

Secretary Blinken, if the committee includes in our appropriation for the Commission on Reform and Modernization of the Department of State, do you commit to cooperating fully with this commission, on all matters described in the underlying law that created it?

Secretary BLINKEN. In short, yes. And indeed, one of things I will just say very quickly, Senator, is: I think we have been looking as well, and talking to your team about recommendations for that. And we very much want to make sure that we provide the support to be able to do it.

Senator HAGERTY. Excellent. We look forward to working with you on it too.

Secretary BLINKEN. Thank you.

Senator HAGERTY. As Senator Rubio mentioned, we do face new and evolving challenges every day, and I think that modernization of the Department will help us address those challenges. So thank you for that commitment.

Let me turn to another area that is very troubling. It is an issue related to our neighbor at our southern border, President López Obrador continues to take arbitrary and punitive actions against U.S. businesses operating in Mexico.

So my first question is, whether you are aware of the Mexican Military's recent seizure of a U.S.-owned Deepwater Port that is on the Yucatan Peninsula in Mexico?

Secretary BLINKEN. I am not sure that I am aware of that particular seizure. And when did this happen?

Senator HAGERTY. It just recently happened in the past few weeks.

Secretary BLINKEN. Happy to follow up with you on that.

Senator HAGERTY. I would like to do that. In that situation, it concerns me that the Mexican Government has put its Military in charge of constructing a section of the Tren Maya Railway that is near this recently seized port. And the bigger concern is the fact that China may be involved in building sections of that railway. The Chinese have bragged that the China Communications Construction Corporation is heavily involved in providing key materials for the railway. You probably are aware of—

Secretary BLINKEN. Just if I could ask, just as a point of information. There is the case, and I am not sure if this same one, of Vulcan Materials.

Senator HAGERTY. That is the case.

Secretary BLINKEN. Yes. I am sorry. I didn't, I didn't associate. Yes. That I am aware of, and share the concern about that, and we have been asking the Mexican Authorities, local authorities as well national authorities, about the military and police presence there. So this is a deep concern. I think as a practical matter as well, cases like this can very negatively impact Mexico's effort to attract future investment from the United States, and any other countries.

Senator HAGERTY. Absolutely.

Secretary BLINKEN. So yes. I am sorry. I didn't—

Senator HAGERTY. No. I think that is a grave concern, as you just described, that Mexico would take this sort of arbitrary and very detrimental action against U.S. assets. I mean, the rule of law is

critical to the relationship, and I am just shocked that President López Obrador is operating in this manner. I think the even deeper shock though, is the concern that a Chinese company is involved in building a section of the railway nearby.

I also understand that this company that they are using is deeply involved in building Chinese military infrastructure, they are involved in militarizing the islands in the South China Sea, that China has poured concrete into the ocean to build. I think the other thing I hope we can investigate is whether the Chinese are involved in financing this.

Secretary BLINKEN. Mm-hmm.

Senator HAGERTY. There are deep concerns there. We have got, potentially, Chinese companies working with the Mexican Military to take adverse actions on U.S. assets, and in particular, seizing a deepwater port in that location. I would be interested in your opinion whether this would be in the interest of the Chinese Communist Party to have control of this port.

Secretary BLINKEN. I think it, theoretically, would be. And it would certainly not be in the interest of Mexico. One of the things that we have worked actively with Mexico on, is making sure that, in other areas, for example, in the telecom sector, that they focus on making sure they have trusted vendors engaged in their system, because we know the challenges to their own sovereignty, when you don't have a trusted vendor in your telecom system.

Senator HAGERTY. It is a deep concern.

Secretary BLINKEN. And this is something I must say that President López Obrador seems seized with, but I would welcome, first of all, making sure we have all the information that you have about this particular case, and sharing with your team what we know.

Senator HAGERTY. We will exchange information.

Secretary BLINKEN. Thank you.

Senator HAGERTY. And we may even have an opportunity to discuss it further this afternoon, at the SFRC.

I would like to turn to another area, and that again, relates to China, and the situation with Taiwan. In 2023, this year, February, CIA Director Burns said that, "As a matter of assessment, China seems to be capable of conducting an invasion by 2027 if so ordered." Do you agree with Director Burns' assessment?

Secretary BLINKEN. I agree with his assessment, yes.

Senator HAGERTY. Time is not on our side, Secretary, especially when we have a \$19 billion arms backlog to Taiwan. That is why I was proud to contribute to and vote for the Taiwan Enhancement Resilience Act, TERA, the Security Assistance Authorization Law that Senators Bob Menendez and Jim Risch passed into law via the 2023 NDAA.

The Bipartisan Menendez Law annually authorizes as much as 2 billion in grants in foreign military financing to Taiwan between now and 2027. I was deeply disappointed, however, to see that the President's proposed budget this year included only 113 million in new FMF lines for emergency foreign policy priorities, far short of the \$2 billion target.

This 113 million in the President's proposed budget, assumes a mere 16 million as a baseline for foreign military financing in the Indo-Pacific.

So my question, Secretary, is: Why did the State Department's budget request for foreign military financing exclude funding for this bipartisan law?

Secretary BLINKEN. Well, Senator as you point out, we do have, a part of our request, the emerging priorities fund globally, which as you rightly said, is about \$113 million in the budget. When it comes to Taiwan, you know, FMF is one tool, we appreciate the authority, we also appreciate the drawdown authority, which we are looking at. But we have looked at how we can be most effective in supporting Taiwan in its defense.

As you know, the State Department has notified just over the past decade or so, nearly \$40 billion in foreign military sales to Taiwan, going back just between 2019, and today it has been about \$21 billion. I have signed out more cases than any Secretary of State in history for Taiwan. Taiwan also increased its own defense budget, by 11 percent, giving it the additional means to buy equipment necessary for its defense.

Senator HAGERTY. Back to the original question, Mr. Secretary.

Secretary BLINKEN. Yes.

Senator HAGERTY. I am sorry. The time is so tight.

Secretary BLINKEN. Yes.

Senator HAGERTY. But to the original question, the budget is far short of what you have been authorized. My question now is, whether the PRC has said to you, or to anybody that works at the State Department, or any of our diplomats, that there is some sort of red line involved with us stepping up our Foreign Military Financing?

Secretary BLINKEN. No. And to the extent they would ever try to say anything like that. That is not something that we would obviously take into account. As I said, I signed out more cases than any previous Secretary of State, the challenge that we have is—I think you have pointed to, is we have a backlog, a very significant backlog that has built up.

This fundamentally goes to production challenges that we have. I know that we are working on, on a bipartisan basis, working with industry to build up that production capacity. That is the long pole in the tent, and we need to address it.

Senator HAGERTY. I am very familiar with foreign military sales process.

Secretary BLINKEN. Yes.

Senator HAGERTY. And I would just say this, we learn to—we have an opportunity for deterrence with Ukraine, we didn't take it. We have the opportunity here, the Menendez law, actually, is aimed at providing that opportunity to create deterrence there that could be significant. I encourage, and look forward to working with you to do everything we can in that regard.

Thank you, Mr. Secretary.

Secretary BLINKEN. Yes, thank you.

Senator HAGERTY. Thank you, Mr. Chairman.

Senator COONS. Thank you, Senator Hagerty.

Senator VAN HOLLEN.

Senator VAN HOLLEN. Thank you, Mr. Chairman.

Mr. Secretary, great to see you. And thank you for your support for the men and women at the State Department, including the Foreign Service as well as the Civil Service.

A few years ago I teamed up with my colleague, Senator Sullivan, and we passed, with the support of members of this committee and the Senate, the Foreign Service Families Act, which is designed to help us continue to retain and to recruit the finest diplomatic corps in the world.

We are in the implementation process. My staff just met with your team yesterday. We are pleased with the progress that has been made. And I am just asking for your assurance today that we will continue to implement those parts that are still in progress?

Secretary BLINKEN. Yes. Absolutely, because it is critical that we be able to attract and retain the best talent available, this is an important component of that because this is something that you have known and lived more than, or as much as anyone. This is a family enterprise. It is not simply the Foreign Service Officer that is there, it is the entire family. So we want to make sure that we are finding ways, through the Act to support them, to create greater opportunity for them, because that is the most effective way to attract and retain people.

Senator VAN HOLLEN. Thank you Mr. Secretary. Let me turn now to the recent meeting between Putin and President Xi, which took place, of course, just days after the ICC confirmed what we knew, which is that Putin was a war criminal, this case based on the fact that they have abducted Ukrainian children and taken them forcefully to Russia.

You know, President Xi has reiterated the fact that that relationship between Russia and China knows, quote, "No limits. The friendship knows no limits". You and others in the administration have warned of the possibility that China would provide—start providing material—

Secretary BLINKEN. Right.

Senator Van Hollen [continued]: Military support to Russia in its fight against Ukraine, and that that would be a red line that would trigger severe economic consequences in the form of sanctions. I am glad you have established that very clearly. In order for that to be effective we need to make sure our allies and partners are on board.

Secretary BLINKEN. Mm-hmm.

Senator VAN HOLLEN. That includes our European partners. It also includes our democratic partners, like South Korea, Japan, Australia, others in East Asia, and around the world. So my question is, do we have a break the glass plan? Because what we don't want to see happen is if China were to provide military assistance that we are, you know, all fluttering around trying to figure out the way forward. Obviously imposing economic sanctions on Chinese entities is tougher than on Russian entities, given the more interconnected nature of the economies. But do we have a break-the-glass plan with our partners in the event China were to provide military assistance to Russia?

Secretary BLINKEN. Thank you Senator. Let me say two things quickly about this. First, as you noted, going back to day-one of the Russian aggression we have been very clear with Beijing about the serious problem that any material lethal support to Russia, for the Russian against Ukraine would pose for us, and we believe for countries around the world. President Biden shared this directly with President Xi about three weeks into the aggression when they spoke by video conference. We have reiterated that.

And as we have seen them consider it more actively in recent months, we have doubled down in making clear to them the serious problem that this would pose. But what is important is this, and it is to your point, it is not just us. When we shared with allies and partners some of the information we had about the act of consideration that China was giving to providing this lethal material support to Russia, this galvanized a number of other countries, all of whom directly engaged senior Chinese leadership on the question.

And so we are actively talking to them about what it is we would do in the event that that happened. But my hope is that China having heard, not just from us, but from many countries, including countries with which it is trying to carry more favorable relations, that it heard them, and heard us, and will not cross that line.

Senator VAN HOLLEN. Well, Mr. Secretary, I appreciate that. I just think it is going to be really important that we have in place a specific plan with our partners so that we are ready to go, and that China knows we are ready to go, because the deterrent effect of that, I think, depends on their clearly understanding the impact.

If I could turn now to the Israeli-Palestinian issue; since the new Israeli Government was formed, high-level members of our Government have visited Israel, including yourself. Just a few days ago, President Biden had a phone call with Prime Minister Netanyahu. The readout from that call indicated that President Biden underscored the need to quote, "Maintain the viability of the two-state solution," unquote, and the importance of abiding by the two agreements that the United States helped to recently broker between Israelis and Palestinians, at Aqaba, and later at Sharm el-Sheikh.

Those agreements committed Israel to, I quote, "Stop discussions of any more settlement units for 4 months, and stop authorization of any outposts for 6 months." Within days of the Aqaba Agreement, as you as know, President—Prime Minister Netanyahu rushed to disavow it, said that doesn't apply.

And then just days after the meeting at Sharm el-Sheikh, and after the phone call between President Biden and Prime Minister Netanyahu, the Knesset voted to pass a law to lift the ban on reentering four settlements, including Homesh, that Israel had committed to evacuate 20 years ago.

State Department Spokesperson Patel, said the move was, and I quote, "Inconsistent with Israel's recent commitments to deescalating Israeli-Palestinian tensions," and said, "It was a clear contradiction of undertakings the Israeli government made to the United States."

I am assuming that you also support and endorse those comments made by the State Department spokesperson?

Secretary BLINKEN. Senator, I do, but it is also based on the— what we hear. And I have heard directly from Israeli leadership, as well as the Palestinian Authority, about the desire for both sides to see the violence that has reached record levels in recent months, deescalate, and to try to get a period of calm. And that is clearly in the interest of both sides, and it is an interest that at least Prime Minister Netanyahu has expressed directly to me.

And there are a number of things that go with that, you decided if we see—

Senator VAN HOLLEN. No. Mr. Secretary—

Secretary Blinken [continued]: If we see steps inconsistent with that, I think it does contradict what we believe both Israelis and the Palestinian Authority are seeking to do, and what they have said to us, is in their own self-interest.

Senator VAN HOLLEN. No, I appreciate that. Obviously we need to see compliance on both sides, the Palestinian Authority and the Government of Israel. But this was a very official act by the Knesset, just days after the phone call between Prime Minister Netanyahu and President Biden. So I am pleased to see you support, endorse the statement by the State Department spokesperson.

But it seems to me that we look very weak when we continually make statements without any kind of consequence, so I guess my final question to you is: What are we prepared to do? What is the Biden administration prepared to do if you see continuing violations, by either side, of this agreement?

Secretary BLINKEN. Look, I don't want to speculate or get into a hypothetical about where this may go and what we would do. I can say that both the Israeli Government and the Palestinian Authority want us to be involved and engaged in helping, and supporting, and working with them to try to get to this period of calm. At some point if either or both sides are not doing what we believe is necessary to get there, it will be hard or may be futile for us to do that. So we have to look very carefully at that.

But I also think that it is important for everyone to try to double down on the steps necessary to try to get there, because it is profoundly not in the interests of Israel, our close ally and partner, or for that matter the Palestinian Authority, to see this cycle, cycle up and not down.

Senator VAN HOLLEN. Mr. Secretary, I appreciate the efforts. And the United States has been involved in trying to broker these agreements, I guess my question, and I will just leave it with your last answer is that, you know: What are we prepared to do when we see violations of those commitments?

Thank you Mr. Chairman.

Senator COONS. Thank you, Senator Van Hollen.

Senator Moran.

Senator MORAN. Chairman, thank you.

Mr. Secretary, pleased to be with you this morning.

Secretary BLINKEN. Thank you.

Senator MORAN. Last year in this setting I asked you about the CPTPP, the Trans-Pacific Partnership Trade Agreement.

Secretary BLINKEN. Mm-hmm.

Senator MORAN. Your response to me touted the Indo-Pacific Economic Forum. I would highlight for you that just in the last 6

months the Australian Foreign Minister, Singapore's Defense Minister, Japan's Foreign Minister have noted, I think with the objection our absence, from that agreement.

Secretary BLINKEN. Mm-hmm.

Senator MORAN. What is it that keeps us from a willingness to engage? You can shift me back to the Indo-Pacific Economic Forum; but why is it that this is not a good idea? The TPP is not a good idea for us to engage in?

I say this, I mean, perhaps from an economic, you know, point of view, but from a relationship. I meant to say this at the very beginning: I am as concerned about our Nation as I have ever been. Those are usually throwaway lines from something we say throughout our careers and lives, but it is genuine with me. The circumstances we now face suggest to me that we need a lot more friends and allies, and our trading relationship, our economic support, those relationships matter.

I walked as Senator Rubio and you were conversing, and it seems to me that our foreign policy needs to be different in today's world than it was just even a few years ago.

Secretary BLINKEN. Mm-hmm.

Senator MORAN. And this would be one that I think would be important from a relationship, from a national security point of view, as much as it is from an economic point of view.

Secretary BLINKEN. Yes. So Senator, a couple of things on that: First, our focus, in the immediate, is on building up and building out the Indo-Pacific Economic Framework, known as IPEF. That does include, among other things, some trade facilitation measures, it has a focus, for example, on digital trade which is so critical to the 21st Century economies. It is something that the partners in that endeavor are very focused on and—

Senator MORAN. Why does that exclude TPP?

Secretary BLINKEN. It doesn't exclude it. I am saying, in the in the first instance this is where our focus is, supply chain diversification and resiliency. That is a big part of IPEF, building out clean economy infrastructures, that is a big focus, and then, as well, making sure that we are combating, together, corruption that still undermines the systems that we are trying to bring together.

I was there when TPP was negotiated in the—during the Obama administration, I was engaged in that. And I think that in that moment it was a very good endeavor, and one that I think, both economically and strategically, had real benefits. I think as it now stands, the world has moved on, and I think we have to focus, in the first instance, on what we can do, and what we can build out, and generate support for. Let us see where we get to—

Senator MORAN. Generate support for.

Secretary BLINKEN. Here.

Senator MORAN. Within the United States.

Secretary BLINKEN. Within the United States, as well as, of course, among our allies and partners. I would note, of course, that even as we are working on the Indo-Pacific Economic Framework, we have been building and strengthening new partnerships in the Indo-Pacific to include the Quad. I just came from a meeting with Japan, with Australia, and with India. That is a very effective vehi-

cle, including on—increasingly on economic matters. We, of course, more strategically, have AUKUS.

The President, as you know, just came from a meeting with U.K. and Australia on that, and we have deepened and strengthened our engagement with ASEAN, including economically, so all of those pieces fit together.

Senator MORAN. Mr. Secretary, I just would say from my point of view, when you say, “We have moved on”, we should not have moved on. And we should reengage. These things are not mutually exclusive, and what you described as occurring are, in my view good things, but it still leaves out an important component.

I joined a number of my colleagues here. I am a co-chair of the Senate Hunger Caucus.

Secretary BLINKEN. Yes.

Senator MORAN. Afghanistan, massive, massive humanitarian crisis, 20 million people facing food insecurity. The Taliban recently eliminated the ability for women to work in NGO organizations in food delivery. What steps are you thinking between you and Samantha Power, and others that can be done, in regard to Afghanistan and the world food crisis?

Secretary BLINKEN. Yes. Senator, you are right to point to this, this huge challenge. We have been, even since the withdrawal from Afghanistan, and ending the war, the largest single humanitarian contributor to Afghanistan, particularly when it comes to the fundamentals of the basics, like food, we have been working, relatively effectively, through international partners, implementers, the United Nations, NGOs that were getting food where it was needed, and getting other basic humanitarian support.

I think there was a real concern in the first year about the possibility of Afghanistan as challenged, deeply challenged as it was, falling even further off the edge, that that didn’t happen in large part, because we were able to send the assistance. The problem that we face now is exactly what you pointed to, the edicts promulgated by the Taliban, preventing women from participating in the delivery of assistance. That violates a fundamental principle that we do not want to in any way ratify.

But what is happening, as a practical matter is, that in many parts of Afghanistan that edict is not being implemented, which means that where it is not being implemented we are able to continue to have these groups provide—support them, providing assistance, because women are still allowed to participate in its distribution.

So that is what is going on right now. But look, I agree with you, the Taliban is taking steps that are digging an even deeper hole for the people of Afghanistan.

Senator MORAN. This evening, a number of us will say goodbye to Ambassador Beasley.

Secretary BLINKEN. Yes.

Senator MORAN. And say hello, and welcome to Ambassador McCain.

Secretary BLINKEN. Yes.

Senator MORAN. I would use this opportunity to express my gratitude for the leadership of Ambassador Beasley and—

Secretary BLINKEN. He has been remarkable.

Senator MORAN. He has been remarkable. And wish every best wish for Ambassador McCain.

I have 38 seconds, Mr. Secretary. Last month I sent a letter, along with a number of my colleagues, to Assistant Secretary Bitter, Consular Affairs.

Secretary BLINKEN. Mm-hmm.

Senator MORAN. What needs to be done to improve the processing of visas, that is the nature of our inquiry, it can take over 400 days for a student to get an interview for an appointment. These are, certainly, strategic in relationship, they are family and humanitarian. Our office I would guess, like most of my colleagues, has become a passport and visa office. We are a part of the, apparently, the State Department, with just hundreds.

I see a report every week of what we call “casework”, lots of many significant things, visas and passports occupy a significant portion of our staff’s time. We are willing and happy to do it. But something needs to be change at the State Department and Consular Affairs.

Secretary BLINKEN. Yes. I very much appreciate that. And this is something that, Senator, we are, and I am absolutely seized with. As you know, we have had to build back from COVID, the system for doing the visas, as well, by the way here doing passports, is very labor intensive, a lot of that labor, both in terms of contractors and State Department personnel went away during COVID. We have had to build back and that has not been without challenge. And we are very focused on dealing with the wait times that people are experiencing in countries around the world.

It affects, primarily, right now, first-time visitor applicants, processing times for categories that have a particular impact on the U.S. economy, students, temporary workers, maritime crew renewals, they are actually where they were before the pandemic, or actually better.

For visitor visas, the median, global interview appointment wait time is now under 2 months. That is the median. I don’t want to say that there are not places of importance where it is longer, but the median time is under 2 months. That is half of what it was in—a year ago, in 2022. Most places, the wait times are actually much lower than that, as a practical matter.

We have 58 million foreign nationals who actually hold a valid multi-entry visitor visa, so they don’t, of course, need to keep re-applying. And they can visit whenever. And in fact, most international visitors to the United States come to the United States without a visa, because they are either Canadian, or they are part of the Visa Waiver Program.

Again, that doesn’t answer the problem for those who require visas. What we are seeing, I think the first 5 months of this fiscal year, fiscal year 2023, we have had a huge surge again in non-immigrant visas, we increased those by 18 percent over the same period in 2019, before the pandemic.

Many countries, like Mexico, like Brazil, we actually issued more tourist visas in fiscal year 2022 than we did in fiscal year 2019. India, which I know has been a particular concern to a lot of people, the wait time for first-time visitor visa interviews, dropped 60 percent since January of this year, just in the last few months. And

we have issued 60 percent more non-immigrant visas this fiscal year, to date, than the same period, again, going back to 2019.

It is a long way of saying: If you look at it comprehensively, there is significant progress and improvement. But there are clearly places where we need to do more to surge some of our assets. And I think also what happens is, you know, anecdotally, these are real human problems, we all hear about them, we get seized with them. We want to work with you to continue to strengthen this, and improve our—

Senator MORAN. In that regard, would you thank your personnel at Consular Affairs? They have been helpful and appreciative of the circumstances that we—

Secretary BLINKEN. Thank you.

Senator MORAN [continuing]. And the people we care about are in.

Secretary BLINKEN. Thank you.

Senator MORAN. Thank you.

Secretary BLINKEN. Thank you.

Senator COONS. Thank you, Senator Moran. We agree on an awful lot of trade policy issues.

Senator Schatz.

Senator SCHATZ. Thank you, Mr. Chairman. I am thrilled to be on this committee.

Mr. Secretary, thank you for your service, and thank you for being here today. First question is: What is your level of confidence that Israel is in compliance with the Leahy Law?

Secretary BLINKEN. To the best of my knowledge, they are. And certainly it is something that we take very, very seriously everywhere around the world. And when we do the necessary vetting for foreign military sales, or others, one of the key things we look at is Leahy Law compliance. So to the best of my knowledge, they are.

Senator SCHATZ. Thank you. I see that you have a new program, Strengthening Forest Conservation and Land Management Initiative, which is great. You know I care very deeply about—

Secretary BLINKEN. Yes.

Senator SCHATZ [continuing]. International deforestation, especially commodity-driven deforestation. A kind of technical question: It is not obvious to me why you are dividing implementation between State and USAID. So can you describe the theory of the case here?

Secretary BLINKEN. I am actually happy to come back to you on that. And make sure that I give you a fully, informed answer. I can say, generally, two things: one, we are deeply committed to this, and appreciate the leadership that you have shown on it.

Just by way of example, President Lula, as you know, was in Washington just recently to meet with President Biden. One of the things we focused on, of course, was dealing with the deforestation of the Amazon, and indeed hopefully dealing with the reforestation as necessary. We are committed to that. We would like to actually contribute to the Amazon Fund, something we will probably need to work with Congress on.

But that as to the allocation of resources between State and USAID, you know, generally speaking, we are focused on, and by “we”, I mean the State Department, are focused on the policy and

diplomatic aspects of working things, USAID tends to implement, and it may be that the Budget Division reflects that. But I need to give you an informed answer. So let me come back to you.

Senator SCHATZ. Sure. Just on Lula, I think, obviously, there are incredible opportunities here, but it seems to me that we are not going to say of the world's forest, just sort of hoping for a bunch of Lulas to get elected across the planet. And so I think we do need to come up with an economic model. Lula is a willing, enthusiastic participant, but we have to make it worth it to their country.

Secretary BLINKEN. Yes.

Senator SCHATZ. So that other countries that are trying to figure out where to move, economically, that they get—that they can see a pathway that works for them. So I agree with you about the Deforestation Fund, and whatever we can do to be supportive there, I will try to help.

Secretary BLINKEN. Thank you.

Senator SCHATZ. I welcome the budget's focus on democracy and human rights, and particularly robust funding for promoting press freedom. There is no dedicated envoy or office for press freedom, so how do you ensure that press freedom stays high on that list of priorities, as your offices across the planet have so many things to contend with, and yet this seems to me need to be part of the slide towards authoritarianism across the planet.

Secretary BLINKEN. It really is front and center on the agenda for a number of offices at the Department, and by the way, for me, since this is something I have spent some time on, including making sure that I was speaking up and speaking out on World Press Freedom Day. But also making sure that programmatically, we are putting in place the resources, the tools to defend press freedom, and that is exactly what we have done over the last couple of years.

It was a key feature, and we will—by the way, next week we will begin the key feature of the Summit for Democracy. It is one of the critical pillars in that. We put in place, for example, funds to help the press that is being assaulted with lawfare in various places, be able to have the funds to defend themselves. We put in place resources to help protect journalists who are actually under physical threat.

Senior officials in my Department, particularly in the Bureau of Democracy and Labor are—this is right front and center on their agendas. So I can tell you that it is something that I am personally focused on, and the critical Bureaus in our Department, are focused on.

Senator SCHATZ. Thank you. Let us move to the Pacific. I am glad to see a larger request from the administration for foreign assistance for Pacific Island countries for fiscal year 2023, but it is still short of the enacted level. And so could you speak to that, the dollar amount, but also I want to give you a chance to talk about what we are doing in the Pacific Island region. And I want to coach you a little bit.

Secretary BLINKEN. Mm-hmm.

Senator SCHATZ. Not that you need coaching. But I want to remind us that it is difficult to compete with graft, right?

Secretary BLINKEN. Yes.

Senator SCHATZ. And so what we have to offer are, as you say, values, right, and relationships. And as I have talked to Pacific Island leaders, sure, they need resources, and especially in a climate-change context, lots of these countries are really in need of our direct material assistance. But they also want to be respected as sovereigns.

Secretary BLINKEN. Mm-hmm.

Senator SCHATZ. And so I would like you to talk through how, attitudinally, we are shifting, and not just throwing another, say, \$80 million at the problem, and then trying to park all of our military hardware wherever it is convenient on a map. These have to be a sovereign-to-sovereign relationship. I would like you to talk to that.

Secretary BLINKEN. So we have, we fundamentally elevated the Pacific Island countries in our foreign policy and in our diplomacy, and that really culminated with what was really, I think, a historic Summit Meeting between President Biden and the Leaders of the Pacific Island nations. It is something that I took part in, and it really was an extraordinary moment, because I think it said to them, and it said to their people, that the United States is engaged in a different way.

And now that needs to manifest itself in concrete, practical ways. Our diplomatic presence, as you know, we opened in the Solomon Islands, we are looking at establishing two to three other embassies, or outposts in the Pacific Islands where we have been absent for the last years. That is moving forward. It is also reflected in our budget.

Our economic engagement, particularly in finding and catalyzing resources to deal with challenges that are affecting the lives of Pacific Islanders, that is front and center. As you know, it is an interesting challenge because, in many cases, each individual island nation is small, and so making a market can be complicated, but particularly as they are pooled together, and we are able to pool some resources, we are doing that.

I think on climate we have an absolute responsibility, and we are acting on it, to try to provide the technical assistance, the technology and, yes, the resources to deal with this, particularly for countries that, literally, risk not existing because of climate change. And of course, programs that we have that are reflected in the budget: for education, for governance, for building institutions, all of those were there. I am happy to work with you, and work with your team to make sure that we are properly resourced to do that, but this really is front and center in our thinking.

Senator SCHATZ. Thank you. Just one final thought on what is happening with climate. I think there are some cases, Kiribati is a good example where they really might vanish.

Secretary BLINKEN. Yes.

Senator SCHATZ. But I think the less precipitous, but just as bad scenario, is saltwater inundation of the freshwater systems, of the irrigation systems, and so you can't drink water, you can't use water to farm.

Secretary BLINKEN. Yes.

Senator SCHATZ. And then there is no economy at all.

Secretary BLINKEN. Yes.

Senator SCHATZ. And none of these people have any place to go. So although I, you know, I love what DFC is doing, and I love the opportunities to kind of envision economic growth. But the truth is, some of these people need immediate assistance because they can't drink the salt water, and their runways are flooding. And so I think we need to race to their aid without precondition.

Secretary BLINKEN. Appreciate that.

Senator SCHATZ. Thank you.

Secretary BLINKEN. Thank you.

Senator COONS. Mr. Secretary.

Secretary BLINKEN. Mr. Chairman.

Senator COONS. If you have 10 more minutes, rather than submitting a whole bunch of questions for the record, I am going to quickly run through five topics.

Secretary BLINKEN. Sure, of course.

Senator COONS. We have a noon vote, to the best of my knowledge no other Member of the Committee is coming back. None of these will surprise you, but I thought it was worth the time since we have each other here.

Secretary BLINKEN. Sure.

Senator COONS. Let me pick up from the point that Senator Schatz was just making. The Development Finance Corporation I think is a big step forward. You are the Chairman of the Board. I would love to hear—so I briefly want to talk about DFC, GFA, Conservation Foundation, PEPFAR, Mexico.

Secretary BLINKEN. Mm-hmm.

Senator COONS. And I can start with the first two and get them disposed of quickly.

Secretary BLINKEN. Yes.

Senator COONS. The 20th anniversary of PEPFAR is, indeed, worth celebrating. I am glad that you have prioritized it in your opening statement. We have some real work to do here to make sure that it remains authorized and robustly funded, and I look forward to working closely with you on that.

I just spent the weekend in Mexico with a broad bipartisan group of Senators and House Members. We have an outstanding Ambassador. We have got 4 hours of the President's time, President López Obrador and his entire Cabinet. And for the first 2 hours he simply listened, as members of his Cabinet made presentations, and members of our delegation engaged.

I believe there is much more good news about our partnership, and its potential, in terms of border crossings and security, fentanyl interdiction, economic development, and some of the ways that our economies, and our values, and priorities align, than one could easily discern from the cable coverage of this. But there are some real irritants in the relationship.

Secretary BLINKEN. Senator, can I just say very quickly, I very much agree with that. And we really have seen, in many places the—our Mexican partners step up to, including dealing with drug trafficking, dealing with the transnational criminal enterprises. But the problem is huge, they are resource deficient, and so I think we have to continue to work with them. We have restored the security dialogue that would have been held in advance, we are work-

ing very actively under that. We have a “Bicentennial Framework”, as we called it.

Senator COONS. Yes.

Secretary BLINKEN. To really move out on concrete cooperation. And again, we have seen seizures go up, we have seen the active, very active work to disband criminal enterprises, we have seen a very significant increase in Mexican law enforcement that has arrest authority, by the creation of a National Guard. That has been important.

And of course, on migration, they have been a critical partner, it doesn’t answer the full problem, but absent that partnership, the challenge would be even greater. So sorry to interrupt but I think it is important, you are right, to underscore the fact that they are a vital partner. Never mind the fact that, you know, one of our two largest trading partners in the world.

Senator COONS. A presentation at the Ministry of Foreign Affairs made it very clear that the recent initiative taken by the Biden administration to require an application, a legal process crossing at that border point, brought down dramatically entrants from four different countries.

Secretary BLINKEN. Yes. That is right.

Senator COONS. I am eager to work with you, if I possibly can, to support finding a path forward as we anticipate the end of Title 42, in the middle of May.

So DFC, you are the Chairman of the Board.

Secretary BLINKEN. Yes.

Senator COONS. How successful do you think we have been, using this newly expanded tool? It is built on the base of OPIC but it has got new equity authorities, it can do a whole range of things that we couldn’t do before. I think this is a critical opportunity to crowd in private sector capital investment, and de-risk it. Where are we making a difference? Where are we not? And what do you think we need to fix to make it really reach its potential?

Secretary BLINKEN. Yes. So I fully, I fully share your view that the DFC is a critical tool, one that I think we are using, increasingly, effectively, and it goes to exactly the points that you are making. For the United States the comparative advantage we have, if we do it right, is mobilizing—catalyzing the private sector. We obviously are not going to match China, for example, dollar for dollar, coming from our taxpayers. And the DFC is a vital tool in doing that.

I do think that there are a couple of critical additions that we could make to the DFC that would make it even more effective, and one, maybe the most important one from my perspective, and our perspective, is lifting the constraints that require counting equity like a grant.

Senator COONS. Yes.

Secretary BLINKEN. Basically what is most in demand, which are equity investments from the DFC, end up being what costs the most. And I believe if we do that we will see its effectiveness in leveraging more private sector investment go up significantly.

Senator COONS. Well, I look forward to working closely with you on that, your budget proposes a \$2 billion mandatory to the DFC.

Secretary BLINKEN. That is right.

Senator COONS. Well welcome, well engaging, that does not address the most important issue, which you are absolutely right, is a legal fix—

Secretary BLINKEN. That is right.

Senator COONS [continuing]. To a scoring issue that is restraining this from being—if you come to the party and everybody else has got equity investments, and you have only got debt, you are the last person, and in a game of musical chairs, that often means we don't get to pick our partners, we don't get to drive and scope the project, we don't get to deliver on the values that are at the core of transparency, and labor, and environment that we would like to see.

So I hope that in this year, in this authorizing process, in the Foreign Relations Committee, where you may well be this afternoon, this issue might also be discussed.

Global Fragility Act, something Senator Graham and I crafted based on positive experiences with Colombia. It is an important tool, but the whole goal here was to, with State at the lead, have State, USAID, and DOD jointly plan. Having recently visited Niger, as I know you did as well, likely heading back to Coastal West Africa, there are places where we need to show this kind of prioritization.

I think it is off to a slow start, and I am concerned about the lack of active senior engagement from DOD. I want to make sure this isn't just viewed as another foreign assistance program, but instead is a framework that prioritizes State's leadership. What are you doing to get this off the ground right? How can I help?

Secretary BLINKEN. Yes. I agree with you. This is a critical framework for us, and I think it has the very strong merit in making sure that we have a holistic, comprehensive, whole-of-government approach to dealing with fragility, because we know that just focusing on any one piece of this, security, foreign assistance, you take it, is not enough, doesn't answer the mail. And that is why I think this is a—was a very welcome thing.

Yes, we have been working intensely on this. And what I can tell you today is that I think very, very imminently forthcoming, are the actual approved country plans by the President. So I think that will be an important step forward. And as I said, I think that is imminent.

Senator COONS. Perhaps we will have another conversation as soon as those are out about how to better engage DOD at a senior enough level that it moves the needle. Thank you. The last thing—I am sorry, I have one more.

Secretary BLINKEN. Yes, please.

Senator COONS. We have worked hard together to provide robust assistance to Ukraine, in fact I think this has been President Biden's best chapter, in a very long career public service, really marshaling the resources of the world to deliver from sanctions, to humanitarian, to economic, to military assistance as Ukraine continues to fight bravely.

Are we doing enough to ensure proper oversight of our assistance, and to avoid an unforced error, a challenge to sustaining our assistance, through a lack of accountability and transparency?

Secretary BLINKEN. So again, I couldn't agree with you more. This is something we are intensely focused on, precisely because we have an obligation to make sure that the taxpayers' money is being used the way it was intended to be used. And also we certainly don't want to give those who may not want to sustain the support, reason to move us in that direction.

So we have been intensely focused on this. I have got on the ground, right now, in our Embassy in Kiev, 45 people whose responsibility it is to oversee the funds that we are providing to the Government of Ukraine. That is just on the State Department side. DOD has its own people on the ground including at our Embassy, to make sure that the military equipment that we are providing, is being used in the right way. The system that is in place is actually a very good one. Basically when it comes to direct budget support goes through—most of it goes through the World Bank. The World Bank has a system where the money is dispersed to reimburse, based on receipts and approved expenditures—

Senator COONS. Right.

Secretary BLINKEN [continuing]. The money. The Office of the Inspector General did its first report on this, that just came out a few weeks ago, and it found—and I don't want to quote it directly, but the bottom line finding was that there is—we got very good marks on the oversight, and making sure that the money is being spent well, and that the processes are in place to ensure that.

At the same time, there is also third-party validation, Deloitte is working within the Ministry of Finance in Ukraine, to make sure that it has the systems in place, to make sure that the money is being well used.

And the final thing I will say is this: We have seen President Zelenskyy go at challenges of corruption, or misuse of funds in the government with a sledgehammer, removing very senior officials across multiple ministries who, allegedly, were involved in either corruption, or improper oversight of funds. So I take that as a very good sign, that not only are we seized with it, but the Government of Ukraine is too.

Senator COONS. You talked with two different members about a reforestation in Brazil and the Amazon.

Secretary BLINKEN. Yes.

Senator COONS. And the importance of addressing climate in a meaningful way. One of the areas I think we could come together is around reforestation and conservation.

Secretary BLINKEN. Mm-hmm.

Senator COONS. Improving the management of wild and open spaces that are not yet overrun by people and poachers, particularly in South America and in Africa. A group of us, led by Senator Graham and me, but four others, introduced the U.S. Foundation for International Conservation Act. It would, principally, draw in philanthropic and private individual donations, set up a board that would have U.S. Government experts in the field, and donors, prioritizing these funds for the long-term preservation of spaces that are genuinely at risk.

Are you aware of it? Is it something you might support? Is it something we could work on together?

Secretary BLINKEN. I need to look at this very carefully. As you have described it certainly sounds like something that we would want to support. Let me look at the details and come back to you.

Senator COONS. Okay.

Secretary BLINKEN. But I think there is a lot of merit to that, particularly when it comes to making sure we are engaged now in places that are still open to being secured and preserved. So I would welcome working on that.

Senator COONS. You just released the Department's Annual Country Reports on Human Rights Practices.

Secretary BLINKEN. Yes.

Senator COONS. Closing question: Where have we made the most progress? What have we left undone? What should we do in the next 2 years to advance human rights?

Secretary BLINKEN. So you know, if you look at the report I think it is—let me say diplomatically—a mixed picture. We continue to see democratic backsliding, and backsliding on human rights in a number of countries, something that we call out very clearly in the report. And you know, one of the things that is so important about the report is we apply the same lens, the same prism, to friends, to competitors, to adversaries across the board; and of course we acknowledge our own challenges in that.

At the same time, I think the report points out that in a number of places we have seen genuine progress, important progress. I think there are a number of countries, for example, where looking at some marginalized groups that have been particularly victimized, like the LGBTQI+ community, there are some countries where we have actually seen real progress in upholding or protecting their rights. Just as there are other places where that continues to backslide in a significant way.

So it is a mixed—I think it is a very mixed report, but what is important about it is, it continues to put a spotlight on these challenges, with the imprimatur of the United States Government on it. I think it is a way of—strongly encouraging, countries to take steps that they need to take to improve the human rights picture.

It is one of the reasons, by the way, that every year when we do this, I think it is incumbent upon me to go and present the report. I do that in front of our media in the State Department Briefing Room, just to make sure that people understand that this really comes from the Secretary of State on behalf of the President of the United States. And it is something that we attach tremendous importance to.

Senator COONS. Thank you. Mr. Secretary, thank you for your leadership. Thank you for two hours of high energy, and engaging testimony. I know you have another session in front of our authorizing committee, the Foreign Relations Committee later today. I think most importantly you make a compelling case for the urgent national security-based need to invest more robustly in our diplomacy and development.

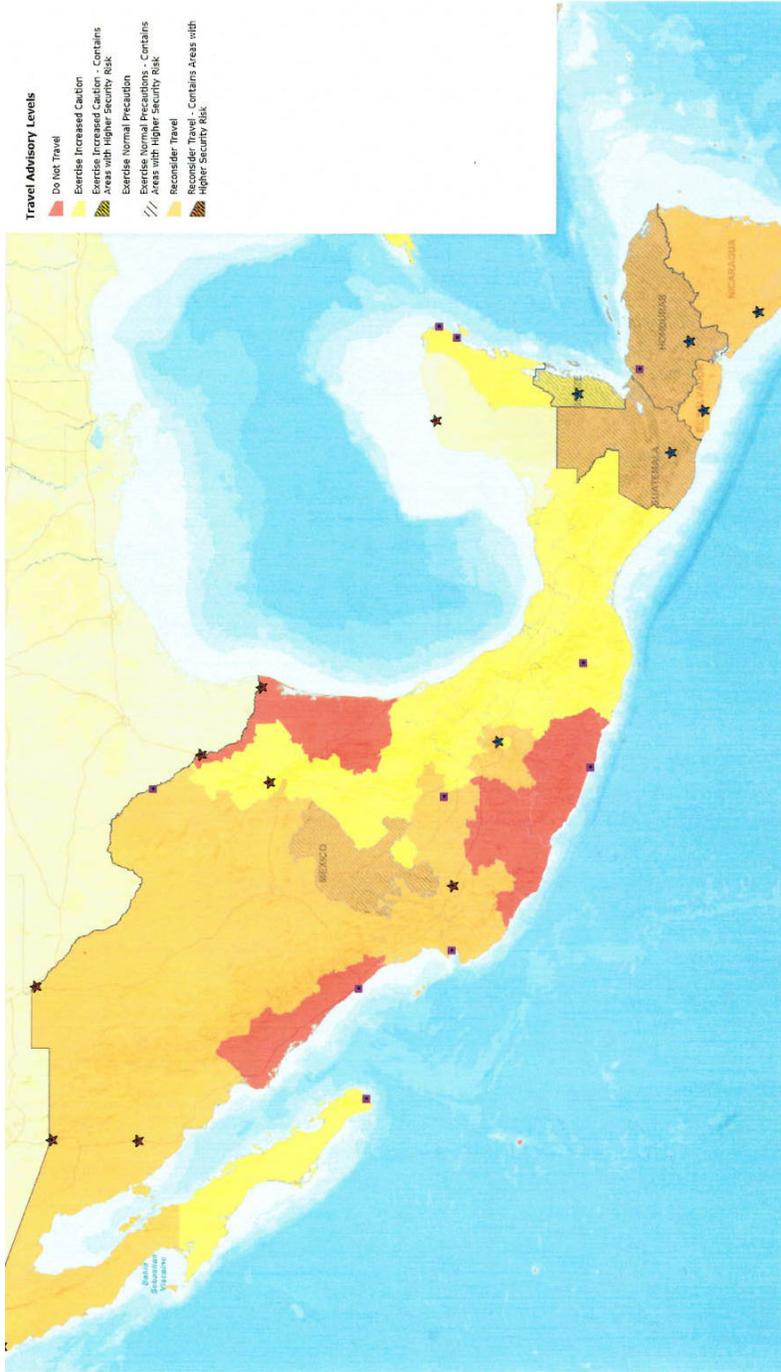
So I look forward to working with you, together, to see what we can move forward and get passed this year. I will just say to the colleagues who have joined, we had, I think, a dozen senators participate at different points. This was a good and constructive hearing.

Senator Hagerty had information related to the Vulcan case.

Secretary BLINKEN. Yes.

Senator COONS. The seizure of a port that he would like added to the record. So ordered. And the hearing record will remain open for written questions until 5:00 p.m., Wednesday, March 29.

[Information follows:]



## ADDITIONAL COMMITTEE QUESTIONS

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

## QUESTIONS SUBMITTED TO SECRETARY ANTONY BLINKEN

## QUESTIONS SUBMITTED BY SENATOR JEANNE SHAHEEN

*Question.* The Black Sea is clearly of geostrategic importance to Putin, but the United States and the broader transatlantic community—including NATO—have failed to successfully push back on Putin’s expansionist agenda toward the Black Sea. Will the relevant State Department officials make themselves available to testify at the Europe Subcommittee to discuss the strategy once it is issued to Congress?

*Answer.* Yes, I will ensure the relevant officials are available to testify on our U.S. Black Sea strategy once it is submitted to Congress. The United States has an enduring interest in the Black Sea region and we are working on a strategy that will strengthen our political, security, economic, and energy cooperation with the region and promote democratic resilience.

*Question.* Sometimes the loudest and most extreme voices make national headlines, overshadowing the less news-worthy fact that the majority of this Congress remains firmly in support of Ukraine’s war against Russia’s aggression. How is the Biden administration supporting the Ukrainian government’s efforts to focus on these reform efforts for successful membership into the European Union while engaged in a full-on war with Russia?

*Answer.* We welcome Ukraine’s EU candidacy and support the Ukrainian government’s efforts to advance necessary institution-building in line with Ukraine’s European path. In our engagements with Ukraine’s government, we have consistently emphasized the importance of inclusive, transparent, and accountable democratic institutions. We are also providing technical assistance to increase judicial independence, foster greater adherence to the rule of law, and counter systemic corruption.

*Question.* We are all closely watching the implications of President Xi’s visit to Moscow recently. I know that you met with your Chinese counterpart in Munich last month. What outcomes of the Xi-Putin summit hold the greatest national security implications for the United States?

*Answer.* President Xi’s visit to Moscow was further evidence that the PRC continues to align with Russia as Moscow wages its brutal war against Ukraine. At the Munich Security Conference, I made clear there would be real consequences in our relationship if the PRC were to provide Russia lethal assistance or systematic assistance evading sanctions. We have already sanctioned the PRC firm Spacety for providing satellite imagery to Wagner forces in Ukraine, and we continue to monitor this space very closely.

*Question.* To what extent will Xi leverage China’s influence on Russia to encourage Ukraine to pursue a peace deal?

*Answer.* The United States welcomes any initiative that advances a just and durable peace in Ukraine, no matter the author. The PRC issued a 12-point position paper on Russia’s war in Ukraine, which includes an essential point: respect for the sovereignty and territorial integrity of all countries. We call on President Xi to advocate for this key point, which necessarily includes the withdrawal of Russia’s forces from Ukraine’s sovereign territory, consistent with the UN Charter.

*Question.* I appreciate that, very early in its tenure, the Biden administration rescinded the “global gag rule” of the Trump administration, which prohibits foreign NGOs from using separate, non-U.S. funds to provide legal abortion services. But simply rescinding the dangerous policy is not enough. How are you working with USAID administrator Samantha Power to ensure that the administration’s policy is clear to all partners, including other countries, multinational and nongovernmental organizations as well as the implementing organizations on the ground that provided much needed services to women?

*Answer.* The Department of State continues to coordinate closely with USAID to ensure full implementation of the Presidential Memorandum on Protecting Women at Home and Abroad. Our collaboration to demonstrate the administration’s commitment to sexual and reproductive health and rights, including in relation to policy

clarification, extends to our partnerships with various international organizations and U.S. Missions around the world.

*Question.* Two years ago, President Biden nominated Geeta Rao Gupta to be Ambassador At Large for Global Women's Issues. Given the rollbacks on gender equality around the world, including here at home, how can the United States continue to be a human rights leader in this area?

*Answer.* Over the past 2 years, the Department has released the first-ever strategy on women's economic security, updated its global gender-based violence strategy, and continues to implement the Women, Peace, and Security agenda. We demonstrate U.S. leadership through multilateral engagement in the UN Commission on the Status of Women, targeted programs such as the SHE WINS Rapid Response Fund, and public diplomacy through the International Women of Courage Awards. Senate-confirmed leadership is important to the continued success of these initiatives.

*Question.* Within the State Department, how do you ensure that gender issues are mainstreamed across every sector of the State Department?

*Answer.* The Department's Action Plan for the U.S. National Strategy on Gender Equity and Equality identified entry points for better integrating the perspectives of women and girls in institutional policies and practices. This work is ongoing as the Department and USAID strive to meet the President's budget request of more than \$3 billion for foreign assistance related to gender equality. The Department regularly convenes foreign assistance Community of Practice sessions and has strengthened our gender equality training and analytical tools to build the capacity of Department personnel.

*Question.* The Women, Peace and Security Act makes it a U.S. priority to protect and support women's roles in peace negotiations and conflict resolution around the world and within the U.S. government. The Office of Global Women's Issues does the important work of promoting WPS in U.S. policy around the world, but who in your department is tasked with ensuring that the tenets of WPS are upheld within the Department of State?

*Answer.* The Ambassador-at-Large for Global Women's Issues (S/GWI) is the senior official for Women, Peace, and Security (WPS) coordination; and works closely with Department leadership to oversee integration of WPS in U.S. foreign policy and assistance. S/GWI established and regularly convenes the Department-wide WPS Steering Committee to exchange information on progress, challenges, and lessons learned. The U.S. is co-chairing the UN Women WPS Focal Points Network for the first time in 2023; the S/GWI Ambassador-at-Large serves as the U.S. government Focal Point.

*Question.* What role does the Office of Diversity and Inclusion play in ensuring that women at the Department of State have access to the resources and opportunities needed?

*Answer.* The Department's Office of Diversity and Inclusion promotes the principles of accountability and transparency as it works to advance issues of diversity, equity, inclusion, and accessibility for all Department employees, including women. The Office is currently working with key stakeholders to develop a policy to facilitate the use of lactation devices within controlled access areas, an issue of particular interest to working mothers. Ambassador Abercrombie-Winstanley would be happy to discuss with you.

*Question.* Today, both Sweden and Finland are on the cusp of NATO membership, but two countries hold up their membership ambitions; Hungary and Türkiye. Ahead of the Vilnius Summit, what deliverables does this administration hope to achieve?

*Answer.* The administration continues to urge Hungary and Türkiye to ratify Finland's and Sweden's accession to NATO at the earliest possible opportunity before the 2023 NATO Summit in Vilnius. Finland's and Sweden's accession will strengthen NATO's collective defense. The administration also supports an updated defense investment pledge; enhanced support for Ukraine; implementation of NATO's updated plans for collective defense; and enhancing NATO's partnerships including with the Asia Pacific as Vilnius deliverables.

*Question.* I remain committed to working with the administration to ensure that peace is upheld in Bosnia; supporting their democratic reform agenda is an integral

component in bringing them closer to EU and NATO membership. To what extent do you envision the funds requested by the administration for the Western Balkans will include new initiatives to enhance the cyber defenses of this region?

*Answer.* The Biden administration is actively working to ensure our alliances reflect and respond to the world we face. As part of the fourth Ukraine supplemental appropriation from Congress, we plan to allocate \$50 million in cybersecurity support to the Western Balkans. This includes a recent \$25 million pledge to Albania, with an additional \$25 million yet to be allocated. We recognize the importance of cybersecurity to the stability of the region and NATO's collective security and will leverage our technical assistance and expertise to strengthen the cyber capabilities across the Western Balkans.

*Question.* Lukashenka continues a brutal crackdown on the Belarusian people; a recent news article reported that Lukashenka is now targeting therapists to snitch on "pro-Ukraine" patients to suppress partisan activity. What additional measures are under consideration to prevent Lukashenka's further oppression of the Belarusian people?

*Answer.* Since the fraudulent 2020 election, we have levied sanctions and visa bans against the Lukashenka regime for its brutal crackdown against the pro-democracy movement, flagrant human rights abuses, and facilitation of Putin's full-scale invasion of Ukraine. As these acts persist, we continue to examine new targets, and to coordinate with our partners and allies, to impose additional costs on the regime for its repression of the people of Belarus and its ongoing support for Russia's unprovoked and illegal war against Ukraine.

*Question.* In last year's NDAA, the HAVANA Act was expanded to ensure that all relevant agencies received the authority to designate AHI's to ensure that all affected individuals could receive access to this payment. Do you have the funds and resources in place to ensure that this legislation is fully implemented and that the victims receive treatment?

*Answer.* Under the law, I continue to hold the authority to designate as "other incidents" reports of anomalous health incidents that occurred to individuals under Chief of Mission security responsibility. For HAVANA Act payment requests, I have delegated this authority to the Under Secretary of Management. The State Department has sufficient resources to ensure that the HAVANA Act is fully implemented for our employees and their family members, and that they receive appropriate treatment.

The State Department is working with other departments and agencies to help them facilitate their rules and processes for reviewing HAVANA Act payment requests.

*Question.* After widespread protests against the Georgian Parliament's consideration of a foreign agent law, it is clear that we need to revisit our policy toward Georgia and reinvigorate our approach toward the country. Is the State Department considering any measures to apply necessary pressure on those responsible for actively working against Georgia's Euro-Atlantic ambitions?

*Answer.* The United States does not preview designations or sanctions in advance. However, the Department of State will use Section 7031(c) visa restrictions and all other appropriate measures to promote accountability when we have sufficient, credible information to do so.

*Question.* Will the administration commit to a full review of our policy toward Georgia?

*Answer.* Our policy toward Georgia remains the same, and we review our strategy to achieve our policy on an ongoing basis. We have made our concerns about democratic backsliding very clear to the government. We remain steadfastly committed to supporting the people of Georgia's Euro-Atlantic aspirations. The United States continues to urge Georgia to implement the necessary reforms to achieve EU candidate status. We firmly support Georgia's NATO aspirations. We continue promoting the vital democratic reforms that are essential for EU candidacy. Such reforms also are essential to NATO accession, as NATO is a values-based political-military alliance.

*Question.* I am proud to have both the National Visa Center and the National Passport Center in Portsmouth, New Hampshire. It is to everyone's benefit that both centers operate efficiently, which is why I welcome the inclusion in the President's request for additional funding to improve consular services. What efforts are

being undertaken at the NVC to reduce the immigrant visa backlog and better communicate to Afghan SIV applicants?

*Answer.* The National Visa Center has eliminated all internal immigrant visa pre-processing and public inquiry backlogs. NVC is using data-driven analyses to help posts adjudicate immigrant visas more efficiently and schedule more applicants sooner. NVC is working with posts that have large pandemic-driven backlogs to inform backlog elimination plans. NVC is also working closely with the Department's Afghan Evacuation Coalition to improve communications with Afghan SIV applicants about how, when, and where their cases will be scheduled.

*Question.* I have worked closely with Democratic and Republican administrations to bring home Americans wrongfully detained or taken hostage abroad. Instead of terrorist cells, increasingly we are seeing foreign governments unjustly detain Americans to use for their own malign intentions. Will you commit to working with Congress to conduct a review of U.S. hostage and detainee policy to ensure that the U.S. government is ready to meet the evolving challenge of ensuring that all Americans are brought home safely?

*Answer.* I am committed to working closely with Congress on this issue, and my team has worked hard to ensure Congress is kept abreast of our engagements and initiatives as an equal partner in our foreign policy making. There is no higher priority than the safety and security of U.S. citizens around the world, including those who may be wrongfully detained or held hostage.

*Question.* One of my constituents alerted me to a lingering inequity affecting some 250 Foreign Service employees that dates back to 2014, when the State Department did not pay the compensation traditionally awarded to employees who were recommended for promotion but who fell below the cutoff. While employees in the same category in 2013, 2015 and 2016 were later retroactively paid, there is one group who have been forgotten. As you can imagine, these employees have not forgotten. What is the Department doing to honor the Department's commitment to its workforce and ensure these forgotten employees are fairly and expeditiously compensated? May I seek your assurances that you will direct the Department to use its resources to remedy this outstanding payroll issue?

*Answer.* The American Foreign Service Association (AFSA) filed four "implementation disputes" against the Department's awarding of Meritorious Service Increases (MSIs) to less than 10 percent of the eligible employees, alleging that the Department violated the 2013, 2014, 2015, and 2016 Selection Board Procedural Precepts. The Foreign Service Labor Relations Board (FSLRB) held in the 2014 MSI case that "the plain meaning of the agreement is that the Agency may award MSIs to 10 percent or less of the eligible employees." The FSLRB decision fully resolved the 2014 MSI case which involved approximately 270 MSIs with an estimated risk liability of over \$2.5 million.

However, in the subsequent 2015 and 2016 MSI cases, the FSLRB ruled in AFSA's favor in a split decision. That decision, which the Department contends was wrongly decided, does not disturb the resolution of the 2014 MSI case in the Department's favor. Therefore, the Department declines to apply the FSLRB's incorrect interpretation of the law to effectively overturn the FSLRB's earlier, correct interpretation in the 2014 MSI case.

*Question.* At a time of significant global challenges from disinformation and pandemics to migration and climate change, and amidst rising strategic competition from China and Russia, I believe it's more important than ever to expand international people-to-people exchanges to develop new partnerships, share American values, and increase mutual understanding worldwide. If people-to-people exchanges are essential to achieving our near and long-term U.S. foreign policy objectives, how does the administration justify decreasing funding for core academic, professional, and cultural exchange programs for fiscal year 2024?

*Answer.* The Department's FY 2024 Request for ECA programs is \$783.7 million, \$6.2 million above the fiscal year 2023 Adjusted Enacted level. Central to this request is Exchanges Support, which pays for all of the bureau's administrative expenses from staff salaries to IT, as well as staff travel for program oversight. Increased funding for Exchanges Support will help ECA best support the workforce and program implementation, including staff monitoring to ensure the safety and security of our participants. Strategic alignment of program delivery with the necessary administrative support required certain offsets reflected in the President's budget.

*Question.* How will the Biden administration optimize our competitive advantage vis a vis China, Russia, and other countries if we continue to underinvest in the State Department's Bureau of Educational and Cultural Affairs and these proven soft power programs?

*Answer.* With its global reach and proven models for exchanges, ECA is well positioned to help ensure that U.S. embassies and consulates have the tools necessary to build alliances and maintain U.S. leadership. For instance, exchange program funding supports Ukraine through cultural heritage protection efforts, counters Russian disinformation, and enables the Department to increase Indo-Pacific engagement through the expansion of the Young Southeast Asian Leaders Initiative and English language programming.

*Question.* The costs associated with global mobility and exchange have risen steadily over time and more dramatically in recent years. Exchange organizations who administer these soft power programs are being asked to do so for a greater number of participants, despite flat administrative funding, increasing costs and higher required levels of effort due to, for instance, a rise in safety and mental health related issues. While I'm pleased that the Biden administration has requested long overdue funding for internal administrative support, given the President's requested decrease in funding for fiscal year 24 regarding core exchange programs, is the State Department sufficiently considering the needs of its exchange organizations at this challenging time?

*Answer.* The Department continues to prioritize the importance of engagement with foreign publics on behalf of the United States. We value the essential contributions of exchange organizations to the success of Bureau of Educational and Cultural Affairs (ECA) efforts and will continue to evaluate the resources needed to deliver on the mission these organizations are given. The fiscal year 2024 request takes into account the need for appropriate program and staff support, understanding that the inflationary impacts on our limited resources may mean some reduction in participant numbers. Increases in some areas are offset by reductions in others to strategically align program delivery with the necessary administrative support.

*Question.* The Bureau of Educational and Cultural Affairs has made it clear that it is committed to maximizing the return on investment when it comes to exchange alumni, including by supporting their ongoing development as future leaders through targeted programming that advances U.S. interests and objectives. Yet, the President's fiscal year 2024 budget request recommends a decrease of \$700,000 in alumni-related funding. Does the State Department remain committed to strengthening its engagement with and support of exchange alumni?

*Answer.* We remain fully committed to continuing and expanding engagement of exchange alumni. We have expanded resources for alumni seminars on policy priorities such as democracy, the Indo-Pacific strategy, and diversity in foreign policy. Alumni engagement is not only funded by the Bureau of Educational and Cultural Affairs (ECA) Office of Alumni Affairs, but also within each exchange program's grant, giving us a range of ways to continue engagement. The funding request reflects increased support for the workforce and program implementation, including staff monitoring to ensure the safety and security of our participants.

*Question.* Since the start of the pandemic, technology has become increasingly more important in international exchange program implementation and is one way to make an exchange experience more accessible. Investing in and developing virtual and hybrid programming requires a lot of intentionality in order to be a successful supplement or complement to traditional in-person exchanges. How will the State Department support program implementers in integrating virtual and hybrid components to expand participation and reach new audiences?

*Answer.* When the pandemic temporarily halted many USG-funded in-person exchanges, ECA's innovative management of international exchanges allowed programs and partner organizations to pivot rapidly to virtual and hybrid models, replicating key components of an in-person exchange. ECA was able to reprogram funds to support these partner organizations. As a result, community members acquired critical technology and training that enabled them to learn and engage in virtual programming. ECA continues to incorporate lessons learned during the pandemic and supports virtual engagement that helps reach new audiences and enhances the impact of in-person exchange programs.

*Question.* The fiscal year 2023 omnibus included report language encouraging the Department of State to allocate resources through the Migration and Refugee Assistance account to provide safe, inclusive, and quality education for refugee and internally displaced children. What is the administration's fiscal year 2024 plan to support education and flexible learning to maintain continuity across situations of crisis?

*Answer.* The Department is committed to taking all possible steps to ensure access to quality, safe, and inclusive education for forcibly displaced and conflict-affected children. We do this through both diplomatic engagement and programming. We also remain a steadfast supporter of Education Cannot Wait, a global fund for education in emergencies and protracted crises. The Department also participates in the U.S. Basic Education Working Group, and we look forward to contributing to the next iteration of the U.S. Government Strategy for International Basic Education.

*Question.* The situation in Lebanon is dire. In December, Sens. Bob Menendez (D-NJ) and Jim Risch (R-ID) wrote a letter to Secretary of the Treasury Janet Yellen and yourself, calling for the use of sanctions against Lebanon's financial and political elite for obstructing the election of a president and implementation of needed financial reforms. Why has the administration yet to announce any additional sanctions against corrupt officials in Lebanon?

*Answer.* I share your concerns about endemic corruption in Lebanon, officials' reluctance to implement reforms, and stalled presidential elections. We continue to press Lebanese officials at all levels on these priorities. In addition to diplomatic engagement, sanctions can be a useful tool to encourage progress and a warning to those undermining the rule of law. Our previous designations clearly demonstrate our commitment to combatting corruption, and we continue to work with the Department of the Treasury to identify impactful targets.

*Question.* How is the administration communicating any consequences if Lebanese parliamentarians elect a president who is not clean, capable and reform minded?

*Answer.* The administration continues to stress that Lebanon needs a president free of corruption who can unite the country and forge a coalition to implement badly needed reforms. In concert with our partners in France, Saudi Arabia, Qatar, and Egypt, we continue to make clear that Lebanese politicians blocking progress on the election of such a candidate could face negative repercussions—an idea that senior U.S. officials continue to underscore with Lebanese leaders at all levels, including via our Embassy in Beirut and in meetings with Saudi and French partners (September 2022), joined by Qatar and Egypt (February 2023).

*Question.* Can you assess our relationship with our European and Gulf partners, particularly France and Saudi Arabia, on the Lebanon file?

*Answer.* We continue to work closely with our European and Gulf partners—including France and Saudi Arabia—to press Lebanese officials on the need to expedite presidential elections and implement reforms. Productive engagements to date include a meeting with Saudi Arabia and France on the margins of UNGA (September 2022) and a February 6 meeting in Paris (which also included Qatar and Egypt) aimed at applying joint pressure on Lebanese officials. We remain in regular contact with our partners on these issues and look forward to future engagements.

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#### QUESTIONS SUBMITTED BY SENATOR BRIAN SCHATZ

*Question.* The Safeguard Tribal Objects of Patrimony (or STOP) Act of 2021, Public Law No. 117-258, was signed into law in December. The STOP Act was designed to prevent the international trafficking of tribes' sacred items. It requires the Departments of the Interior, Justice, State, and Homeland Security to undertake important and immediate implementation actions. State, among other things, must notify foreign nations of the STOP Act's passage so they can monitor imports and facilitate repatriations under their own domestic laws, enter into agreements with those foreign nations, and participate in the STOP Act's interagency working group. What budgetary resources do you anticipate needing to carry out the Department of State's responsibilities under the STOP Act?

*Answer.* The Department is ready to notify and work with foreign governments to facilitate repatriations under the STOP Act. The Department also is ready to develop the required trainings and other programming, in consultation with Tribes and Native Hawaiian organizations, on the voluntary return of cultural heritage for

Departmental personnel, representatives of Indian Tribes and Native Hawaiian organizations, and other stakeholders. We are currently evaluating the resources needed to carry out our responsibilities under the STOP Act.

*Question.* The Pacific Islands countries are vital partners, and it is encouraging to see that the State Department will be expanding its footprint in the region. However, it is important to recognize that working in very remote locations poses real challenges for State Department staff and their families. How is the Department planning to support staff in the new embassies in the region and what incentives are you planning to offer to ensure that those posts are adequately staffed?

*Answer.* The Department is in the process of enhancing capacity in Manila to provide management services and guidance to new embassies in the region, and Embassy Port Moresby and Embassy Suva will continue to provide Regional Security and Public Diplomacy support. The Department is establishing positions and tours of duty. In recognition that standard three-year tours of duty may be difficult to staff, the Department is in the process of establishing two-year tours and evaluating available benefits and allowances to further incentivize employees.

*Question.* According to the Arms Export Control Act (AECA), U.S. funded armaments are required to be used for legitimate self-defense purposes. Do you believe that Israeli government personnel use of U.S.—origin arms in the course of Palestinian home demolitions, mass evictions, and settlement expansion would be in compliance with U.S. law, including AECA, which generally prohibits the use of security assistance for purposes other than those for which the United States provided it?

*Answer.* While the United States remains unwavering in its commitment to Israel's security, we expect all our allies and partners to use U.S.—origin arms consistent with U.S. law for legitimate self-defense and military purposes. Upon the receipt of credible reports of unauthorized end use by a foreign government, we launch an investigation to determine an appropriate response and to prevent future violations.

*Question.* What systems and processes are in place to ensure that U.S. funded armaments are in compliance with U.S. law, including potential AECA violations?

*Answer.* Whether U.S. funded or not, potential arms transfers are assessed to ensure that they can be implemented consistent with all statutory requirements and with the Conventional Arms Transfer policy. With respect to End Use Monitoring (EUM), we have an ongoing security relationship with the vast majority of foreign recipients. We are able to draw on that background to inform future transfers, and, if dealing with a new partner, we assess all available relevant information to make the determination. This is an ongoing process, so, as circumstances arise, reviews may occur before, during, and after delivery. In addition, Leahy Vetting is applied to all U.S. security assistance funded transfers.

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#### QUESTIONS SUBMITTED BY SENATOR SUSAN COLLINS

*Question.* In fiscal year 2023, the Department of Defense began to transition its Operation Allies Welcome to the Department of State under Operation Enduring Welcome, which focuses on bringing eligible Afghans and their families who remain abroad to the United States, including those remaining in Afghanistan. Responsibility for the program will require the Department of State to manage multiple overseas processing platforms for an extended period of time, providing life support in addition to visa processing. An estimated \$4.8 billion in prior appropriated funds, including \$3 billion transferred from the Department of Defense to the Department of State, are available to support Operation Enduring Program. Mr. Secretary, how many principal applicants are currently in the Special Immigrant Visa pipeline, and what is your best estimate on the time required from start-to-finish for these applicants?

*Answer.* As of December 31, 2022, there were over 147,000 principal applicants in the Afghan SIV pipeline, more than half have submitted some, but not all, of the required documentation for Chief of Mission approval, and processing times vary on the complexity of each case. We are available to discuss with you Enduring Welcome operations and Afghan SIV processing in more detail. Additionally, the Department publishes a quarterly report on Afghan SIVs which can be found here: <https://travel.state.gov/content/travel/en/us-visas/immigrate/special-immig-visa-afghans-employed-us-gov.html#quarterly>.

*Question.* Are you satisfied with this pace?

*Answer.* No. The Department of State seeks to process Special Immigrant Visa (SIV) applications and to relocate post-Chief of Mission, interview-ready SIVs out of Afghanistan more rapidly. The Coordinator for Afghan Relocation Efforts is working as quickly as possible to increase its relocation tempo. Many factors in the relocation process which impact the pace of operations are out of the control of the U.S. government and our Afghan allies to whom we provide relocation assistance. We are always available to discuss those factors with you.

*Question.* The Department of State operates numerous processing platforms, including in Qatar. How many Afghans are currently located at each platform?

*Answer.* That is correct, the Department's principal processing location for relocated Afghans is Camp As-Sayliyah in Doha, Qatar. The Department currently has processing platforms in Albania and Kosovo as well. The U.S. government is also engaged in case processing for Afghans at the Emirates Humanitarian City in the United Arab Emirates. We are available to discuss with you in more detail.

*Question.* Which other countries have offered to take Afghans in, and how many has each country taken in?

*Answer.* Many countries around the world are providing protection to vulnerable Afghans. According to UN High Commissioner for Refugees, there are more than 8.2 million Afghans in neighboring countries, including 4.5 million in Iran and 3.7 million in Pakistan. Of these, more than 1.6 million Afghans arrived in neighboring countries since August 2021.

*Question.* How many principal applicants in the Special Immigrant Visa pipeline remain in Afghanistan?

*Answer.* The Office of the Coordinator for Afghan Relocation Efforts in the Bureau of South and Central Asian Affairs provides relocation assistance to post-Chief of Mission, interview-ready Special Immigrant Visa (SIV) cases, provided that the case has undergone pre-travel vetting, everyone on the case has a valid Afghan passport, the case can be contacted, and everyone on the case is ready and willing to depart Afghanistan. We are available to answer questions and discuss specific numbers of SIV cases that have been relocated, and specific numbers of SIV cases at other stages of the process.

*Question.* What is the Department of State's plan to sustain Operation Enduring Welcome?

*Answer.* The administration requested a new Enduring Welcome account in the President's fiscal year 2024 budget to help streamline the complex relocation operations and meet our enduring commitment to our Afghan allies. Additionally, CARE continues to hire more staff in order to meet the needs of the operation as the Department assumes additional roles and responsibilities under Enduring Welcome this year.

*Question.* Have annual operating costs been determined and what resources do you anticipate needing in fiscal year 2025 to sustain the mission?

*Answer.* We have not yet determined our annual operating costs. We expect to have a clearer understanding of our projected long-term costs by the end of fiscal year 2023, and are available to discuss with you.

*Question.* At what point does the Department of State consider "mission accomplished" regarding Operation Enduring Welcome?

*Answer.* The U.S. commitment to relocate and resettle all eligible Afghans is enduring. The Department of State intends to continue the mission as long as there are eligible Afghans to relocate and resettle.

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QUESTIONS SUBMITTED BY SENATOR LINDSEY GRAHAM

*Question.* My Senate office is not provided direct answers when inquiring about SIV/P1/P2 cases. My staff has attended a number of case management calls and, quite frankly, they do not receive answers to their questions, including regarding case specific questions. Furthermore, when case inquiries are submitted to the CAREHillInquiries mailbox, my office only receives unhelpful, boilerplate responses. The information my office receives is of little use, and in turn we have very little

useful information to help provide answers to those who have submitted cases or reached out for assistance.

Additionally, there was a particular case where I wrote a letter to the Department of State asking for assistance for an Afghan service member I served alongside in Afghanistan. My office corresponded with the Department of State multiple times about his “case” and was told it was being tracked, only to find out this month—one and half years later—that he never actually had an active case. We have since asked the Department of State to provide information that we could share with him on how he can go about submitting a P1 or P2 application. We have yet to receive a response to this inquiry. Overall, the failure to provide specific answers to the majority of inquiries submitted by my office indicates the Department of State lacks a coherent plan of action to process these cases. This is unsatisfactory and disgraceful, particularly to those of us who served in Afghanistan. In January 2023, the Department of State informed my office there was a backlog of over 60,000 SIV applications awaiting Chief of Mission (COM) approval. While their cases await COM approval, our Afghan allies who fought alongside us now struggle to provide for themselves and their families, remain in hiding, and live in constant fear of being hunted down by the Taliban. Does the Department of State have a comprehensive plan to work the COM approval backlog? If so, what is that plan?

*Answer.* The Department continues to prioritize processing cases through the Chief of Mission (COM) approval backlog by surging staffing in the office reviewing applications for COM approvals and prioritizing the most vulnerable Afghans. We continue to coordinate with interagency partners, such as the Department of Defense, to quickly provide missing documentation and evidence of qualifying employment. We are also improving both the efficiency and pace of processing applications for COM approval, including through bulk verification of applicant’s employment under U.S. government contracts.

*Question.* What is the estimated time period it will take the Department of State to clear the COM approval backlog?

*Answer.* Increased staffing and resources directed towards the Chief of Mission (COM) approval backlog means in the near future we will be able to process significantly greater numbers of cases and make progress toward reducing the COM approval backlog. Because we have not finished surging staffing and resources, it is difficult to accurately estimate when the Department will be able to clear the COM approval backlog. We are certainly available to discuss in more detail with you.

*Question.* Are there additional resources the United States Congress can work to provide the Department of State to assist them in working through the COM approval backlog?

*Answer.* I am personally committed to keeping our promises to those who stood by us in Afghanistan. We have surged resources and increased staff dedicated to SIV processing. The efficient processing and ultimate resettlement of Afghans continues apace and remains among my highest priorities. Congress’s continued support of our efforts to resource and staff our team working through the Chief of Mission approval will help the Department to sustain these efforts.

*Question.* Since July 2022, my office has been told the United States Refugee Admissions Program (USRAP) is in the process of establishing a new Resettlement Support Center (RSC) in Pakistan to process Afghan P1 and P2 cases. As of December 2022, 7,500 Afghan P1/P2 applicants have relocated to more than 50 countries, and of the 7,500 number, several thousand of those cases are for Afghans in Pakistan. What is the Department of State doing to process Afghan P1/P2 cases in Pakistan while they wait for the RSC to become operational?

*Answer.* The Department remains committed to processing U.S. Refugee Admissions Program (USRAP) cases for Afghans in third countries, including Pakistan. We continue to engage at senior levels with Pakistani officials frequently, both in Islamabad and Washington, on this issue, and we are actively pursuing all potentially viable options to enable USRAP processing in Pakistan.

*Question.* How much longer does the Department of State expect it to be before the Government of Pakistan grants final approval for the RSC to become operational?

*Answer.* We cannot forecast a precise timeline for Pakistan’s approval to begin U.S. Refugee Admissions Program (USRAP) processing for Afghan applicants. This remains a priority for me, and we continue to work with our Pakistani counterparts as they evaluate the request, so we can address any concerns and underscore the

benefits of approving USRAP processing. The Department of State would be happy to brief you on these issues.

*Question.* What specific actions is the Department of State taking to engage the Government of Pakistan on this issue?

*Answer.* Thank you for your support. We are available to discuss details with you.

*Question.* The Department of State has stated they anticipate the processing of Afghan P1/P2 cases to take approximately 12–18 months. Is the Department of State exploring options to speed up the processing times for P1/P2 cases? If so, what are these options?

*Answer.* The Department's Population, Refugees and Migration (PRM) Bureau and partners have worked hard to expedite processing of Afghan P1/P2 cases, particularly at Camp As Sayliyah, where processing times are now down to 30 to 45 days for individuals without serious medical conditions or security vetting delays. PRM is working to increase efficiencies and reduce processing times for USRAP cases globally, with a goal of reducing processing times from the 12–18-month average down to 6 months.

*Question.* Please provide the following information regarding evacuation flights from Kabul: What is the status of evacuation flights from Kabul? Are they ongoing, or will they be restarted? If restarting, when are such flights expected to resume?

*Answer.* The Office of the Coordinator for Afghan Relocation Efforts (SCA/CARE) carries out regular movements to relocate eligible Afghans out of Afghanistan by air and overland routes. Despite a range of obstacles, CARE's relocation movements have become more consistent and repeatable over time.

*Question.* What are/will be the frequency of such flights out of Kabul?

*Answer.* Multiple flights take place per week; however, these movements are sensitive because of the operating environments in Afghanistan and are subject to conditions and rules in downstream locations.

*Question.* How will Afghans be able to manifest themselves onto such flights?

*Answer.* The Office of the Coordinator for Afghan Relocation Efforts (SCA/CARE) immediately manifests every U.S. citizen and Legal Permanent Resident (LPR) who requests relocation assistance. CARE also manifests for relocation each post-Chief of Mission (COM) interview-ready SIV case, eligible interview-ready IV case, and eligible refugee case, provided that every individual on the case is ready and willing to relocate. These individuals must have a valid passport, must be successfully contacted, and must clear pre-travel vetting. Travelers are contacted by CARE's contact center (in English, Dari, and Pashto) before a flight.

*Question.* What will be the number of people these flights will be able to manifest, on a per flight basis?

*Answer.* Given the operational sensitivity and the safety of these travelers, we are available to discuss these numbers with you in another setting.

*Question.* Please provide, in a timely manner, specific updates and estimates regarding the processing time for the following cases: Rahmanullah Sediqi; Case Number: NVCSIV2021194099.

*Answer.* Due to the confidentiality of visa records, we cannot comment on specific cases in this public format. Please forward this inquiry to [consularonthehill@state.gov](mailto:consularonthehill@state.gov). Additionally, we are available to discuss this further with you.

*Question.* Please provide, in a timely manner, specific updates and estimates regarding the processing time for the following cases Abdul Razaq Baray; Case Number: PK-10032094.

*Answer.* The applicant you reference has an active USRAP case. We are not able to provide a timeline for case processing. We can provide you a briefing about this case.

*Question.* Please provide, in a timely manner, specific updates and estimates regarding the processing time for the following cases: Farhad Ayoubi; Case Number: NVCSIV2021340125.

*Answer.* Due to the confidentiality of visa records, we cannot comment on specific cases in this format. Additionally, we are available to discuss this further.

*Question.* Please provide, in a timely manner, specific updates and estimates regarding the processing time for the following cases: Basir Quraishi; Case Number: PK-10022836.

*Answer.* The applicant you referenced has an active USRAP case. We are not able to provide a processing timeline. We can provide you a briefing about this case.

*Question.* In 2019, travelers spent \$16.9 billion in South Carolina, which supported nearly 140,000 jobs. Currently, overseas visitation to South Carolina remains 21 percent below 2019 levels, in part due to long visa interview wait times. Expanding this to apply to the United States, 35 million (43 percent) of international visitors and \$120 billion in spending (50 percent) came from countries where a visa is required to enter the United States in 2019. In 2023, Tourism Economics forecasts that American businesses would attract 2.6 million fewer international visitors and \$7 billion less in spending as a result of international travelers being unable to obtain a visitor visa in time to travel to the United States. Is the Department of State tracking at which consulates and in what countries it takes the longest to get a visa interview? If so, can you explain what the Department of State is doing to improve the situation at those consulates and in those countries that are experiencing wait times above 180 days?

*Answer.* Long wait times for interviews apply only to first-time tourist visa applicants—a very small percentage of entries to the United States. In all other categories important to the U.S. economy—students, temporary workers, repeat travelers, and maritime crew—wait times are at prepandemic levels or lower. We are available to discuss further with you.

*Question.* Can the Department of State provide an assessment as to what impact long interview wait times have on the recovery of international inbound travel?

*Answer.* Only eight of the top 20 inbound visitor nationalities require a U.S. tourist visa. In the first 5 months of fiscal year 2023, we issued 18 percent more nonimmigrant visas (NIV) globally than during the same period in fiscal year 2019. Today there are almost 60 million valid multiple-entry visitor visas and border crossing cards in circulation worldwide. This huge pool of prospective travelers with valid visas, and our continued visa issuance trends suggest the reasons for the slow recovery of inbound travel are complex—for example, there are reduced levels of inbound travel by citizens of Visa Waiver Program countries, who make up the majority of U.S. tourists.

*Question.* What resources does the Department of State need to lower interview wait times?

*Answer.* Since early 2022, the Department reduced gaps in consular staffing overseas caused by the drop in fee revenue due to the pandemic's near-shutdown of international travel. With the resurgence of travel, the Bureau of Consular Affairs' financial situation has improved. The Department is striving to ensure that as many adjudicators as possible are assigned to overseas positions to reach worldwide pre-pandemic staffing by the end of this year. Maintaining expanded spending authorities and additional fee flexibilities would help allow for continued innovation and additional hiring.

*Question.* The Department of State is currently facing an unprecedented backlog of passport applications while at the same time experiencing passport processing times that are close to reaching a historic high. As a result, many citizens are missing travel, or in certain cases, unable to make emergency travel, due to a lack of counter service walkthrough appointments. Looking at the Southern United States, the Atlanta Passport Agency is the only agency to offer in-person counter service walkthrough appointments near Georgia, South Carolina, North Carolina, Tennessee and Alabama. The population of these 5 States that the Atlanta Passport Agency has to service is roughly 38.5 million. Meanwhile, California alone has three passport agencies in their State to service their roughly equivalent population of 39.2 million. To alleviate this problem, I proposed language in the Department of State, Foreign Operations, and Related Programs Appropriations Act, 2023 that required the Secretary of State to consult with the Committees on Appropriations on the operations of the Charleston Passport Center, particularly the need for in-person constituent appointments. During this consultation, the Department of State informed the Committee that opening up the Charleston Passport Center for in-person counter service walkthrough appointments would present a number of challenges. Please provide the following, in a timely manner: A detailed explanation of why opening up the Charleston Passport Center for in-person counter service

walkthrough appointments presents challenges to the Department of State, including an enumeration of such challenges.

*Answer.* The Charleston Passport Center (CPC) is located on a secure government compound, home to non-public-facing operations of eight State Department offices. Opening counter operations at CPC would divert resources from other Passport priorities and divert CPC's focus from specialized service (for Federal and military employees and their families) and existing economies of scale. Construction to add counter service would disrupt CPC operations for years. In 2021, we calculated that 99.4 percent of the U.S. public resided within 25 miles of an acceptance facility. We are available to answer any other questions you have about the CPC.

*Question.* Please provide the following, in a timely manner: A detailed plan addressing how in-person counter service walkthrough appointments passport appointment backlogs can be prevented in the Southern United States, particularly at the Atlanta Passport Agency.

*Answer.* The Department's modernization efforts, including Online Passport Renewal and other initiatives, will offer faster processing for emergency cases and potentially spare customers an agency visit altogether. In 2021, we calculated that 99.4 percent of the U.S. public resided within 25 miles of an acceptance facility. Travelers who can plan ahead do not need to visit a passport agency; they may apply by mail or at an acceptance facility. While we anticipate moving the Atlanta Passport Agency to larger space in a few years, systems modernization will benefit your constituents more.

*Question.* Please provide the following, in a timely manner: An estimate of the number of United States citizens who will be unable to have their passport processed before their scheduled overseas trip due to the failure to open up an additional processing center for in-person counter service walkthrough appointments in the Southern United States.

*Answer.* We do not collect or verify data on the number of U.S. citizens who may have potentially missed their trip. From January 1 to April 6, our staff served more than 269,000 customers with emergency or urgent travel at our counters and issued more than 4.7 million passports for customers who applied through the mail. We strongly recommend customers apply early, and by mail or at an acceptance facility, and undertake public messaging campaigns to this effect.

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QUESTIONS SUBMITTED BY SENATOR JOHN BOOZMAN

*Question.* According to the World Food Programme, Ukraine produced enough to feed 400 million people prior to the Russian invasion of Ukraine. The war in Ukraine has not only caused tragic loss of life and catastrophic damage, but has also fueled the global food crisis, leaving those millions of people dependent on Ukraine's food supply vulnerable to starvation. The Black Sea grain deal has been integral to vulnerable countries, and was recently extended 60 days. However, the deal faces renewal again shortly, in mid-May. Can you elaborate on how the negotiations to renew are proceeding, and if this is a State Department priority?

*Answer.* Our position has always been clear: The world needs the Black Sea Grain Initiative (BSGI). The United States strongly supports the efforts of Secretary-General Guterres, in partnership with Türkiye, to expand and extend this life-saving Initiative. Russia continues to use global food supplies as a weapon of war by threatening the future of the BSGI, and this must be resisted. The United States welcomed the UN's announcement on March 18 that the Initiative had been extended and we continue to work with the UN and other countries to extend and expand the grain deal.

*Question.* Additionally, can you explain the biggest obstacles facing a long-term renewal?

*Answer.* The Black Sea Grain Initiative renews automatically for 120-day terms unless one of the parties' objects. We have seen comments from Russian officials casting doubt on their interest in sustaining the Initiative; we have also seen Russia obstruct operations and, once, suspend its participation in the Initiative. Russia has consistently spread misinformation about the agreement's impact on global food security. We have worked extensively to combat correct Russia's false claims, including that its food and fertilizer are impeded by Western sanctions.

*Question.* Food Security East Africa: Last fall, I traveled to East Africa and saw the impact firsthand of conflict in the Horn of Africa, which leads many to seek refuge in Kenya and other surrounding countries. However, the unrelenting drought in this region means all countries face a significant food shortage. These and other vulnerable countries depend on UN humanitarian response agencies such as the World Food Program and US foreign hunger assistance programs be able to feed their people during a crisis. What programs, tools, and partnerships are the State Department and USAID relying on now to address this global hunger crisis, and what so far has been most effective?

*Answer.* The State Department and the U.S. Agency for International Development (USAID) use a multi-tool approach to direct interventions to address global food insecurity. A combination of short-term emergency assistance and longer-term systemic support, through programs like Feed the Future, are designed to alleviate the acute suffering and contribute to sustainable farming practices in the Horn of Africa and throughout the Global South. State and USAID depend on our investments through the UN system and our partnerships with the African Union to implement programs and encourage other major donor countries to provide funding. The combination of all our efforts is the most effective response.

*Question.* As you know, Hunger causes civil instability and drives conflict, and is a national security concern. For example, China has made significant investments in Africa through the Belt and Road Initiative. I hear from many leaders in Africa that they want to work with the U.S., but we are never at the negotiating table, unlike China. Has China used the global food crisis as an opportunity to make deals with vulnerable countries, both in Africa and elsewhere, that could threaten national security? If so, what has been the administration's response?

*Answer.* The PRC's efforts to increase its presence and influence in Africa are intended to advance and ultimately export its domestic political, security, information, and economic goals as well as justify its domestic agenda on the world stage. We push back on corrupt or coercive practices that damage our interests and those of our African partners while offering alternatives in collaboration with our African and other partners. We do not ask our partners to choose between the United States and the PRC. Instead, we give them choices on how to deliver results to their citizens.

*Question.* As you also know, the renewal of our Compacts of Free Association is due this year. Arkansas has the largest population of Marshallese than anywhere else in the U.S. Can you provide an update on how those negotiations are proceeding?

*Answer.* The Compact-related negotiations with the Freely Associated States are crucial to deepening these strategic partnerships in support of a free, open, and secure Indo-Pacific. Having signed Memoranda of Understanding reflecting the levels and types of future U.S. assistance for each country that we intend to request, we are now focused on negotiating the agreement texts. The administration then expects to submit a proposal for implementing legislation with necessary authorities and mandatory appropriations to fund the costs of future Compact assistance for the expected 20-year period.

*Question.* Additionally, can you elaborate on other programs and plans the administration is planning to implement in the Indo-Pacific, and how it would lower China's influence?

*Answer.* The fiscal year 2024 budget request advances partnerships in the Indo-Pacific and supports initiatives to out-compete the People's Republic of China. The request includes \$2.1 billion in discretionary funding for the Indo-Pacific, \$7.1 billion for funding related to the Compacts of Free Association, which includes \$6.5 billion in economic assistance and \$0.6 billion to support provision of postal services, and \$2 billion over 5 years in mandatory funding to support game-changing investments in the Indo-Pacific and support partners' efforts to push back against predatory activities.

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QUESTIONS SUBMITTED BY SENATOR BILL HAGERTY

*Question.* U.S. energy, especially natural gas, played an outsized role in preventing the worst case outcomes for European energy markets last year. The U.S. is the world's largest producer of natural gas, the largest exporter of liquefied natural gas, and as of last year, the largest supplier of LNG to Europe. In March of

last year, the Biden administration and the E.U. Commission issued a joint commitment focused on enhancing energy security, which included many commitments from the United States to remain a reliable long-term supplier of energy to our allies overseas. One of those Commitments was to maintain “an enabling regulatory environment” for natural gas infrastructure projects. Similar commitments have been made to the UK and Japan. In fact, it is quite difficult to build energy infrastructure projects here in the United States. Do you agree that U.S. LNG has been critical to the world’s energy security, and do you believe it will remain critical going forward?

*Answer.* U.S. liquefied natural gas (LNG) has played a pivotal role in Europe’s energy security. Our LNG exports to the EU and the UK increased by 140 percent over the full year of 2022 to over 70 billion cubic meters. Additionally, about 64 percent of total U.S. LNG exports went to the UK and EU in 2022—and this represented about half of the region’s LNG imports. LNG supplies from the United States and other reliable suppliers, and Europe’s increasing focus on energy efficiency, will help Europe meet next winter’s demand peak. U.S. LNG will continue to play an important role in Europe’s energy security.

*Question.* What has the administration done, or planned to do, to ensure we can meet our commitments to our allies?

*Answer.* We are engaging our allies multilaterally through entities such as the International Energy Agency, regionally through forums such as the U.S.—EU Energy Council, and bilaterally through initiatives like the U.S.—Japan Energy Security Dialogue, to advance energy security and the energy transition. The United States also became the world’s largest LNG exporter in 2022, sending record amounts of gas to Europe, and we are working with our EU partners to advance energy efficiency and to accelerate the energy transition. We will continue to support the energy security of our allies and partners.

*Question.* When you last appeared before the Senate Appropriations Committee in April 2022, we discussed the importance of reliable access to cost-effective sources of energy for like-minded partners in the Quad. You said that was an interesting idea and that you would come back to me. Since then, Japan has brought up energy security and investment with, only to be rebuffed by many G7 members like Germany, who are pursuing the exact same strategy. Has the State Department created an energy security working group within the Quad since your answer last year?

*Answer.* The Department of State is working with Quad partners to increase our collective energy security by focusing efforts to develop and diversify critical minerals and energy supply chains, while promoting greater investment to advance the energy transition that will increase access to cost-effective sources of energy. These efforts complement G7 and Indo-Pacific Economic Framework priorities to enhance energy security, decarbonization, and access.

*Question.* Does the Biden administration support having energy security as part of this year’s G7 agenda, including the role of U.S. natural gas in strengthening that energy security?

*Answer.* The United States is working closely with Japan, the G7 President, on enhancing global energy security, which includes a role for U.S. natural gas, particularly in the context of Russia’s ongoing war of aggression against Ukraine. The administration is in close consultation with Japan and other G7 partners to advance global energy security and the clean energy transition simultaneously. Japan, as both a major energy consumer and technological innovator, will play a vital role in these closely intertwined global efforts.

*Question.* Wouldn’t the G7’s refusal to expand LNG investment prolong Europe’s and India’s dependence on Russian energy and help finance President Putin’s war against Ukraine?

*Answer.* G7 Leaders will meet in Hiroshima May 19–21. We are in close consultation with Japan and other G7 partners to advance global energy security and the clean energy transition simultaneously. Japan, as both a major energy consumer and technological innovator, will play a vital role in these closely intertwined global efforts. There is a role for LNG, particularly in the context of Russia’s ongoing war of aggression against Ukraine.

*Question.* Chinese carriers currently use Russian airspace to arrive and depart from the United States. Chinese carriers pay the Russian government to access Russian airspace. The use of Russian airspace presents safety concerns for U.S. passengers on these flights in the case of a diversion for mechanical, medical, or other

reasons. Moreover, Chinese use of Russian airspace gives Chinese carriers significant competitive advantages over U.S. passenger carriers and workers as the use of Russian airspace significantly reduces flying time, costs, fuel, and allows Chinese carriers to load their planes to maximum capacity. The use of Russian airspace also provides funding for the war in Ukraine. Under a Department of Transportation Order from 2021 current flights between the United States and China are limited to eight roundtrips per side. If the existing U.S.-China bilateral agreement comes back into full effect, Chinese carriers would be entitled to 180 weekly roundtrips from three major cities in China to the U.S., whereas U.S. carriers would have 154 weekly roundtrips. What are the State Department's plans on this issue?

*Answer.* The Department is concerned about third country air carriers that operate flights to and from the United States via Russian airspace. We continue to track and coordinate closely with interagency colleagues to identify potential responses consistent with domestic and international legal obligations. We continue to pursue a measured approach to the increase of flights in the U.S.-PRC aviation market that ensures parity and a level playing field for both countries' carriers.

*Question.* Will you commit not to increase flights from China above the current limits until the Chinese government agrees not to utilize Russian airspace to or from the United States?

*Answer.* We continue to track this issue closely with interagency colleagues and maintain a measured approach to any increase of flights in the U.S.-PRC aviation market. Our goal is to ensure parity and a level playing field so that any increase in flights equally benefits U.S. carriers.

*Question.* U.S. officials were publicly talking about "victory" and inflicting a "strategic defeat" on Russia that would leave it "weakened." President Biden has repeatedly vowed to support Ukraine "as long as it takes." However, in November, the NYT reported that the administration was privately encouraging Ukraine's leaders to negotiate with Russia. In December, you suggested that Crimea and the Donbas be resolved later. In January, the NYT reported the administration softened its hard line against providing Ukraine offensive weapons and assessed that Ukrainian pressure on Crimea would strengthen Kyiv's position in any future negotiations. What is the Biden administration's desired end state for this conflict? To restore the status quo ante before Putin's invasion or to force Putin to return territory he seized in 2014, including Crimea?

*Answer.* Our desired end state for this conflict is a Ukraine that is sovereign, independent, and secure within its internationally-recognized borders. That includes all territory of Ukraine currently occupied by Russia—Crimea, Zaporizhzhya, Kherson, Luhansk, and Donetsk oblasts. We have said repeatedly that this war must end in negotiated settlement, but the "end state" is ultimately a decision for Ukraine to make. We will continue to support Ukraine on the battlefield and through our economic and humanitarian assistance.

*Question.* What is your assessment on what conditions be required for Putin to accept a negotiated peace?

*Answer.* President Putin started this war with the aim to effectively erase Ukraine's independence and sovereignty, and control over Ukraine remains the Kremlin's ultimate objective. Short of that goal, Putin may consider as an interim step consolidating control of occupied Ukrainian territory, resting and refitting his forces, and resuming his aggression against Ukraine when able. He has shown no willingness to engage in good-faith negotiations to end the war he started. It is imperative that Ukraine possess the means to effectively deter and defend itself against further Russian aggression.

*Question.* What is your assessment on Putin's willingness to use nuclear weapons as the war drags on?

*Answer.* Russia has resorted to irresponsible and unacceptable nuclear rhetoric throughout its unprovoked and brutal full-scale invasion of Ukraine. The United States, however, has not seen indications or preparations that Russia is planning imminent nuclear use. Whether that will change over time is uncertain. The costs of such use have been made clear by the international community. The United States and its fellow G7 members have stated any Russian use of nuclear weapons would be met with severe consequences. I would defer to the Intelligence Community for a classified assessment.

*Question.* Would Ukraine's attempt to seize Crimea or the Donbas prompt Putin to consider using nuclear weapons?

*Answer.* What exactly would prompt Putin to consider using nuclear weapons would be a matter of speculation. The costs of any such use have been made clear to Russia by the international community. The United States and its fellow G7 members have stated any Russian use of nuclear weapons would be met with severe consequences. I would defer to the Intelligence Community for a classified assessment.

*Question.* What is your assessment on how stable Vladimir Putin's hold on power is in the Kremlin?

*Answer.* Though the Russian government's forced partial mobilization last fall provoked criticism and alarm from many Russians, Putin controls the main levers of security and information in Russia. The Kremlin ruthlessly represses dissent and opposition voices and promulgates false narratives about the war against Ukraine to maintain power.

*Question.* Taiwan's arms backlog remains roughly \$19 billion despite senior Pentagon officials' assessment that China will be capable of invading Taiwan by 2027. The fiscal year 2023 National Defense Authorization Act authorizes up-to-\$2 billion in grants of Foreign Military Financing to Taiwan between now and 2027. It also authorizes \$1 billion per year in Presidential Drawdown Authority (PDA) to transfer defense articles to Taiwan in the event of an emergency. This is the same authorization that President Joe Biden used to send billions of dollars in aid to Ukraine for defense against Russia's invasion; indeed, since February 2022, the Biden administration has directed 30 drawdowns under PDA totaling approximately \$18.3 billion in weaponry from the Department of Defense, including HIMARS, Stingers, and Javelins. In your hearing, you claimed that the State Department's budget request did not seek an appropriation to fully fund foreign military financing and PDA to support Taiwan because the problem with foreign military sales was one of defense industry "capacity." Why did the State Department budget request for Fiscal Year 2024 not include a request to fund the up-to-\$2 billion in grants of Foreign Military Financing to Taiwan between now and 2027 that was authorized in SFRC Chairman Robert Menendez's Taiwan Enhanced Resilience Act ("TERA")?

*Answer.* The Department appreciates the authorizations in the Taiwan Enhanced Resilience Act of Foreign Military Financing (FMF) grant assistance to Taiwan, and continues to explore options for Taiwan. This budget request includes \$113 million to address emerging priorities globally, which may include Taiwan. A strategic allocation of FMF could be accomplished with increased flexibility within the annual appropriations bill.

*Question.* Why did the State Department budget request for Fiscal Year 2024 not include a request to fund the \$1 billion in PDA to support Taiwan that was authorized in TERA to proactively provide arms necessary for Taiwan to deter a possible Chinese invasion of the island?

*Answer.* The Department recognizes the drawdown authority is one of the U.S. government's most valuable tools to quickly provide defense articles to foreign partners. There are numerous policy and national security implications the United States must consider before the President decides whether to authorize a drawdown. Any decision to exercise the new drawdown authority would not require a corresponding appropriation as it is an authority to draw down from existing DoD stocks.

*Question.* To what extent has the United States sent weapons to Ukraine via PDA that could also be used for an asymmetric defense of Taiwan?

*Answer.* Support to Ukraine and support to Taiwan are not mutually exclusive. There are similarities and differences to our partners' defense needs, and capabilities prioritized for Taiwan are often the same systems that enhance the capabilities of many partners and allies. Some of the systems transferred to Ukraine under the military assistance drawdown authority align with some of Taiwan's priorities for acquisition, though the specific variant may be different.

*Question.* Given the threat and stakes, will the administration commit to prioritizing delivering weapons to Taiwan ahead other countries? If so, how will you ensure this is done quickly and effectively? If the administration believes it is unable to deliver weapons to Taiwan ahead of other countries for legal reasons, please explain why.

*Answer.* The U.S. government has limited flexibility to influence the order in which Foreign Military Sales (FMS) requests are fulfilled, and individual foreign partners are not automatically prioritized within the FMS process. Numerous factors determine the production queue, including the order that customers finalize and fund contracts, current DoD requirements, and the system and specific variant ordered. Prioritizing one partner would result in significant cost increases to that partner and likely cause the United States to miss contractual obligations with other partners.

*Question.* What steps is the administration taking to ensure the U.S. defense industrial base is prepared to replenish depleted U.S. weapons stockpiles and ramp up production to prepare for a possible major regional conflict in the Indo-Pacific?

*Answer.* I refer you to the Department of Defense, which holds the authority for contracting with U.S. companies for maintenance and potential contingency stockpiling.

*Question.* Could our European allies provide more military assistance to Ukraine?

*Answer.* More than 50 of our Allies and partners have publicly committed over \$24.2 billion in security assistance to Ukraine since February 2022 and we continue to work closely with them to increase military equipment provisions to Ukraine. Additionally, several of these countries have provided training.

*Question.* What are we doing to pressure our European allies to do more?

*Answer.* We continue to encourage our Allies and partners to provide the necessary military equipment Ukraine needs. I and other Department officials regularly raise Ukraine's needs with foreign counterparts in-person, on calls, and in multilateral settings, and will continue to do so for as long as it takes to help Ukraine defend itself from Russia's further invasion.

*Question.* Would a greater and more rapid European contribution of security assistance to Ukraine allow the United States to devote more of its strained defense industrial capacity to arming Taiwan?

*Answer.* Most European partners have supported Ukraine diplomatically, economically, and with military hardware and training. For example, at nearly 1 percent of GDP, Latvia's total assistance commitment is proportionally nearly four times that of the United States, while Estonia has donated the equivalent of nearly half of its annual defense budget to Ukraine. Efforts to support the timely delivery of defense articles to Taiwan need to prioritize expanding production capacity.

*Question.* The U.S. intelligence community reportedly estimated back in 2018 that Mexican drug cartels controlled more than 20 percent of Mexican territory—a percentage I'm certain has grown. The cartels also control large swathes of terrain across our southern border. Moreover, these cartels are responsible for almost all illicit drugs coming across our border. President Biden's Executive Order 14059 authorizes sanctions against foreign persons who provide—or facilitate the provision of—material support to the cartels. Why hasn't the Biden administration used existing sanctions authorities against Mexican government officials, including governors, who help the cartels?

*Answer.* The Department coordinates with the Department of the Treasury in support of Executive Order 14059. We have and will continue to use existing sanctions authorities against those involved in trafficking drugs into the United States.

*Question.* Is it acceptable that President Lopez Obrador is not taking aggressive action to degrade the drug cartels?

*Answer.* Through the Bicentennial Framework for Security, Public Health, and Safe Communities, we work closely with Mexican counterparts to address our shared security challenges, most notably the transnational criminal organizations responsible for trafficking illicit drugs into the United States and the associated violence in Mexico. I led two High Level Security Dialogues (in 2021 and 2022), along with my colleagues from the Departments of Justice and Homeland Security, where I urged the Mexican government to strengthen its efforts to curb fentanyl production and trafficking.

*Question.* What other tools is the Biden administration using to compel the Mexican government to take decisive action?

*Answer.* For years, the United States and Mexico have worked as partners to combat transnational criminal organizations (TCOs). Through the Bicentennial Frame-

work, the United States and Mexico have increased joint efforts to combat production of synthetic and other illicit drugs, increase drug interdictions, pursue prosecutions of TCOs and their finances, and reduce the amount of illicit goods crossing the U.S.-Mexico border. We also committed to implement a joint synthetic drug action plan at the 2022 High-Level Security Dialogue to complement ongoing cooperation.

*Question.* Do you assess that Mexico is at risk of becoming a narco-state?

*Answer.* No. Mexico is a long-standing partner in the fight against transnational crime. During the two High Level Security Dialogues I led in 2021 and 2022, the United States and Mexico committed to increasing our efforts to disrupt and dismantle transnational criminal organizations, and to strengthen Mexican capacity to improve the rule of law and curb fentanyl production and trafficking through the Bicentennial Framework for Security, Public Health, and Safe Communities.

*Question.* Please provide a list of all non-governmental organizations, including prime awardees and sub awardees, in Israel, West Bank, and Gaza that have received any funding from the U.S. government, including but not limited to the State Dept., NED, and MEPI beginning January 1, 2021 to the present day. The list should include the names of the prime awardees and sub awardees receiving any U.S. funding, the date and duration of the funding provided, the total amount of funding that has been and will be provided, the instrumentality of the United States government that is providing the funding, and the stated purpose of the funding.

*Answer.* The Department is working to assemble and provide the requested information. We would refer you to NED for information on their programming.

*Question.* The Biden administration has dramatically expanded U.S. assistance to the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) in spite of substantial evidence that indicates that UNRWA has contributed to Palestinian extremism and that Palestinian schools administered by UNRWA, have used textbooks and allowed the presence of materials that delegitimize Israel, denigrate Jews, and venerate martyrdom. In spite of the likelihood that UNRWA employs individuals affiliated with U.S.—designated terrorist organization Hamas, the United States does not condition aid to UNRWA on counter-terrorism vetting for staff, contractors, and recipients of UNRWA funds. Unlike USAID, where all grants must pass counter-terrorism vetting before funds are received, no similar mechanism is in place to ensure funds allocated to UNRWA do not get into the hands of people affiliated with Hamas and other terrorist organizations. Right now there is no accountability on this front: taking UNRWA's word for it is not a substitute for an independent audit. When was the last time the State Department conducted an audit of UNRWA?

*Answer.* I unequivocally condemn all forms of incitement to violence and anti-semitism. The United States provides vigorous oversight of UNRWA's commitment to neutrality and to prevent funds from benefitting terrorists via our U.S.—UNRWA Framework for Cooperation. Department oversight includes site visits, weekly meetings with UNRWA, quarterly checks of UNRWA contractors receiving more than \$10,000, and following up on UNRWA and UN audit findings and UNRWA's extensive reporting. We take oversight seriously and meet with stakeholders—including the government of Israel—to resolve concerns.

*Question.* Are you in favor of conditioning UNRWA funds on the completion of an independently conducted and verified counter-terrorism vetting process—similar to the protocol followed for staff of USAID aid recipients—that ensures that recipients of funds, or at minimum the staff and contractors of institutions receiving funds, are not being affiliated with terrorist organizations such as Hamas? Please begin your answer with a yes or no. If not, on what grounds do you find it acceptable that the United States taxpayer funds are going to organizations that contribute to the perpetuation of violent extremism and anti-Semitism and are not willing to undergo counter-terrorism vetting.

*Answer.* Antisemitism and incitement to violence are unacceptable. The State Department monitors the United Nations Relief and Works Agency for Palestine Refugees in the Near East's (UNRWA) adherence to stringent policies to uphold neutrality and prevent funds from benefitting terrorists. This includes UNRWA screening all staff and beneficiaries for terrorism and terrorist financing concerns; sharing staff lists with host authorities including Israel and the Palestinian Authority; prohibiting UNRWA staff participation in political activities; and reviewing all host country curricula and instructing teachers how to address issues inconsistent with UN values and its neutrality framework.

*Question.* Last year, the United States seemingly spared no expense and utilized every resource to bring Brittney Griner home from Russia. How do you explain the difference in the urgency with which the administration approached for the Griner case compared to the urgency it has approached other cases of wrongful detention?

*Answer.* The President's and my commitment to this issue is clear: there is no higher priority than the safety and security of all U.S. citizens around the world, and that includes seeking the release of those who are wrongfully detained or held hostage. We treat all wrongful detention cases with the urgency they deserve and have brought home dozens of U.S. nationals so far.

*Question.* What message do you have for other families who continue to wait for their own wrongfully detained loved ones to return home, have yet to meet with the President despite attempts to do so, and feel as though the administration is not prioritizing their own cases in the same way?

*Answer.* Whether someone receives a meeting with the President or not, the administration is always working equally hard to resolve each of these cases. I realize that meeting the President himself is an important event for these families, and I know that the President is aware of all U.S. national wrongful detention cases and feels passionately about bringing wrongful detainees home.

*Question.* Do you believe these individuals should meet with the President?

*Answer.* Whether someone receives a meeting with the President or not, the administration is always working equally hard to resolve each of these cases. I realize that meeting the President himself is an important event for these families, and I know that the President is aware of all U.S. national wrongful detention cases and feels passionately about bringing wrongful detainees home.

*Question.* What can you commit to for these families?

*Answer.* This administration is committed to the return of every U.S. national hostage and wrongful detainee and has brought home dozens of Americans so far. We have two critical imperatives in this space: securing the release of U.S. nationals while also promoting accountability and deterring those who would engage in this practice. Our goal is also to support the families; we aim to ensure families of wrongful detainees have access to the support they need. We are confident we can do all three, and our record speaks to that.

*Question.* In April 2021, the State Department invited organizations to compete for funding to support projects that promote and defend atheism around the world. According to the State Department's official announcement, its "goal is to ensure everyone enjoys religious freedom, including freedom to dissent from religious belief and to not practice or adhere to a religion." The announcement described a competitive process for awarding grants of \$500,000 to organizations committed to specifically to the practice and spread of atheism and humanism in South and Central Asia and in the Middle East and North Africa (excluding Libya, Syria, and Yemen). Did the bureau of Democracy, Human Rights, and Labor (DRL) receive an official opinion letter or memorandum from the Office of the Legal Advisor (L) confirming that the proposed grants are constitutional?

*Answer.* I am firmly committed to defending the right to freedom of religion or belief for all. Consistent with the Biden administration's mandate under the International Religious Freedom Act of 1998, as amended, this policy applies equally to people of any religion or belief, including atheists, agnostics, humanists, or non-theists. Consistent with the First Amendment, Department of State programs never promote specific religious beliefs; rather, they promote the ability of all individuals to have or adopt the religion or beliefs of their choice, free from discrimination and violence.

*Question.* What specific U.S. foreign policy interests does this program advance?

*Answer.* As noted in the annual International Religious Freedom reports, the prevalence of abuses or discrimination against members of one minority group is often indicative of the existence of similar discrimination and abuses against members of other minorities. Supporting efforts to safeguard the rights of members of one persecuted group helps address broader abuses and restrictions experienced by members of many or all religious groups in that society.

*Question.* Which implementing partners, if any, were chosen for funding after the NOFO in April 2021?

*Answer.* In accordance with longstanding practice, and to protect the ability of rights advocacy organizations to accomplish their objectives in highly sensitive international settings, the Department does not make public the results of these grant awards. However, the Department offers briefings for Congress to discuss these awards when requested.

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QUESTIONS SUBMITTED BY SENATOR MARCO RUBIO

*Question.* General Secretary Xi Jinping is correctly regarded as the most ideological Chinese Communist Party leader since Mao Zedong. He has personally tasked the Party with “liberating all of humanity” and serving as the “gravediggers of capitalism.” He is pushing the People’s Liberation Army (PLA) to focus its efforts on countering the “powerful enemy adversary,” which the bipartisan U.S.-China Economic and Security Review Commission argues is a code word for the U.S. Do you believe General Secretary Xi when he says he wants the Party to serve as a “grave-digger of capitalism?”

*Answer.* The PRC is the only country with both the intent to reshape the international order and, increasingly, the power to do it. The PRC’s own modernization benefitted from the stability and opportunity that the international order provides. But rather than using its power to reinforce and revitalize the laws, agreements, principles, and institutions that enabled its success, Beijing is undermining them. The PRC has become more repressive at home and more aggressive abroad. We continue to work with allies and partners to shape the strategic environment around Beijing to advance our vision of an open and inclusive international system.

*Question.* Do you think General Secretary Xi is a partner the U.S. can trust?

*Answer.* Under President Xi, the Chinese Communist Party has become more repressive at home and more aggressive abroad in challenging the rules—based international order. We will continue to defend U.S. interests, our values, and our affirmative vision for the world. At the same time, we recognize that how the United States and PRC manage our relationship has consequences for the entire world. That is why we will continue to explore possible efforts to partner with the PRC on transnational challenges, such as climate change, counternarcotics, non-proliferation, and global health.

*Question.* At what point will the administration stop downplaying Chinese support for Russia “as a marriage of convenience” and instead denounce the Chinese Communist Party as working against our interests in Ukraine?

*Answer.* Under President Xi, the Chinese Communist Party has become more repressive at home and more aggressive abroad. We will defend U.S. national security and advance our values and prosperity. We have repeatedly warned the PRC that assistance to Russia’s war effort, including help evading sanctions, would have serious consequences, and have sanctioned or designated PRC entities that have aided Russia’s war.

*Question.* You say we need to counter Beijing’s actions with diplomacy. Your department has supplanted or conflated national security objectives with progressive social policy by funding a Colombian LGBTQI group supporting prostitution, a film festival featuring incest and pedophilia in Portugal, and producing a diversity, equity, and inclusion declaration with Canada and Mexico while the immigration crisis rages at the border. How much of the \$4 billion you have requested for the Indo-Pacific to achieve national security objectives is going to be used on woke projects?

*Answer.* The fiscal year 2024 President’s budget requests resources to out-compete the PRC and advance American prosperity globally. The budget includes \$2.3 billion in discretionary funding to support implementation of the Indo-Pacific Strategy, including by strengthening our alliances and partnerships, as well as \$2 billion in mandatory funding to make game-changing investments in the Indo-Pacific to strengthen economies and support our partners in pushing back against coercive PRC efforts.

*Question.* Will you guarantee to this committee, and the American people, the proposed funding for the Indo-Pacific will be utilized to advance American prosperity and national security and not on a progressive social agenda?

*Answer.* The proposed funding for the Indo-Pacific, both the mandatory and discretionary components, included in the fiscal year 2024 President’s budget request will advance American prosperity and national security. This funding is a critical

investment that must be made for the United States to advance relationships with partners in the Indo-Pacific where competition with the PRC is most pronounced.

*Question.* The claim that the United States “does not seek to change China’s system” is especially wrongheaded and far from a slip-up. It echoes a line in the Biden administration’s February Indo-Pacific strategy: “Our objective is not to change the PRC but to shape the strategic environment in which it operates.” This sounds exactly like the defeatism that I feared when I warned in November 2020 that Biden would bring back the “caretakers of American decline.” Additionally, recent reports of Chinese companies supplying Russian companies with body armor, rifle ammunition, and jet repair parts to Russia have come to light. What exactly does winning look like in a “strategic competition” if China’s political system—a system that commits genocide, that covers up the origins of COVID-19, and that systematically steals our intellectual property and technology—does not change?

*Answer.* The PRC is the only country with both the intent to reshape the international order and, increasingly, the power to do it. The United States will compete and unapologetically stand up for our values and interests, but we do not want conflict with the PRC and are not seeking a new Cold War. We will vigorously defend and strengthen our national security as well as the international law, institutions, and agreements that protect the rights of individuals and sovereign nations, and maintain the peace and security that makes it possible for all countries to coexist.

*Question.* How can U.S. leadership be maintained unless our worldview continues to shape the global order, and the Party’s worldview—what it calls “Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era”—is tossed onto the ash heap of history where it belongs?

*Answer.* The PRC is the greatest geopolitical challenge facing the United States because it is the only competitor with the intent and, increasingly, the capability to remake the international order. The United States will continue to compete vigorously with the PRC to defend our values and vision of the world. At the same time, as we have said, we do not seek conflict with the PRC. The United States will manage competition responsibly and maintain open lines of communication with the PRC.

*Question.* How can we paper over General Secretary Xi’s statements that he wants the Chinese Communist Party to “liberate all of humanity” and serve as the “gravediggers of capitalism” as just a difference of opinion that can be constrained?

*Answer.* The PRC is the greatest geopolitical challenge facing the United States because it is the only competitor with the intent and, increasingly, the capability to remake the international order. The PRC is more repressive at home and aggressive abroad in challenging the interests and values of the United States and our allies and partners. We will continue to advance our vision for an open and inclusive international system. The United States will also manage competition responsibly and maintain open lines of communication with the PRC.

*Question.* Why is this administration so prone to timidity when confronted by what is nothing less than an existential threat?

*Answer.* The Biden administration will continue to compete vigorously with the PRC to uphold our values and advance our interests and our affirmative vision of the world. We have introduced a record-setting number of sanctions, export controls, and other competitive actions. For example, we added more than 200 PRC and Hong Kong entities to the Entity List; pushed back publicly against PRC claims in the South China Sea; held the PRC to account for its egregious abuses of human rights; and demonstrated unprecedented support for human rights and religious freedom in Tibet.

*Question.* When will the administration impose sanctions on Chinese support for the invasion of Ukraine?

*Answer.* We have already sanctioned a number of PRC firms under our Russia sanctions regime, including Spacety for providing synthetic aperture radar satellite imagery over locations in Ukraine. In my meeting with PRC Director Wang Yi on the margins of the Munich Security Conference on February 18, I reinforced our concern and potential repercussions of the PRC materially supporting Russia’s war effort. We have made it clear to the PRC there would be real consequences to our relationship if the PRC were to provide Russia lethal assistance or systematic support to evade sanctions. We will continue to monitor this issue very closely.

*Question.* What is the administration doing to hold the Chinese Communist Party accountable for its continued refusal to stop the production of fentanyl precursor chemicals?

*Answer.* The Department continues to press Beijing and expand efforts to strengthen international cooperation with the PRC and other partners to stop the criminal diversion of unscheduled chemicals to illicit synthetic drug production. Among other efforts, the Department provides foreign policy guidance to the Department of the Treasury in support of designations pursuant to the Kingpin Act and E.O. 14059 and continually evaluates potential targets for the Department of State Transnational Organized Crime and Narcotics Rewards Programs.

*Question.* I remain skeptical that you traveling to Beijing is a net positive for our Nation given the brazen violation of U.S. sovereignty by its spy balloon, the CCP's continued detention of U.S. citizens, and ongoing acts of genocide, to name a few. Should it be rescheduled, this administration would be perceived as bailing out General Secretary Xi Jinping, providing him with an audience after China's "two sessions," which have confirmed his consolidation over the Party and Chinese society. Do you still plan to visit Beijing?

*Answer.* I am prepared to visit Beijing when conditions allow. If I do so, I will carry a clear message, as I always do in my engagements with PRC leaders, that Beijing must live up to its responsibilities as a global power. We will continue to manage this relationship responsibly and maintain open lines of communication.

*Question.* Under what conditions do you think a trip is appropriate?

*Answer.* We will assess the most opportune time to visit to advance U.S. interests. From the U.S. perspective, it's important that the PRC make meaningful progress on some of the most high-priority issues as outlined by President Biden. During any meeting with PRC leaders, I intend to carry a clear message, as I always do in my engagements, that Beijing must live up to its responsibilities as a global power.

*Question.* Would you, at a minimum, require the release of American citizens, like Mark Swidan, Zhou Deyong, and Harrison Li, as a prerequisite for any meeting with your counterparts in Beijing? Why or why not?

*Answer.* I am deeply concerned by the PRC's continued use of wrongful detentions and coercive exit bans without a fair and transparent process in U.S. citizens' cases. There is no higher priority for the U.S. government. The administration raises individual U.S. citizen cases with the PRC government at every opportunity and at the highest levels. We call on the PRC to immediately release wrongfully detained individuals, lift coercive travel restrictions on U.S. citizens, and refrain from such measures in the future. I commit to keeping Congress informed, consistent with privacy concerns.

*Question.* Will you raise the issue of the PRC's systematic arrests and detentions of the family members of American citizens of Uyghur descent in order to silence their advocacy? For example, the families of Nury Turkel, the Chairman of the U.S. Commission on International Religious Freedom, Gulchehra Hoja, a reporter at Radio Free Asia, and Rushan Abbas, a prominent NGO leader, are all either under detention or travel bans.

*Answer.* I am deeply concerned by ongoing reports of PRC attempting to silence human rights advocates in the United States by retaliating against their relatives in China. We continue to call for the immediate and unconditional release of PRC nationals who are unjustly detained. We also urge the PRC to lift coercive exit bans affecting family members of U.S. citizens. The Department raises priority cases of concern directly with the PRC government at the highest levels, including cases concerning relatives of U.S. citizens and residents.

*Question.* Do you pledge to hold the Chinese Communist Party accountable for its use of slave labor, unfair trade practices, and aggression in the region?

*Answer.* We will continue to take strong action to counter PRC human rights abuses and unfair trade practices. To this end, we have deployed tools to promote accountability for PRC individuals and entities responsible for human rights abuses. While we were disappointed with the outcome of the 2022 Human Rights Council vote not to discuss Xinjiang, it successfully made clear the PRC is not above scrutiny. We are working with likeminded allies on next steps to promote accountability for the PRC's human rights abuses and unfair trade practices, and to uphold the rules-based international order.

*Question.* Since the start of the Biden administration, it appears its China policy has been flawed. On the one hand, the Biden administration says Beijing is the only regime that has the intention and capacity to reshape the international order. On the other hand, the administration still insists on cooperating with the Chinese government where “our interests align.” For example, John Kerry is still championing a climate deal, even though the number of Chinese coal plants continues to rise and Beijing eagerly buys up Iranian and Russian oil. Do you believe a government that routinely violates its commitments to international agreements, and has no interest in slowing down its industrial capacity, will negotiate with us in good faith?

*Answer.* The Biden administration holds the PRC accountable to its bilateral and international commitments. We do not hesitate to call out the PRC when it has failed to uphold these commitments, such as in the most recent Annual Report on China’s WTO Compliance. As the largest carbon dioxide emitter, the PRC must accelerate efforts to limit global temperature rise to 1.5 degrees C. Confronting the climate crisis is a global and existential issue. The world expects China and the United States to work together when it comes to transnational challenges such as climate, including on energy transition, methane emission reductions, and ending illegal deforestation.

*Question.* What do you base that belief on?

*Answer.* The Biden administration holds the PRC accountable to its bilateral and international commitments. We do not hesitate to call out the PRC when it has failed to uphold these commitments, such as in the most recent Annual Report on China’s WTO Compliance. As the largest carbon dioxide emitter, the PRC must accelerate efforts to limit global temperature rise to 1.5 degrees C. Confronting the climate crisis is a global and existential issue. The world expects China and the United States to work together when it comes to transnational challenges such as climate, including on energy transition, methane emission reductions, and ending illegal deforestation.

*Question.* A few months ago, a report by the Center for Strategic and International Studies concluded that the war in Ukraine has severely depleted both American and European stocks of munitions critical for a conventional war. This is especially cause for concern given that the Chinese Communist Party is stepping up its aggressive behavior in the Indo-Pacific, including towards Taiwan and India. It is my belief that deterring Beijing in the region must be the top priority for the U.S., and our assistance to Ukraine—though important—should not come at the cost of leaving us unprepared to deter China or degrade the ability of the U.S. to defend ourselves at home. Have the militaries of Taiwan, or our other allies and partners in the Indo-Pacific region, requested any of the capabilities and equipment we are providing Ukraine?

*Answer.* Support to Ukraine and support to Taiwan and our other allies and partners in the Indo-Pacific are not mutually exclusive. It is correct that there are similarities and differences to our partners’ defense needs, and capabilities provided to a particular customer are often the same systems that enhance the capabilities of other partners and allies. Many of the capabilities we have provided Ukraine via the drawdown authority are similar to capabilities that would support Taiwan’s defense requirements, though these often include different variants to systems our Indo-Pacific partners are procuring through Foreign Military Sales.

*Question.* If so, how is the department handling competing Foreign Military Sales requests between our Indo-Pacific allies and partners and our European allies? Which is being prioritized for fulfillment?

*Answer.* Numerous factors determine the production queue, including the order in which customers finalize and fund contracts, current DoD requirements, and the system and specific variant ordered. Prioritizing one partner would result in significant cost increases to that partner and likely cause the United States to miss contractual obligations with other partners. That said, we are looking at ways to prioritize urgent needs for our allies and partners in the Indo-Pacific and Europe.

*Question.* Chinese-produced fentanyl and fentanyl precursors continue to enter the U.S. illicitly and kill American adults and children. It is a tragedy that many of Florida’s, and America’s, families are all too familiar with. Despite this, last fall, the Biden administration did not list China as a Major Drug Transit or Major Illicit Drug Producing Country for Fiscal Year 2023. This is an insult to the pain and suffering so many Americans are facing due to Chinese-produced fentanyl and fentanyl precursors. The law is clear: any country “that is a significant direct source of cov-

ered synthetic drugs or psychotropic drugs or other controlled substances, including precursor chemicals when those chemicals are used in the production of such drugs and substances, significantly affecting the United States” should be designated. China clearly meets that definition. Why did you leave it off the list?

*Answer.* The James M. Inhofe National Defense Authorization Act for fiscal year 2023 amended the definition of Major Drug and Major Illicit Drug Producing Countries to include synthetic drugs and precursor chemicals. It was enacted into law by President Biden on December 23, 2022. This legislative change occurred following President Biden’s last determination identifying Major Drug Transit or Major Illicit Drug Producing Countries for fiscal year 2023 in September 2022. The fiscal year 2024 determination of countries is required under law by September 15, 2023.

*Question.* Has the department considered sanctioning Chinese persons and entities involved with producing fentanyl and fentanyl precursors through the Kingpin Act? If not, why?

*Answer.* The Department of State provides foreign policy guidance to the Department of the Treasury in support of designations pursuant to the Kingpin Act and the more recent Executive Order 14059. The Department remains committed to continued close collaboration in support of the Kingpin Act and other sanctions programs targeting the fentanyl supply chain. For further specifics on potential targets, I recommend questions be directed to the Department of the Treasury.

*Question.* Which threshold needs to be crossed in order for the department to use tools currently available to sanction these foreign persons and entities?

*Answer.* The Department utilizes available sanctions tools consistent with the terms of the specific authorities being used. The Department works with the Department of the Treasury to support the implementation of relevant sanctions, including EO 14059, which implements the fentanyl sanctions act, and the Foreign Narcotics Kingpin Designation Act. For specifics on further implementation details, I refer you to the Department of the Treasury.

*Question.* On February 27, pursuant to Congress’ enactment of the No TikTok on Government Devices Act, the Biden administration ordered a ban on TikTok on most government devices in 30 days, which would be March 30. Do you agree that TikTok represents a national security threat to the United States?

*Answer.* Since July 2021, the State Department prohibits the use of TikTok on Department-owned devices and the creation of official Department of State TikTok accounts. In addition, our policy states that U.S. Embassies and Consulates should not hire contractors nor third-party vendors to create or manage TikTok accounts of behalf of Department organizations and personnel.

*Question.* Do you agree that TikTok should not be installed on U.S. government devices?

*Answer.* The State Department has prohibited the use of TikTok on Department-owned devices since July 2021 and has prohibited the creation of official Department of State TikTok accounts. Additionally, we are working to ensure compliance with the February 2023 OMB memorandum “No TikTok on Government Devices” Implementation Guidance.

*Question.* Why is the Biden administration showcasing TikTok influencers instead of clearly articulating the national security threat the app poses to U.S. citizens?

*Answer.* The Department does not manage any TikTok accounts and is taking necessary measures to safeguard government infrastructure and data. The Department, however, is committed to engaging global audiences, including meeting young people where they are, and promoting U.S. foreign policy while ensuring we do not cede this space to our adversaries and competitors. Methods used may include collaboration with individuals on platforms where we do not currently have a digital presence.

*Question.* Your fiscal year 2024 budget request identifies two budget and policy priorities in the top three, and they are the implementation of an Indo-Pacific strategy to strengthen alliances and partnerships and out-compete the CCP by providing alternatives to the CCP’s predatory and coercive practices and has requested \$4 billion for this national security priority. However, you have requested \$6.4 billion for what can only be called pet social policy projects that only a narrow section of American society support, such as LGBTQI advocacy initiatives, the U.N. Green Climate Fund, a Clean Technology Fund, and Family Planning and Reproductive Health—

essentially abortion advocacy. This disparity highlights where the administration's priorities truly are, progressive social policy over American prosperity and stated national security priorities. This administration's obsession with promoting a woke agenda is destructive in its own right, but even more so when placed in the context of great power competition. Currently, your department has more than 100 vacant and unfilled Foreign Service Generalist and Specialist positions in the Indo-Pacific. How many Foreign and Civil service staff are employed in the Diversity offices of State and USAID?

*Answer.* The Department's Office of Diversity and Inclusion currently has authorization for 12 full-time equivalent (FTE) positions. One Senior Leader position will be added in fiscal year 2023. USAID's Office of the Chief DEIA Officer currently has 10 FTE positions: eight Civil Service staff and two Foreign Service staff.

*Question.* In your proposed budget request, you have proposed 56 new positions for State in the Indo-Pacific. Why should Congress authorize additional positions when you cannot fill current positions and when the department fills Diversity offices ahead of staffing a region the President and yourself have stated is the priority?

*Answer.* The Department continues to make hiring and filling positions a top priority. In fiscal year 2022, the Department executed the largest intake of Foreign Service professionals in a decade and fiscal year 2023 numbers will be even larger. We remain committed to protecting and promoting U.S. interests, including in the Indo-Pacific, by ensuring the Department is staffed appropriately.

*Question.* The administration's fiscal year 2024 budget request includes \$532.1 million for the Western Hemisphere. This request supports many initiatives for the security of the Caribbean, including the Caribbean Basin Security Initiative (CBSI), to help fight crime and violence in these nations. Senator Kaine and I introduced legislation to codify the CBSI to require the State Department to promote cooperation with Caribbean nations and address the crisis in Haiti, which isn't a beneficiary country. What steps has the State Department taken to address the ongoing security crisis in Haiti?

*Answer.* The Department provided over \$90 million since July 2021 to help the Haitian National Police (HNP) expand its anti-gang capacity by training, equipping, and vetting specialized units and supporting community policing programs. The Department worked with U.S. and Canadian militaries to expeditiously deliver Haitian-purchased armored vehicles and provide real-time advice so the HNP could re-take the Varreux fuel terminal from the gangs in November 2022. The Department's CBSI programs address firearms trafficking and other regional problems that affect Haiti.

*Question.* Why hasn't the administration submitted a resolution to the United Nations Security Council calling for international support for Haiti, which Ambassador Linda Thomas-Greenfield promised last October?

*Answer.* As a result of U.S. advocacy, the UN Security Council adopted a resolution that extended the mandate of the UN Integrated Office in Haiti (BINUH) to 1 year, increased the number of police advisors, dedicated capacity to address sexual and gender-based violence in BINUH's human rights unit, and established the first UN sanctions regime ever in the Western Hemisphere. In addition to increasing our bilateral assistance to the Haitian National Police, we continue our intensive diplomatic outreach to identify partners to lead a non-UN multinational force (MNF).

*Question.* What is the status on identifying a country to lead an international response to the Haitian government's October 2022 request for help?

*Answer.* We continue to evaluate options and work with international partners to respond to Haiti's request for an international security force. In addition, the Department is intensifying its efforts to support the Haitian National Police (HNP), including through increased training and equipment.

*Question.* How many Haitian migrants have to undertake the dangerous journey from Haiti to Florida and across the southern U.S. border before the administration takes the initiative in quelling gang violence in Haiti?

*Answer.* The administration remains deeply concerned about Haiti's gang violence and irregular migration. Since July 2021, we have provided over \$90 million for Haitian National Police anti-gang capacity building. We continue to lead measures to promote an end to the violence, including imposing sanctions and visa restrictions on over 50 individuals involved in corruption and criminal organizations since Octo-

ber 2022. The Department supports safe, orderly, and humane migration from Haiti and the region, including through the expanded parole process launched in January 2023.

*Question.* The President's request includes \$430 million to support hemispheric migration management and proposes additional funding for programs aimed at improving the lives of migrants and refugees, including an allocation for the Inter-American Development Bank's fund to invest in the private sector in the Western Hemisphere, which would help these economies provide opportunities to their people and keep them from migrating here. What guardrails are in place to prevent Beijing-controlled companies from accessing these funds?

*Answer.* Companies domiciled in the People's Republic of China, as a non-borrowing member of the Inter-American Development Bank (IDB), are eligible to bid on projects under IDB financing. The United States continues to advocate for reforms and procurement policies at the multilateral development banks (MDBs) that focus more on the best value for life-cycle costs, which showcases U.S.-based firms' strengths, rather than lowest bids. I refer you to the U.S. Treasury Department, the lead agency for the MDBs, for more detailed questions on MDB procurement.

*Question.* In addition to funding supported by the bank, how else are we supporting U.S. private investment in Latin America and the Caribbean, including upper-middle-income and high-income countries that are not eligible for DFC funding?

*Answer.* DFC is authorized to work in upper-middle-income countries on projects that advance infrastructure, human needs, and USAID priorities. EXIM, which operates without income restriction, and USTDA, which can work in countries up to middle-income, are able to facilitate U.S. exports and private investment throughout the region. We are implementing the Blue Dot Network initiative to certify quality infrastructure projects and help close the infrastructure gap around the world by attracting greater private sector investment regardless of income level.

*Question.* On October 7, 2022, the UN Human Rights Council voted to adopt a U.S.-supported resolution renewing the mandate of the UN Fact-Finding Mission on Venezuela. Prior to the Council's vote, the mission released a report which concluded that "Nicolás Maduro, supported by other high-level authorities, stand out as the main architects in the design, implementation and maintenance of a machinery with the purpose of repressing dissent." How is the State Department supporting efforts to hold the Maduro regime accountable for their systematic violations of human rights, as documented by the UN Fact Finding mission?

*Answer.* The State Department continues to hold the Maduro regime accountable for its human rights abuses, including those documented in the UN Fact Finding Mission (FFM). As part of these efforts, the U.S. Government supports democratic actors, including civil society and the opposition, coordinating with democratic countries to demand democracy and call out the regime's violations. We have also welcomed the International Criminal Court's investigation into abuses, supported the UN FFM's mandate renewal, and imposed sanctions on the Maduro regime.

*Question.* Is the administration considering a prisoner exchange involving Alex Saab, who is wanted for counter-terrorism charges, for innocent Americans who are wrongly detained in Venezuela?

*Answer.* The Biden-Harris administration has made it a priority to protect Americans abroad and bring home all U.S. nationals wrongfully detained or held hostage abroad. We, as always, do not comment on the specifics of any particular ongoing case.

*Question.* Following the UN Human Rights Council (UNHRC) vote in October, Venezuela lost its seat on the Council, and was replaced by Costa Rica—a democracy with a good human rights record. This was a positive development for the Council and the international community's rejection of the Maduro regime's human rights record. How can we apply the same support to keep other countries with human rights violations off of the Council in the future?

*Answer.* The United States continues to seek reforms of the UN Human Rights Council (HRC), particularly with respect to its membership. The United States actively engages with allies and partners to encourage countries with good human rights records to challenge countries with poor records for seats on the Council. The United States also presses member states to more carefully consider human rights records of countries running for HRC election.

*Question.* The human rights situation in Nicaragua has deteriorated significantly in recent years. The Daniel Ortega regime has suppressed dissent, shuttered independent media, arbitrarily detained political opponents, and carried out fraudulent presidential elections. U.S. law, specifically the RENACER Act, requires the Secretary of State to impose sanctions against human rights violators and those obstructing the establishment of conditions that advances free, fair, transparent and democratic elections in Nicaragua. What actions have you taken to advance democratic elections in Nicaragua, as stated in the RENACER Act?

*Answer.* The Ortega-Murillo regime continues to trample democratic institutions and block democracy's return to Nicaragua. The United States has imposed financial sanctions on 48 individuals and 11 entities and has taken steps to place visa restrictions on nearly 1,000 Nicaraguans and their family members who fuel repression and corruption. No member of the Nicaraguan government nor anyone who facilitates the Ortega-Murillo regime's abuses should believe they can travel freely to the United States or avoid accountability for their actions.

*Question.* How is the State Department highlighting the human rights situation in Nicaragua at the UNHRC and other international forums?

*Answer.* The Department of State works with allies and partners in international fora, including the UNHRC and the OAS, to focus global attention on the Ortega-Murillo regime's human rights abuses. On April 3, the UNHRC adopted a U.S.-co-sponsored resolution on Nicaragua and renewed the mandate of the Group of Human Rights Experts on Nicaragua for an additional 2 years. On March 29, U.S. Ambassador Mora highlighted former political prisoner Tamara Davila's testimony before the OAS Permanent Council, reminding everyone what is at stake in Nicaragua.

*Question.* A few weeks ago, several Nicaraguan officials visited the United States for the World Baseball Classic. The Nicaraguan community in Florida identified some of these officials as members of the Nicaraguan National Police, which is subject to visa sanctions mandated by the NICA and RENACER Acts. Can you confirm if those officials are members of the Nicaraguan National Police, which the U.S. has found responsible for numerous cases of human rights abuses in Nicaragua, issued visas to enter the country?

*Answer.* Visa records are confidential under U.S. law and therefore we cannot provide details on individual visa cases. The Department has taken steps to impose visa restrictions on nearly 1,000 Nicaraguans who have contributed to the regime's human rights abuses and actions to undermine democracy. The Department continues to gather information and review visa applications to identify individuals covered by the sanctions described in the NICA and RENACER Act, as well as those ineligible under other visa restriction authorities.

*Question.* When should we expect the next announcement of sanctions on Nicaragua?

*Answer.* We do not preview sanctions actions. U.S. sanctions are designed to encourage the regime to change course. As the regime has not yet shown willingness to do so, we continue to explore additional coordinated, multilateral pressure using the diplomatic and economic tools at our disposal.

*Question.* Last month, officials from Cuba's Ministry of the Interior, an entity under U.S. human rights sanctions, were invited to visit the U.S. Coast Guard Headquarters and a Coast Guard facility in North Carolina. Cuba is a state sponsor of terrorism. It has sponsored terrorism for years in South America, and it continues to shield criminals responsible for horrific attacks on U.S. citizens from the reach of our judicial system. Do you agree that Cuba should remain on the list of state sponsors of terrorism?

*Answer.* The Department of State designated Cuba as an SST on January 12, 2021, for repeatedly providing support for acts of international terrorism. Under U.S. law, specific statutory criteria must be met to rescind SST designations. The Department carefully reviews available information, from many sources, to determine if a country meets the statutory criteria for designation or rescission. Any review of Cuba's SST designation would be based on the law, including the criteria established by Congress.

*Question.* Are you aware of any other program where we invite North Korea, Iran, or Syria, the other designated state sponsors of terrorism, to tour our military facilities?

*Answer.* The Departments of State and Homeland Security, including the U.S. Coast Guard (USCG), jointly planned the Cuba Port Security visit in support of the USCG International Port Security (IPS) Program's mission. The IPS Program fulfills the mandate to protect the U.S. Maritime Transportation System (MTS) through security assessments of international ports. The USCG IPS Program has not invited North Korea, Iran, or Syria to tour port facilities in the U.S. or USCG units. I refer you to the Department of Defense for any questions regarding visits to military facilities.

*Question.* A few weeks ago, Senator Menendez and I sent a letter urging you to increase efforts to stop the expansion or resumption of programs in Latin America that makes use of Cuba's foreign medical missions. I was pleased to see in the recent release of the annual human rights report that the department again pointed out these missions as a form of forced labor and noted that it's more than just doctors. The regime is forcing sailors, athletes, musicians, architects, and teachers into forced labor programs abroad. What is the Department doing to encourage countries like Mexico, Brazil, and Colombia to stop from using Cuban medical missions?

*Answer.* The administration seeks every opportunity to bring abuses in Cuba's labor export program to light, raising our concerns with senior foreign officials around the world. In recent weeks, U.S. embassies engaged officials in Mexico and Brazil to share our concerns with Cuba's labor export program to mitigate exploitation and trafficking of government-affiliated Cuban workers, and we will continue to raise this important issue. The Department has documented strong indicators of forced labor in Cuba's labor export program in each annual Trafficking in Persons Report since 2010.

*Question.* Should these countries start using Cuban Medical Missions, what will be the U.S. response?

*Answer.* The Department will continue to raise concerns regarding forced labor in Cuba's labor export programs with international partners and in multilateral fora. We will urge countries to proactively screen government-affiliated Cuban workers for trafficking and forced labor indicators, protect identified victims, seek transparency on their contractual agreements, and respect their human rights and labor rights. The Department continues to call on other governments to curb coercive labor practices and ensure compliance with international labor standards.

*Question.* Since assuming office, the new administration of Gustavo Petro has embarked on an ambitious "Paz Total" or "Total Peace" plan by launching negotiations with dozens of armed groups. These are quite different from the talks launched in previous years with the Revolutionary Armed Forces of Colombia (FARC)—many of the groups participating in Paz Total, like Clan de Golfo, are literally just drug cartels with no other motive than the pursuit of profit. Is Colombia's pursuit of Paz Total with drug cartels beneficial for the safety of Americans?

*Answer.* While the outcome of the Petro administration's conversations with criminal groups is uncertain and there is much skepticism that "Total Peace" is achievable, if talks lead to those groups disbanding and giving up drug trafficking and other criminal activities, the safety and well-being of U.S. citizens should improve. The level of violence within Colombia would presumably decrease and, so long as other groups do not step in to fill the void, negotiated agreements could result in a decrease in Colombian cocaine trafficked to the United States.

*Question.* Has the Department raised concerns with the Petro administration regarding participants in the Paz Total talks?

*Answer.* Yes. We have urged extreme caution in dealing with terrorists and narco-traffickers, especially those who seek concessions to allow them to continue criminal operations and seek impunity. While we support the pursuit of peace in Colombia and President Petro's desire to address ongoing threats from insurgent, terrorist, and drug trafficking groups, our goal remains to bring drug traffickers and terrorists who violate U.S. laws to justice, to avoid impunity for serious crime, and to reduce coca cultivation, and drug production and trafficking.

*Question.* Do you anticipate that Colombia will not honor its extradition treaty obligations with the United States, as some Paz Total participants are demanding as part of the talks?

*Answer.* To date, President Petro has not denied a single U.S. extradition request and approved almost 40 extraditions. We expect to work with Colombia to ensure that extraditions continue, to advance our shared law enforcement goals.

*Question.* My office has received multiple requests from U.S. citizens whose family members are waiting for approval for their visas to legally travel to the United States. Since the start of the pandemic, the consular backlog has been a constant source of frustration for my constituents. What steps has the administration taken to alleviate this backlog of cases?

*Answer.* We are focused on getting posts back to pre-pandemic staffing levels to eliminate immigrant visa backlogs and reduce nonimmigrant visa interview appointment wait times. As scheduling capacity at posts has increased, the National Visa Center forwards interview-ready-cases; posts have reduced IV scheduling backlogs by 27 percent since July 2021. The Department uses data-driven analyses to help posts adjudicate visas more efficiently, schedule more applicants, and develop backlog-elimination plans for the posts with the largest pandemic-driven backlogs.

*Question.* What explains the continued delay in resolving the backlog?

*Answer.* The Department is focused on eliminating the backlog of interview-ready immigrant visa cases that accrued during the pandemic. The National Visa Center continues to schedule as many interviews as posts' capacities allow. The Department has dedicated significant resources to rebuild staffing and reduce visa backlogs and appointment wait times. We are focused on helping all our posts around the world get the tools, resources, and support they need to bring wait times down. We continue to see significant progress in 2023.

*Question.* Honduras recently cut diplomatic relations with Taiwan and officially established diplomatic relations with the People's Republic of China. This means that yet another country in our region turns its back to our democratic ally, despite Taiwan's years long support for development in Honduras. Earlier this year, Taiwan launched an education program in Honduras under the Global Cooperation and Training Framework jointly administered with the United States. What's the administration reaction to this concerning news?

*Answer.* Countries make their own sovereign decisions in their international relationships. However, countries often find promises exchanged for diplomatic recognition go unfulfilled. The U.S. one-China policy remains unchanged. Taiwan's investments in Honduras reflected its lasting and sustainable commitment to the prosperity of the Honduran people. Taiwan is a reliable, likeminded, and democratic partner and all who value democracy, good governance, transparency, the rule of law, and economic prosperity for their people should seek to expand engagement with Taiwan.

*Question.* How is the administration demonstrating the detrimental effect of this decision on Honduras?

*Answer.* Special Presidential Advisor for the Americas Chris Dodd spoke with President Castro on March 20, and U.S. Embassy Tegucigalpa has carried out sustained engagement to express our concern over the Honduran government's decision. U.S. diplomats explained the risks to Honduran sovereignty, transparency, accountability, and sustainable financing that come with partnership with the PRC. Special Presidential Advisor Dodd and the Embassy also underscored the many expected benefits from partnership with the PRC that other countries never saw come to fruition.

*Question.* Why is Honduras invited to participate at the second Summit for Democracy, when it continues to mistreat American companies and choose to stand with the genocidal regime in Beijing?

*Answer.* A Summit invitation does not imply that all aspects of a country's democracy are perfect. It shows commitment to partners willing to strengthen democratic governance. Honduras held free/fair elections in 2021 that led to a peaceful transfer of power. The Castro administration continues to express commitment to democratic governance. We support companies and investments that promote good governance and jobs and will convey our concerns about the PRC's troubling trade, environmental, and human rights practices with Honduras.

SUBCOMMITTEE RECESS

Senator COONS. With that, this hearing is adjourned.  
[Whereupon, at 12:04 p.m., Wednesday, March 22, the subcommittee was recessed, to reconvene subject to the call of the Chair.]

**STATE, FOREIGN OPERATIONS, AND RELATED  
PROGRAMS APPROPRIATIONS FOR FISCAL  
YEAR 2024**

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WEDNESDAY, APRIL 19, 2023

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

The subcommittee met at 10:01 a.m., in room SD-138, Dirksen Senate Office Building, Hon. Christopher A. Coons (Chairman), presiding.

Present: Senators Coons, Shaheen, Merkley, Murphy, Van Hollen, Schatz, Collins, Graham, Moran, and Hagerty.

UNITED STATES AGENCY FOR INTERNATIONAL  
DEVELOPMENT

OPENING STATEMENT OF SENATOR CHRISTOPHER A. COONS

Senator COONS. I call this hearing to order. Today, the Subcommittee on State, and Foreign Operations, Related Programs of the Senate Appropriations Committee, meets to review the fiscal year 2024 budget request, for the United States Agency for International Development.

We are honored to have Administrator Samantha Power with us. Administrative Power, it is always an honor and a privilege to have you before us. We have a lot to cover. You have a lot going on and a lot of responsibilities, so we appreciate your making yourself available.

It is unfortunate that we have two, at least two, other compelling hearings on similar or related topics. So please be understanding that a number of our colleagues intend to come in and out.

I am grateful, the Vice Chair of the Full Committee, my friend and colleague from Maine, Susan Collins, is serving as the Ranking for this hearing, and will help open the hearing. I know that the Ranking Member of the subcommittee, Senator Graham, will join us in just a few minutes.

The fiscal year 2024 request for this subcommittee's budget including staff and programs of, State, USAID, MCC, DFC, and other agencies, is in total \$68.6 billion, 6.8 billion, or 11 percent above the fiscal year 2023 enacted level, still not even one penny on the dollar of U.S. Defense spending. If you include the supplemental funding that was provided in 2023, to address Russia's brutal invasion of Ukraine, the fiscal year 2024 request would actually be a 15 percent cut over the overall expenditures.

With this relatively modest funding, Administrator Power, you are being asked to confront an historic confluence of complex global challenges. A record number of refugees, and internally displaced persons, more than 100 million people forcibly uprooted. Food insecurity steadily on the rise, with an expected 345 million people projected to experience intense food insecurity this year, more than double the level just 3 years ago. Sustained democratic backsliding, marked by corruption and increased repression. A global debt crisis amongst the poorer countries coming out of COVID-19. Economic competition and coercion from authoritarian actors, like the PRC.

And while we continue to focus on Russia's invasion of Ukraine, there are many other humanitarian crises around the world: the Horn of Africa, the Sahel, Pakistan, Syria, Yemen, and many others.

USAID is tasked with a leading role in the U.S. Government's response to these many challenges, which is also critical to bolstering U.S. national security, our reputation, and our place in the world. I am grateful for the service of all the development professionals at USAID, who I have had the opportunity to visit in a dozen countries in the last few months.

I am proud of the work we have done here, on a bipartisan basis on this Subcommittee, and Full Committee, to help you better grow, equip, and support USAID's workforce, to apply lessons learned from your predecessors, and adapt the Agency to strengthen locally led development, and cooperation with the American private sector. I know we have a lot more to do together.

I look forward to hearing from you this morning about your proposals for how we can best leverage our development tools to advance our national interests, how you define those interests, where USAID fits in, and what you are doing to better tell the story, globally, of USAID's vital work.

I will say to you at the outset what I said in our previous hearing to Secretary Blinken. Your task is daunting, and this subcommittee must both rigorously oversee your work, and ensure you have the support and resources you need to protect and advance our national security and our national values. You cannot be asked to do more with less.

That is why I am encouraged by the fiscal year 2024 budget request for your Agency, and the rest of the State and Foreign Operations budget, as the challenges of our time demand bold investments.

Thank you Administrator Power, for joining us. I look forward to your testimony.

And I will now turn to Vice Chair Collins.

#### OPENING STATEMENT OF SENATOR SUSAN M. COLLINS

Senator COLLINS. Thank you very much, Chairman Coons. I am delighted to join you today. As is sometimes the case in the Senate, there is a conflict for the Ranking Member, Lindsey Graham, with the Judiciary Committee hearing this morning. He will be attending a little later, but in the meantime he has asked me to help open this hearing, and serve in the role as Ranking Member.

I do want to welcome Administrator Power. I know that the subcommittee looks forward to hearing your testimony on USAID's fis-

cal year 2024 budget request, and moving quickly to questions on such a wide range of issues that you deal with.

I will have questions for you regarding the Reach Every Mother and Child Act, which Chairman Coons and I intend to reintroduce soon, along with the others in the Senate. It sets a goal of the Ending Preventable Maternal and Child Deaths through such affordable and simple practices as nutritional supplements, clean birthing practices, and vaccines.

I am also eager to hear your assessment of the situation for women and girls in Afghanistan, which I view as dire. And also, your comments on recent steps the Afghan Government has taken to exclude women from working in international aid programs and for NGOs. As I look at the situation in Afghanistan, it appears evident that we are on the verge of extreme food shortages, and we all know who will be most affected by that, and that is women and girls.

I also think that there is a very interesting debate on the best way to help people around the world who are struggling with hunger: Is it to provide them with food, or is it to teach them how to grow their own food, so that they can become more sustained in meeting their needs?

So thank you, again, for being with us today. And I appreciate the Chairman's leadership.

Senator COONS. Thank you, Vice Chair Collins. We just spent several days together, thinking about, talking about, and debating the future of food assistance and humanitarian relief, and how to make that more efficient. And the opportunity to work with Senator Collins on the REACH Act, is something that I welcome.

We now look forward to your testimony, Administrator, and then we will move to 5-minute rounds of questioning.

**STATEMENT OF HON. SAMANTHA POWER, ADMINISTRATOR, UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT**

Ms. POWER. Thank you so much Chairman Coons. Thank you, Vice Chair Collins for your leadership of the entire Appropriations Committee, and for filling in here today. I look forward to seeing Ranking Member Graham, and other Members of the Committee.

But I know how important, as well, the other activities are that are going on here today—in a way it is a metaphor for the world, the State of the world. The subjects of the other hearings that are underway are very near and dear to my heart and that of the Agency.

Look, the challenge the world faces today is clear, that decades of development gains that have laid the foundation for an era of relative peace, stability, and prosperity, are now at serious risk. During our lifetimes, the U.S. has played an absolutely critical role in accelerating tremendous progress in reducing extreme poverty, in fighting disease, in addressing hunger, and getting kids, especially girls to school, and in fueling democracy's rise.

But for now, at least, many of these trends have moved into reverse. The pandemic decimated health systems, leading to a resurgence in diseases, from measles, to tuberculosis. It also battered many countries' finances. And after a decade of heavy borrowing, and more recently rising inflation exacerbated by Putin's war, 60

percent of the world's poorest countries are at or near debt distress. And this is a phenomenon that really is a new, exacerbating dynamic in today's world.

Natural disasters, of course, just as here in the United States, are increasing in frequency and intensity, leading to a sharp rise in humanitarian needs. The upshot of it all, is stark. For the first time in decades, human life expectancy is on the decline. And again, that is a composite indicator of all of the crises that are interlocking, for the first time since the 1950s, life expectancy is going down globally.

At the same time, of course, democracies are under attack. Our rivals are using transnational corruption, digital repression, disinformation, and in Ukraine, actual artillery and missile fire to undermine freedom, and elevate autocrats.

It is a daunting list of challenges. And I know some question whether the United States should be taking on these challenges through our development investments, or whether the scope of these challenges is just too great to make a meaningful dent.

But the fact is, our national security hinges on this work. Deprivation and indignity abroad can fuel resource competition, political fragility, and extremism that endanger us here at home. Disease outbreaks, as we well know, can cross oceans, and recessions in foreign markets can threaten our own economic growth.

If we don't lead efforts to take on these challenges, the People's Republic of China and Putin are ready to step in, whether through opaque loans on unfavorable terms, or with mercenaries in tow.

An international order that values democracy and human rights, and respects international borders is not a given. Indeed, authoritarian actors are challenging and aiming to reshape it. We have to invest in the stable and humane world that we know the American people need.

USAID is privileged to have a leading role in tackling the most significant challenges of our time, in close coordination with our interagency partners, advancing diplomacy and defense. And we are very, very grateful to the American people, and to you, for giving us the resources to make such a difference.

That said, we know that to drive progress on the scale we need, we have got to be catalytic. We have got to bring other donors, including non-traditional donors, we have to use our resources to bring in the private sector, we have to work with and through multilateral institutions, foundations, and local organizations in our partner countries.

So USAID has set a new reform agenda aimed at delivering progress beyond our development programs, beyond the resources that you all provide. That means using our expertise, our convening power, our hustle, our advocacy to draw in others, to leverage additional resources, to spark innovation, and to inspire broader movements for change.

The Biden-Harris Administration's fiscal year 2024 request of \$32 billion for USAID's fully- and partially managed accounts will allow us to make more of that transformative impact.

We will invest in countries experiencing democratic openings, helping them show that democracy delivers tangible economic results for citizens. We will work with nations to attract private sec-

tor investment, and drive broadly shared economic growth. We will support countries that are rebuilding their decimated health systems, and we will meet growing humanitarian needs, not just with emergency assistance, as Vice Chair Collins was speaking to, but longer term investments in resilience, and with their—in their ability to grow for themselves.

And crucially, we will invest in USAID’s workforce to carry out this ambitious agenda. Since 2019, our Operating Expenses funds have increased at half the rate that our programming has grown, giving us more to do with fewer people and resources. But this budget will help us invest in the people and the systems that we need to power an Agency that is nimble, and responsive, and critical for our foreign policy.

We know that with the United States leading the way, the world can drive meaningful progress against our toughest challenges, because we have decades of gains in global health, in education, and in fueling prosperity to prove it. It is on us now to resume that progress.

And with that, I look forward to your questions. Thank you.  
[The statement follows:]

PREPARED STATEMENT OF ADMINISTRATOR SAMANTHA POWER

Thank you Chairman Coons, Ranking Member Graham, and distinguished members of the subcommittee.

The challenge the world faces today is clear: The decades of development gains that have laid the foundation for an era of relative peace, stability, and prosperity are at serious risk.

During our lifetimes, the United States has helped accelerate tremendous progress in reducing extreme poverty, fighting disease, addressing hunger, getting kids in school, and fueling democracy’s rise.

But now, many of these trends have moved into reverse. The pandemic decimated health systems, leading to a resurgence in diseases from measles to tuberculosis. It also battered many nation’s finances. After a decade of heavy borrowing and the resulting inflation—exacerbated by Putin’s war—60 percent of the world’s poorest countries are at or near debt distress. And natural disasters are increasing in frequency and intensity, leading to a sharp rise in humanitarian needs. The upshot of it all is stark: For the first time in decades, human life expectancy is on the decline— while extreme poverty is on the rise.

At the same time, democracies everywhere are under attack. Our rivals are using transnational corruption, digital repression, disinformation—and in Ukraine, actual artillery fire—to undermine freedom, elevate autocrats, and curry favor.

It’s a daunting list of challenges. And I know some question whether the United States should be taking on these challenges through our development investments, or whether the scope of the challenges is too great to make a meaningful difference.

But the fact is our national security hinges on this work. Deprivation and indignity abroad can fuel resource competition, political fragility, and extremism that endangers us here at home. Disease outbreaks can cross oceans, and recessions in foreign markets can threaten our own economic growth.

And if we don’t lead efforts to take on these challenges, the People’s Republic of China and Putin are ready to step in, whether through opaque loans on unfavorable terms, or with mercenaries in tow.

An international order that values democracy and human rights and respects international borders is not a given. Indeed, authoritarian actors are challenging and aiming to reshape it. We have to invest in the stable and humane world we need.

USAID is privileged to have a leading role in tackling the most significant challenges of our time, in close coordination with our interagency partners advancing diplomacy and defense. And we are grateful to the American people—and to you—for giving us the resources to make a major difference.

That said, we know that to drive progress on the scale we need, we have to bring other donor countries, the private sector, multilateral institutions, foundations, and local organizations in our partner countries along with us.

So USAID has set a new reform agenda aimed at delivering progress beyond our development programs—using our expertise, convening power, and advocacy to draw in others, leverage more resources, spark innovation, and inspire broader movements for change.

The Biden-Harris Administration’s FY 2024 request of \$32 billion for USAID’s fully- and partially-managed accounts will allow us to make more of that transformative impact.

Alongside our partners, we’ll invest in countries experiencing democratic openings, helping them show that democracy delivers tangible results for citizens. We’ll work with nations to attract private sector investment and drive broadly shared economic growth. We’ll support countries that are rebuilding their decimated health systems. And we’ll meet growing humanitarian needs not just with emergency assistance, but long-term investments in resilience.

And, crucially, we’ll invest in our workforce to carry out this ambitious agenda. Since 2019, our operating expense funds have increased at half the rate that our programming has grown—giving us more to do with fewer people and resources. But this budget will help us invest in the people and systems we need to power an Agency that is nimble and responsive.

We know that, with the United States leading the way, the world can drive meaningful progress against our toughest challenges—because we have decades of gains in global health, education, and prosperity to prove it. It’s on us, now, to resume that progress.

A few months ago, President George W. Bush posed a question. “What’s the role of a great country in the world? Is it to look inward? Is it to think about how to solve big problems?” As he said, “We all decided to work together to solve big problems.” Let’s continue that legacy. Thank you.

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PREPARED STATEMENT OF ACTING INSPECTOR, NICOLE L. ANGARELLA, U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

Chairman Coons, Ranking Member Graham, and Members of the Subcommittee:

Thank you for the opportunity to provide a written statement for the subcommittee’s hearing on USAID’s fiscal year 2024 budget request. The USAID Office of Inspector General’s (OIG) mission is to safeguard and strengthen U.S. foreign assistance through timely, relevant, and impactful oversight. We appreciate the opportunity to share our views on challenges facing USAID’s programs and operations.

USAID is called upon more than ever to deliver worldwide support on behalf of the American people. It has been the primary agency providing non-security assistance to Ukraine, while continuing its mission of providing humanitarian and development assistance in over 100 countries across five continents. In fiscal year 2022, USAID processed grants and contracts with \$36.4 billion obligated through more than 22,000 acquisition and assistance actions.

USAID OIG’s independent audits, evaluations, inspections, and investigations help identify USAID’s current challenges in administering programs and operations. This statement draws from our annual Top Management Challenges report and aligns with our priority oversight areas.<sup>1</sup> The following four Top Management Challenges that we identified for USAID in November 2022 ring true today:

1. Establishing optimal conditions for Agency staff and programs to succeed;
2. Mitigating risk in Agency operations;
3. Countering corruption, abuse, and malign influence; and
4. Maximizing the impact of monitoring and quality data. Each of these challenges is expanded upon below.

ESTABLISHING OPTIMAL CONDITIONS FOR AGENCY STAFF AND PROGRAMS TO SUCCEED

Strategic workforce planning is a challenge for USAID and has been noted by the U.S. Government Accountability Office (GAO) as a high-risk issue across the U.S. government.<sup>2</sup> Our recent oversight work highlights constraints within USAID operations that inhibit adequate staffing and workforce support for humanitarian and development assistance programming.

These constraints include hiring impediments, increased reliance on contractors, and various skills gaps among staff. USAID faces a critical shortage of contracting

<sup>1</sup> USAID OIG, Top Management Challenges Facing USAID in Fiscal Year 2023, November 16, 2022.

<sup>2</sup> GAO, Priority Open Recommendations: USAID (GAO-22-105799), May 18, 2022.

and agreement officers that adds risk to awards management. In addition, our work has shown that the Agency lacks guidance and tools for a comprehensive approach to human capital management and needs an effective central mechanism to track and close skills gaps.<sup>3</sup>

USAID's reliance on short-term, limited-capacity contract staff is of particular concern in the Bureau for Humanitarian Assistance and Office of Transition Initiatives.<sup>4</sup> While the Agency has expanded its humanitarian assistance programming in recent years to respond to disasters and other catastrophes worldwide, USAID's staffing levels have not kept pace with the shift. The long-lasting nature of the crises these offices respond to would benefit from staffing stability and longer-term personnel. Still, efforts to address these staffing challenges are hindered by budget constraints, lack of data, and the absence of human capital metrics for managing contractors.

Another aspect of strategic workforce planning is initiatives to improve diversity. USAID's diversity, equity, inclusion, and accessibility efforts aim to improve diversity in its workforce, but current processes do not include data on contract staff. The required diversity reporting only includes civil service and Foreign Service staff, making up just 40 percent of USAID's workforce. Capturing additional data could inform efforts to improve diversity in the Agency's workforce and cultivate more positive outcomes for its staff and beneficiaries around the world.

We have provided the Agency with recommendations to improve its strategic workforce planning, contract staff management, and diversity efforts, including the need for USAID to conduct an assessment and develop a comprehensive plan to create a sustainable workforce. In response to this audit, the Agency has provided a multi-year plan to address our recommendations in strategic workforce planning.

#### MITIGATING RISK IN AGENCY OPERATIONS

Our oversight work has highlighted the importance of USAID identifying, documenting, and responding to risks to its programming. This is particularly relevant as the Agency attempts to provide more funds through local organizations and respond to complex emergencies. In addition, continued vigilance is required to address risks tied to information technology (IT) and further supply chain management.

While localization remains a top priority for USAID, the pool of capable, eligible local partners must grow for the Agency to achieve its goals. For example, our recent audit of the U.S. President's Emergency Plan for AIDS Relief (PEPFAR) programs found that only a limited number of local partners were ready to implement USAID programs, which delayed the benefits of transitioning HIV programming to these partners.<sup>5</sup> Bureaucratic hurdles, budget cuts in capacity development for local partners, and inconsistent compliance with award provisions are also challenges to localization efforts. In addition, managing risks in localization requires metrics for tracking success, increased staff capacity, and more oversight and support than currently provided via large and established international nongovernmental organizations (NGOs).<sup>6</sup>

USAID must also address risk from the outset of complex emergencies. Our oversight work on USAID's humanitarian responses highlights the need for greater attention to planning for and managing risks in its programming. Past audits of programming in Yemen<sup>7</sup> and the response to the Venezuela migrant crisis<sup>8</sup> found the Agency lacked a process to respond to diversions to sanctioned groups, environmental hazards, partner safety and theft, and misuse of cash assistance. Time and again, we have seen new and dynamic complex emergencies and conflict environments pose challenges for USAID, including in Afghanistan and recently in Ukraine, where lessons learned from previous complex emergencies should better prepare USAID to plan for continuity of operations in the complex environments in which they operate with small, rotational staff.

<sup>3</sup> USAID OIG, "Strategic Workforce Planning: Challenges Impair USAID's Ability to Establish a Comprehensive Human Capital Approach" (9-000-22-001-P), May 25, 2022.

<sup>4</sup> USAID OIG, "Contractor Use for Disaster and Stabilization Responses: USAID Is Constrained by Funding Structure but Better Data Collection Could Improve Workforce Planning" (E-000-22-002-M), September 29, 2022.

<sup>5</sup> USAID OIG, PEPFAR in Africa: USAID Expanded the Use of Local Partners but Should Reassess Local Partner Capacity to Meet Funding Goals (4-936-22-001-P), December 13, 2021.

<sup>6</sup> USAID OIG, Despite Optimism About Engaging Local Organizations, USAID Had Challenges Determining Impact and Mitigating Risks (5-000-19-001-P), March 21, 2019.

<sup>7</sup> USAID OIG, Humanitarian Assistance in Yemen: Opportunities Exist for USAID to Further Strengthen its Risk Management Process (8-199-22-003-P), August 23, 2022.

<sup>8</sup> USAID OIG, Enhanced Processes and Implementer Requirements Are Needed to Address Challenges and Fraud Risks in USAID's Venezuela Response (9-000-21-005-P), April 16, 2021.

IT and supply chain management pose other risks to the Agency that require further vigilance. Our previous audit work points to issues such as the use of unauthorized applications on mobile devices.<sup>9</sup> GAO noted that risks of reliance on IT include attacks by foreign adversaries and the introduction of counterfeit products in the supply chain.

#### COUNTERING CORRUPTION, ABUSE, AND MALIGN INFLUENCE

Corruption, sexual exploitation and abuse, and malign influence threaten to undermine USAID's objectives as it provides assistance in challenging environments. This is especially relevant as the Agency increasingly uses multi-donor mechanisms, such as UN agencies, with fewer safeguards than traditional assistance programming. The Agency can address these threats by tightening controls, strengthening processes that facilitate reporting of possible criminal activity, and ensuring accountability of Agency partners, whether NGOs, contractors, or multilateral organizations.

Corruption and abuse by bad actors are a risk in USAID programs with a large outflow of assistance, such as in Ukraine. To safeguard programming, USAID can improve its pre-award certification process<sup>10</sup> to capture whether prospective award recipients have engaged with actors sanctioned by the U.S. government for corrupt activity. In a recent audit, USAID made progress in mechanisms to prevent the risk of sexual exploitation and abuse in their development activities but has yet to take action on several related recommendations.<sup>11</sup>

USAID increasingly relies on UN agencies and other international organizations to furnish assistance to beneficiaries. To date, the Agency has appropriated \$22.9 billion in direct budget support via the World Bank's multi-donor trust fund to the government of Ukraine to support non-security general budget expenses, including salaries for civil servants, teachers, healthcare workers, and other government employees, and social spending needs, including pension expenses and payments to internally displaced persons. Our January and March evaluations found that the agreement between the World Bank and the Ukrainian government contained provisions enabling the World Bank to respond to credible and material allegations of fraud and corruption and to request reimbursement for expenditures that were used in a manner inconsistent with the grant agreement.<sup>12</sup> We will continue to test the effectiveness of these established mechanisms.

To ensure accountability and prevent criminal activity and abuse, USAID needs to improve its processes for obtaining timely and transparent reporting by its implementing partners, including UN agencies. Inconsistent and infrequent reporting of allegations of fraud and abuse despite increases in Agency support in high-risk areas indicate the need for more oversight and additional outreach to educate partners about reporting tools. Additionally, the Agency should take actions to strengthen the government's ability to prosecute foreign-based NGOs; particularly by creating a forum consent clause in its awards that enhance USAID's ability to recover taxpayer funds misused or fraudulently obtained.<sup>13</sup>

USAID also faces challenges within its programming to UN agencies. USAID OIG's access rights to UN documents, records, and other information extend only so far as USAID's contractual agreements. Access limitations to information held by the UN can delay or restrict our audit and investigative work and preclude USAID from making informed decisions regarding ongoing or future funding to UN agencies. With one quarter of USAID's program funds going to the UN World Food Programme, and significant funding through other UN agencies, such programs must be subject to oversight by my office.

Finally, USAID is challenged to counter influence from foreign actors such as Russia and the People's Republic of China. From our audit work in countering malign Kremlin influence, we recommended the Agency implement a process for monitoring risks and engaging with relevant

<sup>9</sup> USAID OIG, USAID Implemented an Effective Information Security Program for Fiscal Year 2021 in Support of FISMA (A-000-22-005-C), December 7, 2021.

<sup>10</sup> USAID OIG, "Key Considerations to Inform USAID's Response in Ukraine," Advisory, July 22, 2022.

<sup>11</sup> USAID OIG, USAID Should Implement Additional Controls to Prevent and Respond to Sexual Exploitation and Abuse of Beneficiaries (9-000-21-006-P), May 12, 2021.

<sup>12</sup> USAID OIG, Direct Budget Support: Ukraine Supplemental Appropriations Act, 2023, Mandated Assessment (8-000-23-001-M), January 5, 2023.

<sup>13</sup> United States ex rel. TZAC v. Christian Aid, No. 21-1542 (2d Cir. June 16, 2022).

stakeholders.<sup>14</sup> USAID continues efforts to counter increasing levels of China's influence in developing countries, given concerns of conflict with U.S. values. We have an ongoing audit that will assess the extent that the Agency has shifted programming to counter China's influence in Africa.

#### MAXIMIZING THE IMPACT OF MONITORING AND QUALITY DATA

Gathering, reporting, and acting on reliable data represents an ongoing challenge for USAID, particularly in locations with access limitations. Improving data quality is critical to keeping programs on track and ensuring top-notch, data-driven decisionmaking.

USAID can address vulnerabilities by monitoring programming throughout the development lifecycle, particularly in complex operating environments. Monitoring helps USAID track progress towards meeting the development goals of its programs, but the process is constrained and sometimes not as effective as intended. Recent oversight work highlights shortfalls with third-party monitors, such as concerns with the quality of their products and lack of guidance on how to use their services. Additionally, USAID access to sites in non-permissive environments, such as Ukraine, Afghanistan, and Iraq, constrains the capacity to monitor effectively.

Recent audit work also illustrates the need for USAID to ensure reliable financial and performance data. Specifically, the reports noted weaknesses with reporting data to [USASpending.gov](https://www.usaspending.gov) and [PaymentAccuracy.gov](https://www.paymentaccuracy.gov), and the need to take corrective action related to validating data between its Development Information System (DIS) and the State Department's foreign assistance data system.<sup>15</sup> Additionally, we noted weaknesses in quality control measures in PEPFAR's data system in select African missions.

#### CONCLUDING OBSERVATIONS

As this Committee considers USAID's fiscal year 2024 budget request, USAID OIG remains committed to briefing Congress on its independent oversight of USAID's programming. Our planned and ongoing audits, evaluations, inspections, and investigations are designed to improve efficiency, effectiveness, and accountability in USAID's foreign assistance programs, and deter fraud, waste, and abuse that can jeopardize program success. We appreciate the opportunity to provide this statement.

Senator COONS. Thank you, Administrator Power. Without objection, I am going to actually have 7-minute rounds here, and that means we may do one round. We will see how many members come back from the other hearings.

Let me start, Administrator, if I could with a comment you just made about the reform agenda at USAID, with a goal I think I am quoting, "To leverage resources and spark innovation." Private sector engagement is something many of us have urged that USAID take more seriously, engage more actively on, whether it is in food security, global health, conservation.

There is, today, a huge amount of philanthropic and private sector funding, a big change from 50 years ago when the vast majority of development was direct U.S. Government grants. Today, we have got iconic foundations, we have got significant private sector investment, and many of the countries in the Global South would welcome U.S. private sector engagement and investment as much as direct assistance through USAID.

Something the Ranking Member and I are working on, the U.S. Foundation for International Conservation, would leverage and mobilize philanthropic and private sector investment. The Development Finance Corporation is, of course, another way that we are trying to crowd in private sector investment. Your budget request includes some specific programs intended to enhance your engage-

<sup>14</sup>USAID OIG, Countering Malign Kremlin Influence: USAID Can Do More to Strengthen Its CMKI Development Framework (8-199-22-002-P), January 26, 2022.

ment with the private sector, but I would be interested—sort of more broadly speaking, you are the Vice Chair of the DFC Board: What more could we be doing to unlock the DFC and to use its leveraging power?

Give us a little more detail on this reform agenda, and what are the areas where you think you have been most successful? Where are there some lessons learned in terms of partnering with the private sector? What are the reasons the private sector might be hesitant or resistant to partner with USAID? And what, if any, issues are there that we could help address around your authorities, your staffing, culture, other issues?

Ms. POWER. Thank you so much. Well, I think as you and I have discussed, there is probably the most substantial gap right now, between what countries are asking for and what we provide is in the economic growth domain. And if you contrast, for example, the resources that we invest with the tremendously impactful PEPFAR program, where, you know, you are looking at billions of dollars every year, more than \$6 billion, you know, spread across a number of countries, again, doing enormous good.

Contrast that with the fairly modest investments in economic growth and economic development. And every time you travel around you hear from leaders, what do we want: we want to go from aid to trade, we want jobs, jobs, jobs for our burgeoning young populations, and so forth.

And I think there is—I don't want to speak for everybody, but I think this is a broad view—a broad embrace, broad support for investments in economic growth, and economic investment in trade facilitation, in assistance right now for debt, you know, debt technical assistance as countries seek to restructure debt at very vulnerable times.

So I don't sense a lot of opposition to this agenda, but because USAID now, is more than 90 percent earmarked, it doesn't leave a lot of give for that kind of programming, and there is not the same constituency for economic growth, economic development, trade facilitation, banging down the door up here, as there is for some of these other incredibly important programs that we have, like Feed the Future, like PEPFAR, et cetera.

So I think that as we move to a progress beyond programs' mindset, one that also looks to bring to USAID people who have experience either in the private sector or working with the private sector, as we seek to take advantage of being the Vice Chair of the Board of the DFC, as we work with Treasury, for example, on MDB reform or evolution, to try to get more out of those institutions to manage, for example, agricultural resilience, climate resilience and the like, that USAID really needs to build out its capacity in this domain, and we have taken modest steps.

With your support, we created this year, an EDGE Fund which is just \$50 million, \$50 million is a lot of money, but I think we could do a lot more in that space. EDGE is, the idea is that instead of looking to the private sector to do philanthropic or corporate social responsibility work, we are actually thinking: What is their comparative advantage?

You know, are they, in fact, a bank that could provide micro-finance to a young female smallholder farmer? Is it a tourism busi-

ness that might go to a very underdeveloped area where indigenous people are living and where development gains are very far behind elsewhere in the country?

But they are a little nervous that it won't be productive, so maybe USAID can work with that tourism operator to do the assessment to show that, in fact, that investment will be worthwhile. So modest infusions of resources in order to de-risk, in order to provide loan guarantees, in order to do assessments that private sector actors that—where the barriers to entry may be ones that weaken lower, in essence.

So I think this is a really exciting area for us to go, it is also again, probably the most aligned with where the United States is interested in advancing its standing, as well as it is stability and prosperity, it is what we are hearing the most about. Thank you.

Senator COONS. I am about to run out of time, apparently. So I am just going to pose a second question. We will come back to it. I suspect others will be interested in the same topic.

If what we hear in country after country is: we welcome U.S. investment, we welcome U.S. companies, we want help transforming our economy—the agriculture sector is one that is particularly critical, particularly in Africa. There is a huge amount of potential for future growth, but in many countries they are net food importers. You are requesting a significant amount, again for humanitarian aid, there are hundreds of millions of people knocking on famine's door.

I am interested in talking at some point about Feed the Future, and how we strengthen its resiliency, and its Ag system transformation capabilities. And in Food for Peace which is going to be part of the Farm Bill, we have other folks who I suspect are also interested in the topic. But in general, I want us to, by the end of this hearing have had a conversation about the future of Feed the Future.

I am going to defer now to my Vice Chair—the Vice Chair of the Full Committee, and my Ranking for this hearing, Senator Collins.

Senator COLLINS. Thank you, Mr. Chairman.

I want to return to the issue I mentioned in my opening statement about the fact that millions of lives are unnecessarily lost each year, globally, due to preventable maternal and child deaths. While progress has been made in reducing maternal mortality rates, recent data suggests that these improvements are slowing.

In response, the Chairman and I, in the last Congress, introduced the REACH Act, the Reach Every Mother and Child Act. We are going to be, shortly, reintroducing that bipartisan bill. It proposes critical reforms to increase the effectiveness and impact of USAID's maternal and child survival programs.

It would require a clear, coordinated, government-wide strategy for ending these preventable deaths and ensuring that USAID focuses quickly on scaling up the highest impact, evidence-based interventions. I mentioned three of those: clean birthing practices, vaccines, and nutritional supplements. The bill would also require the appointment of a maternal and child health coordinator.

My question is: Do you support those goals? Do you think legislation along the lines of the REACH Act would be helpful?

Ms. POWER. Thank you, Senator. Let me add to just something I said in my opening comment about debt, and the devastating effects of debt, just with one statistic. African countries are going to spend \$70 billion in debt service payments this year, which is more than the total that they will receive in development assistance.

Which, why do I mention that in the context of your question? That is not a non sequitur. It means that, again, these health systems that have been decimated by COVID, it is precisely on areas like maternal and child health, that we see that their inability now, to have the budget space to restore those systems, or to make more substantial investments, it is precisely on areas like maternal and child health where we see the effects on lives lost.

In the fiscal year 2024 request, there is \$910 million included specifically for cost-effective and proven life-saving interventions to strengthen delivery systems, to accelerate the reduction of maternal newborn and child health. This, unlike some areas in development, is a very gratifying one to work in because you really see the impact. We know what works. Your bill, I think speaks to much of this. It is a question of resourcing those investments, scaling them, getting to the "Last Mile", and to more remote areas.

I think the bill, we are very grateful to you for your leadership in this domain; thankful, not only for your introducing this legislation, but your whole career of really being emphasizing maternal, and child survival.

Our Bureau for Global Health is looking at the bill. We think it is broadly aligned with our efforts. We are taking a close look at the idea of the coordinator position, sometimes we can layer our efforts in a way that actually slows us down, but we would love to just work with you and your staff to see this through. And you know, anything we do that deepens our work in a domain where we know, dollar-for-dollar that we can save lives in this way, is very worthwhile. So thank you.

Senator COLLINS. Thank you. Turning to Afghanistan, since the United States' disastrous withdrawal, and the Taliban takeover in August of 2021, the United States has provided Afghanistan with an estimated \$1 billion in humanitarian assistance through international organizations and to aid implementers.

The President's budget request includes a total of \$143 million for health, education, and demining programs for Afghanistan. My concern is this: is that money really going to get to women and children?

Senator Shaheen, Senator Ernst, and I, went to the U.N. shortly after the Taliban prohibited education for girls past the sixth grade, and believe it or not, one of the officials we met with said that she was shocked, shocked that the Taliban broke its promise. How anyone could be shocked that the Taliban resumed its extraordinary harsh measures against children, and against girls and women, is beyond me.

But it has gotten worse since then. The Taliban issued an edict last year to prohibit women's participation in the delivery of assistance in Afghanistan, and last week took a step further by saying that female Afghan staffers employed with the U.N. can no longer report for work.

What does all this mean for the delivery of assistance to women and girls in Afghanistan? Are we really going to be able to reach them?

Ms. POWER. Thank you. Well, obviously our assistance posture in Afghanistan is radically different today, even before these edicts, it was radically different than it was when the Ghani government ran large parts of the country, or controlled large parts of the country.

So we have moved, you know, much more into an emergency assistance posture. We are still the largest humanitarian donor, you know, especially with all of the investments that the American people, and American soldiers, and others have made over the years, not wanting to see full-scale famine in Afghanistan was a major objective of ours over the course of last year, and we have had broad support up here for that.

We have worked through international partners so that the benefits do not accrue to the Taliban, and that the resource—the food, particularly, goes directly to the Afghan people. But that is not—really, the direction of your question is on educational gains, on health. I think what we see with these edicts, it is just how unbelievably counterproductive they are, particularly in the health sector.

So many of the partners that USAID and the U.S. Government support, rely on women to be providing health services, that is actually required because of Taliban laws, and so when you then say health—you know, females can't be health workers, what does that mean for health services altogether.

So I will say this. We are in the health sector, working where women are still able to serve their clientele, enforcement and implementation of these edicts has been uneven across the country, so there are still provinces where we have been able to maintain our programs but a number of our partners have suspended programs because, again, they don't work without women actually being able to do—to perform those services.

In the education area it is even more tortured, but we are ramping up our online programs for girls who are not able to attend school in person, and I do think that can be a major growth area for USAID over time.

Senator COLLINS. Thank you.

Ms. POWER. Thank you.

Senator COONS. Thank you, Vice Chair Collins.

Senator Merkley.

Senator MERKLEY. Thank you. And welcome to you Administrator Power. And thank you for your assistance in lobbying for us to complete a trip to look at USAID programs in Vietnam and in Indonesia. The delegation had a powerful experience and I will ask a couple questions related to that.

In Vietnam we really wanted to reinforce support for the Leahy programs to heal the wounds of war. And in the President's budget, it has a \$197 million, potentially, to be used for remediation of dioxin. And this would really be the Bien Hoa Base, where there is a huge hotspot, and it is a massive, massive cleanup effort. And if anyone has seen the pictures of the mountains of barrels of

Agent Orange, and how they leaked into the land there, would understand the importance of this.

And also when we have a program for children with disabilities that stemmed from dioxin effects, and it is a moral responsibility, it is a big program. But also, later in the President's budget, it says that there will be \$20 million for dioxin remediation, and it is a little confusing. Is the President's team planning to or proposing that we allocate \$197 million? Or proposing that we are allocating \$20 million?

Ms. POWER. I would have to get back to you on those two—

Senator MERKLEY. Okay. We will follow up.

Ms. POWER [continuing]. Line items in the Excel sheet, but certainly our investments are much more substantial than \$20 million, I mean, given that the air base that you and I both visited, the part that we have remediated, is a very small part of what we intend to remediate, we are bringing in very heavy machinery, it is a multi-year effort.

So I think it is the first number, but maybe it is a combination. But we will get back to you.

Senator MERKLEY. I really salute the administration's commitment to those—to the four programs: So one is the dioxin cleanup, one is the disabilities with children, and a third is continuing the demining, and the fourth is the Wartime Accounting Initiative, in which we bring the best data management and the best DNA analysis to help return martyrs to Vietnamese families.

These four programs are so deeply valued in Vietnam and they have created a foundation for a relationship where we work on many other missions—other economic missions, and so forth, so, well done.

It is exciting, as someone who grew up during the Vietnam War, to see the positive relationship that we now have with Vietnam, and hoping to build on that.

I want to turn to Indonesia, the palm oil plantations and the coal companies are engaging in pretty steady deforestation. The Government doesn't really like to talk about that, and tells us not to worry, but there is iconic species there, including our very close cousins, the orangutans. And they could be a powerful economic development instrument for Indonesia, in terms of drawing the world to visit these amazing, amazing creatures, and ensuring that they are saved.

And so I just want to encourage USAID who is trying to negotiate with Indonesian Government to secure more support for those programs. It has been a tough negotiation. I am hoping that it can be completed.

But I want to turn to a different piece, which is the USAID's Climate Strategy says it seeks to promote a safe and secure political environment for indigenous peoples, human rights, and environmental defenders. We have seen more and more environmental defenders slaughtered across the globe, 1,733 environmental defenders killed in the last decade.

And how do we actually weigh in, in a positive way, to enhance safety for environmental defenders?

Ms. POWER. Thank you. And just on your first point about the orangutan in Indonesia. I mean, this is something USA tries to do

in every country. If we see, and do a market analysis about tourism potential, particularly as a way of diversifying economies that are often dependent on particular commodities, or resources, or services, we leap, and I think that you have given a great example of that.

I think we are working on the MOU with the Ministry, I think that you all might have met with on your trip. It is not there yet. It has been a little bit bureaucratic and a little bit slower than it should be, given the opportunity and the need to conserve that population. But we are on it.

On environmental defenders, couldn't agree more. The trend lines are devastating. I think, as you see, the environmental movement gain even more traction, globally, and more and more people want to defend the land, want to conserve nature; that poses a threat to people who are often well armed, and well resourced in their own right.

All I can really say is that, depending on the country, we sometimes have dedicated Human Rights Defender funds under which environmental defenders would fall, because sometimes it is not just physical threats, but also legal injunctions, and so forth.

Our diplomacy here is key, the work that INL does with court systems, often in partnership with USAID is key, when you have judicial integrity, when you have legal systems that work, then that is when you actually see a deterrent to this kind of vigilante violence against people who are standing up for nature. But needless to say, again, the rule of law in so many of the countries in which we work lags far behind what it needs to be. And so those environmental defenders are taking their lives into their own hands in some cases, and there is not the punishment and the accountability that is needed for them to feel security in many countries in the work that they do. And that is also true in this hemisphere, obviously in Brazil, in Central America, and beyond.

Senator MERKLEY. I have submitted a request for this budget to include some dedicated funds for supporting folks who advocate for, and support environmental defenders, we are just trying to understand better how it can be most effective.

I have a lot of other questions. It is a big, complicated world, and there is a million programs USAID is involved in, but so I will just use my remaining seconds to note on the orangutan front.

The more you know about their behavior, the more you feel connected to them. They spend 8 years raising their children; which is extraordinary in the world of animals, they have powerful mothering instincts. I remember the first time I saw an orangutan it was leaning against a wall looking up and holding its hand up, and spotting its baby that was just learning to climb, and making sure that if the baby fell she would catch it.

And there have been so many powerful stories about our cousins, the orangutans, and we cannot be the last generation that sees them having a real life in real forests, and so I keep hoping we can work closely with Indonesia to seize that responsibility for the human race. And thank you for all the great work USAID does.

Senator COONS. Thank you, Senator Merkley.  
Ranking Member Graham.

Senator GRAHAM. Thank you. I think the best thing we can do to help the orangutans is make sure they don't watch cable news to change all of their instincts. So count me in for helping the orangutans.

Senator MERKLEY. We will pass that on to the researchers.

Senator GRAHAM. Very good.

Senator MERKLEY. So thank you.

Senator GRAHAM. How many people are receiving some form of food assistance due to food insecurity in the world; do you know, Ms. Power?

Ms. POWER. At this moment I am not going to venture an answer to that.

Senator GRAHAM. Well, I have that number.

Ms. POWER. Your staff is better—better than me.

Senator GRAHAM. It is not a trick. There are 345.2 million people that participate in some food program because of food insecurity. That number has doubled since 2020. And I have my friend from Kansas next to me, and they know how to grow food in Kansas, for sure.

Senator Coons and I really want to get ahead of this problem. Do you believe the Global Fund has been effective in combating AIDS and malaria?

Ms. POWER. It has been effective, sir.

Senator GRAHAM. Okay. Would you be willing to entertain a public-private partnership akin to the Global Fund for food security, where we bring the best and brightest minds throughout the world to work with our government and hopefully others, to increase food production? This would not be the World Food Program, but a more focused approach to increase food production in unstable regions.

Ms. POWER. I think, Senator, you and I have talked about this a little bit, and would love to go into a more detailed discussion with you. In principle, more resources, yes, in principle, private sector involvement at a scale that we don't yet see, absolutely for it.

Senator GRAHAM. Okay.

Ms. POWER. But if I could just—you know, we do have a number of multilateral funds for food that exist that Treasury mans.

Senator GRAHAM. Are they working?

Ms. POWER. Yes. I mean, here what—yes, in fact. I think working, but when one looks and sees so many hungry people, and when one looks and sees, what I think we would all agree, is an overweighting of resources toward emergency food assistance, instead of food security resilience which is what you are getting at.

Senator GRAHAM. Right.

Ms. POWER. Yes, but—

Senator GRAHAM. Why has it doubled since 2020?

Ms. POWER. Well, I don't think it is a question of there not being a global fund, there is a set of factors that depend on—

Senator GRAHAM. No. No. I am saying: Why has the problem of food insecurity doubled? Why are there 345 million people needing food assistance? That is twice what it was in 2020.

Ms. POWER. Well, first of all, there is more conflict happening in the world since the end of the Cold War. The second, we are coming out of a once-in-a-century, if not more, pandemic. Third, the in-

tensity of climate shocks, and so forth, and our resources are not keeping up. I mean our Feed the Future—

Senator GRAHAM. That is my point.

Ms. POWER. Yes.

Senator GRAHAM. What I want the Committee to understand, and Senator Coons has been a great partner on this, we have a crisis in the world that is really challenging to put your arms around. You know, there are more people receiving food assistance because they can't feed themselves than exist in the United States as a whole.

It has doubled since 2020, and it is going to double again. So what I would like to do with Senator Coons, in a bipartisan fashion, is to add capability we don't have today, and tap into the private sector—there are so many bright minds thinking about how to improve crop yields in different parts of the world that could go to unstable regions, fragile states.

What I want is a global food security program that has metrics. In 5 years how much can we increase production in Zambia? Just pick your own country and have a focus of where we can set metrics for ourselves and try to achieve them; that we use private-public money; and we have more flexibility, more like the Millennium Challenge Corporation (MCC), the U.S. International Development Finance Corporation (DFC), and the Global Fragility Act.

The one thing I am proud of in this Committee is that we have put new programs on the table that are more metric based. Has the MCC been a successful program?

Ms. POWER. Absolutely.

Senator GRAHAM. The DFC?

Ms. POWER. Yes.

Senator GRAHAM. The Global Fragility Act.

Ms. POWER. We are working on it—

Senator GRAHAM. Right.

Ms. POWER [continuing]. Its implementation, yes.

Senator GRAHAM. Yes. Okay. That is right. "We are working on it." So what this Committee has done... and I want to thank you for your leadership, and I want to thank everyone at USAID,—you are literally doing the Lord's work—and it is national security in another form. But in the food insecurity space—somebody asked Elon Musk: Would you give a billion dollars to the World Food Program? And he said: Will that solve world hunger? No.

But I can tell Mr. Musk: If you and some of your friends came up with some cash, and if we created a global food security fund, it would make a lot of difference. We could conduct research at Oxford University, at the Universities of Kansas, South Carolina, and Tennessee, and come up with an approach that is focused on the most vulnerable areas, particularly in Africa, and set metrics and use private-public money—get partners throughout the world to participate—and drive to better food production. Does that make sense to you?

Ms. POWER. It does. If I may, though, make just a plea as well, for bilateral programs. You see those on your travels, in an age where the PRC is coming in and causing countries to incur future debt—

Senator GRAHAM. It is not exclusive, yes, we can—

Ms. POWER. But given that resources do not seem to be expanding at the pace of food insecurity, except in the emergency area.

Senator GRAHAM. Right.

Ms. POWER. What you are talking about is much more fundamental, and much more important in the long run, which is these investments in people's own ability to grow, unless the pie gets bigger, you are going to see something that is a global public good come at the expense, potentially, of some of the bilateral programs.

Senator GRAHAM. Right.

Ms. POWER. So that is what I would love to work with you on, making sure that doesn't happen.

Senator GRAHAM. The bottom line is that the bilateral approach needs to be supplemented with something new because it is not working. The Global Fund to Fight AIDS, Tuberculosis and Malaria worked, right?

Ms. POWER. But look at the difference between the investments that the United States has made in the global health domain, versus those in food. If we would wish to increase our investments, I assure you, even bilaterally, we could bring about far more substantial results.

Senator GRAHAM. Yes. But what I am saying is—

Ms. POWER. Yes.

Senator GRAHAM [continuing]. I would like to leverage our money.

Ms. POWER. Yes, I am for leveraging it too—

Senator GRAHAM. And I would like the Global Fund approach—

Ms. POWER. Yes.

Senator GRAHAM [continuing]. Because it just wasn't all American dollars.

Ms. POWER. Yes.

Senator GRAHAM. Contributions to the Global Fund came from the public sector and other countries. So what I want to do is create a global food security fund, modeled after the Global Fund, so we can get other countries helping us and helping people who are literally starving. We can get the private sector more involved, not less involved, and we can get outcomes that we can measure.

So Mr. Chairman, no matter what happens the next election, who is in charge of this place, I want to try to get everybody on this Committee working together—and working with the Biden administration, private sector organizations, and academic institutions throughout the world—to establish the infrastructure this year or early next year for a global food security fund. If we don't do something, the 345 million can double in the next 4 or 5 years.

Senator COONS. Thank you. If I could just respond to the Ranking Member; I agree with you that we need to get ahead of this problem, we need to strengthen productivity in the agricultural sector and employment in the agricultural sector. In the countries you and I recently visited, in Niger, in Cote d'Ivoire, in Botswana, South Africa, in Zambia, in particular, we have real potential.

Feed the Future, which has expanded from 12 to 20 countries, I think deserves a deep dive from us. There are other organizations the FAO, the World Food Program, AGRA. I think Feed the Future and finding a way to create a fund that helps incentivize agricul-

tural transformation of systems, comparable to what we have accomplished through PEPFAR, are well worth an additional meeting, conversation, or even a hearing. We will see.

Thank you, Administrator.

Senator VAN HOLLEN.

Senator VAN HOLLEN. Thank you Mr. Chairman.

Administrator Power, great to see you. Let me start by thanking you your team, both in Washington and your team overseas, for all your good work. I know Senator Merkley mentioned to you our recent trip to Vietnam and Indonesia. Thank you for your trip, not that long ago, to Vietnam to reinforce our support for many of the War Legacy programs that Senator Leahy championed when he served on this Committee and in the Senate, including at Bien Hoa Air Force, and I know you were you were there.

One of the things that came up in our meetings in Indonesia was the fact that we are trying to finalize this report to help assist with our biodiversity efforts, to prevent deforestation, which of course contributes to global climate change. And there was an agreement, as you know, which is being finalized. I know there are some issues on the Indonesian side. They did tell us that the agreement was also in your office awaiting your sign off. So I just wanted to get an update from you as to where that was, on our side, with respect to your sign off?

Ms. POWER. Thank you. It is in my office awaiting my sign off. That is my update. But nothing like a trip to Capitol Hill to focus the mind. So I think that it is more working through with the Indonesians. You know, I think there is some bureaucracy, and some permissions on that side. I don't think that we are holding it back. But I will get on this and get back to you.

Senator VAN HOLLEN. Thank you. Right, it wasn't clear. There seemed to be a dance. And we just want to make sure that we are doing our part. So thank you for your efforts there.

Let me also applaud you and the Biden administration for your help in providing human rights and other assistance to folks in the West Bank in Gaza under very, very difficult circumstances.

I did want to ask you about a proposed law that is being discussed by the new very right-wing, extreme government, including by some of the most extreme members of that government, which is to essentially apply a very big tax to contributions from foreign governments to NGOs. Obviously some of the assistance that we provide flows through NGOs.

I just want to quote to you from a Haaretz article, as to the impact that it would have. I am quoting Michael Sfard, who is human rights lawyer, an Israeli, there saying, quote, "If this section passes, it will be a fatal blow to the human rights community in Israel." And points out that similar measures had been taken in other countries, where the United States has been strongly critical of efforts of other countries to clamp down on these kind of NGOs that do work in civil society.

Number one, are you aware of this pending proposal? And two, does it concern you? And if so, have you communicated your concerns?

Ms. POWER. Thank you, Senator. I would say a couple things. I mean, first I think we have seen in recent weeks just the vibrancy

of civil society, we have seen other things as well, very worrying developments including an uptick, a very significant uptick in violence, but NGOs are a critical part of the fabric of that that part of the world. We have seen NGO laws, so-called, all around the world and, you know, these are—this is part of a broader phenomenon of not “rule of law”, but “rule by law”.

And it can deter. It can make operating in a country financially prohibitive. NGOs in Israel have raised their concerns about what this would mean, along the lines of what you have just described. And Ambassador Nides, I know has engaged on this in Israel. So you know, at this point I don't an update on the progress or the status of those laws, but we very much believe that a civil society able to operate is going to make for a healthier and more stable democracy over time.

Senator VAN HOLLEN. Well, as you know, the U.S. Government, the Biden administration, has spoken out strongly when other countries attempt to pass laws that clamp down on civil society, including through NGOs. So I know Ambassador Nides is aware of this. Since a lot of our assistance flows through USAID, I would just ask that you also communicate your concerns to our counterparts in the Government of Israel. Can you do that?

Ms. POWER. Yes, sir.

Senator VAN HOLLEN. I appreciate that. Now, let me ask you about—I know one of our long-term objectives, and one of your personal objectives, has been to make more of our assistance accessible, equitable, and responsive, including going to local partners.

More and more effort to transfer assistance to those who are on the ground, so that we can have a sustainable effort, so that at some point in time, obviously, we don't want AID to having to be, you know, continuing funding the same programs over and over, we want to build capacity of local partners.

And I know that you have set a goal of 25 percent of USAID's funding going to local partners by 2025. I know it is an ambitious goal. I think in fiscal year 2021 it was 7 percent, that is the baseline. So either now, or in follow-up, if you could just provide us with an update on how we are doing in achieving your goal?

Ms. POWER. Thank you. I know we don't have a lot of time. I would say we are, this year, going to be at 10.2 percent, that is a very small number compared to the 89.8 percent on the other side—let me not do the math—but it is 90 percent. But it is a 38 percent increase in investments in local organizations.

You might say: Why can't we just turn a switch and change the way we do things? Working with USAID is hard, compliance with some of the requirements that come from here, that come from our own desire to stamp out and ensure we don't have fraud, waste, or abuse, requires lawyers, it requires infrastructure, sometimes accounting firms, contracts can run 100–150 pages long.

So we are trying to lower those barriers to entry, streamline our processes while not in any way sliding our compliance obligations. And so that is one of the reasons we have been so grateful for the staffing increases as we replenish our workforce, as we hire more contracting officers, we will have more people to work side by side, with these local organizations to get those numbers up toward our 25 percent target by 2025.

I will also say that we have set a 50 percent target by the end of the decade, to be co-designing, co-evaluating, in a sense where, you know, even if the money isn't going directly to a local contracting partner or local grantee, there are still all kinds of ways where we can, you know, change the power dynamics, and really be following the lead of people who know best in the communities in which we work. So I want to keep an eye, again, on making progress in both directions.

Senator VAN HOLLEN. Okay. Thank you.

Ms. POWER. Thank you.

Senator COONS. Thank you, Senator Van Hollen.

Administrator, at some point I am going to slip out to the PEPFAR hearing, that being such a significant part of the work that we do together, but I will return for the rest of this, if I can.

Senator MORAN.

Senator MORAN. Chairman, thank you.

Administrator, thank you for your presence this morning; I would reinstitute an invitation, in fact we came close to having a visit together to Kansas, and I would re-up that in your world. We would love to show you certainly things about production agriculture, but Feed the Future is a significant component of our university system, and we would welcome you to our State.

I want to highlight just a couple of things and then ask a question. You indicated the importance, in the conversation with Senator Graham, about bilateral, and you also mentioned in your testimony about the desire of many countries to have a trade agreement or trade relationship with us. I would encourage you within the Biden administration, to encourage the Biden administration to be interested in trade agreements with countries.

And we are we are not negotiating around the globe, and that long-term relationship in an economic trading circumstance has significant value, and value beyond food aid, and in some ways value beyond sustainability within that country. So just an opportunity for me to use this moment to highlight, perhaps to my colleagues, but to whoever is listening that we need to negotiate around the globe, for agreements to trade with countries, and even in a bilateral, if not a multilateral fashion.

Prior to the Russian invasion of Ukraine, Ukraine of course was a key supplier, and met many of the needs, particularly in Africa and Asia, in food supply, I wanted to check in with you and find out what you could tell me about the Black Sea Grain Initiative, and what its status is. Is Russia abiding by it? Is Turkey helpful? What is the United States doing?

And in the circumstance we find ourselves in with this lack of Ukrainian and Russian grain, any suggestions that you would provide to me into the subcommittee for how we can best promote and encourage the opportunity for American farmers and ranchers to help fill that gap? And—I will leave it there. And then I have one follow-up.

Ms. POWER. Thank you so much. So first let me say that what we are—and on your first comment: that USAID is very active, notwithstanding maybe the absence of a Free Trade Agreement, there is still a lot of trade going on, both vis-a-vis the United States, and regionally in many of the countries we work. And we do think

there is still a ton to do in the area of trade facilitation. And that is one of the components of the economic growth and economic development initiative that we are trying to spearhead at USAID.

And I think there is also a whole set of questions about the enabling environment, the regulatory environment, deeper bureaucratization, that would make it easier, and more attractive for whether American agricultural companies, or others in the private sector to invest. And so I do think USAID can be doing a lot more in that domain, and that will benefit American businesses, including agribusinesses.

With regard to the Black Sea Grain Initiative, you know, signed back in July of 2022, I would say it is a mixed picture. It is the fact that it has basically freed the 20- to 25 million metric tons of grains that were backed up at that time, has been incredibly helpful to the other countries, like Somalia, Egypt, Lebanon, that are dependent on grain from Ukraine.

We just have a shipment going from Ukraine, in fact I think it arrived yesterday, or it will arrive today, to Yemen. Just a reminder again of Ukraine as the breadbasket of the world. The fact that Putin is not only killing Ukrainians, but weaponizing food for developing countries, is just a complete outrage. I think Turkey's diplomatic role, the UN's Diplomatic role was pivotal. We, of course, supported it behind the scenes. The voices from leaders in the Global South proved pivotal with Putin as well. I think that pressure from the Global South.

And you now see, as you probably know better than anybody, you know, cereal price is down, I think for the fifteenth straight month. And you know, that there are many factors to that, but certainly getting more grain on the open market is going to be better for food inflation, writ large.

Right now, Russia is saying that it only agreed to a 60-day extension, they are saying that publicly. We are hopeful that the agreement will proceed, as it is meant to, there really should be an infinite extension that should not be time bound. This is about food that needs to get to Hungry people all around the world.

The last thing I would say, Senator, is USAID launched something called AGRI-Ukraine, that I am incredibly proud of, which is basically about expanding storage capacity, getting seeds to farmers, getting micro loans to farmers to replace equipment that might have been destroyed, but also enhancing use of rail, road, the Danube, to also be more diversified in terms of exports, and the means of export.

So it isn't at all a solution, because the Black Sea is where material and commodities move at scale. But I do think, you know, on the—at the end of this war, Ukraine is going to end up much more integrated by road, rail, and river, than it would have been, had Putin not put in place this blockade. So this idea of building back better and greater resilience in the long term, I think is very important.

Senator MORAN. That raises—that at least reminds me of my—the most recent visit to Poland to take a look at Ukraine, and the Ukrainian plea was for support of infrastructure to get grain moving in other directions as you, I think, are describing. And sec-

only, the need for diesel fuel to get their equipment to be able to operate in to plant, and to harvest.

And I don't know whether USAID is involved in assisting in the actual production and harvesting of crops in Ukraine, but you are shaking your head, yes, and it is encouraging.

The final point I would make is, we have a new Ambassador, Ambassador McCain to the World Food Program. We wish Ambassador Beasley well, who I think did an exceptionally fine and wonderful job, a great human being. Is there anything that is changing in the relationship between USAID and the World Food Program, as a result in the change of leadership?

Ms. POWER. USAID is WFP's largest funder, thanks to you we are—I have already been in touch with Cindy last week and will again this week. Tragically, three WFP aid workers were murdered in Sudan with the latest outbreak of violence. And, you know, we look forward to having just the kind of relationship we had with Ambassador McCain as we did with Executive Director Beasley.

I don't think we can say enough about the job that he did. Senator Graham mentioned the doubling of hungry people just in the last couple years. Well, this Congress stepped up, heroically, with these Ukraine supplementals and with the flexibility in those supplementals to be able to reach people in sub-Saharan Africa. Anybody who was indirectly affected by the Ukraine War, we were able to use some of those supplemental resources to reach.

And I just, you know, will remain permanently grateful, forevermore, to David Beasley for his—for the relationships he built up here, the advocacy, and the partnership that we had, and we expect it to be just as strong with Ambassador McCain. Thank you.

Senator MORAN. We share that view of Ambassador Beasley, and we hope that is exactly the same with Ambassador McCain.

Ms. POWER. Should be, yes.

Senator MORAN. Thank you very much.

Ms. POWER. Thank you, sir.

Senator COONS. Thank you, Senator Moran.

And I will join those comments. I just had a chance to be with David Beasley, along with the Vice Chair, the group of us who spent last week looking at food security—this is a daunting prospect this year, humanitarian relief, sustaining it is going to be challenging, and then improving food systems to meet these needs. So I look forward to working with you, Senator Moran.

Senator MORAN. Related and not lengthy, is the drought situation across the grain producing portions of the United States of America. We have tremendous challenges. A farmer yesterday in the office: one-tenth of one-inch of rain in the last 223 days. And it is not just isolated, it is broad, and it has another consequence to our ability to feed the world.

Senator COONS. We do have real challenges. I look forward to working with you on them.

Senator SCHATZ. And I will return after going to the PEPFAR Hearing.

Senator SCHATZ. Thank you, Chair Coons.

Administrator Power, thank you for being here; thank you for your good work; I am glad to see more foreign assistance invested in the Pacific Islands, and look forward to hearing about the work

that you plan to do with the larger program budget and more U.S. Government facilities in the region.

But I do notice that the administration's roughly \$80-million fiscal year 2024 request for the Pacific Islands is far short of the appropriated amount from fiscal year 2023. Why did you request so much less than we appropriated in the last fiscal year?

Ms. POWER. Well, I mean certainly the direction that the President has sent is: more, more, more. We are trying to leverage our resources given the scarcity, globally, and given, you know, just what was just described in terms of drought, and in the case of the Pacific, of course, it is flooding and extreme weather events, more than drought. So we are opening up a mission in Fiji, reopening a mission in September probably. We are surging our staff presence in Papua New Guinea.

And we have programs like the Climate Ready Program which, basically, allows us to help those countries apply, for example, for Green Climate Fund money, work with the DFC, and the MDBs, and others. So my understanding of our requests, as it relates to the Pacific is that it is more substantial than what you have just described, more than \$122 million.

But it may be that I am combining our climate requests, and that some of the money is coming into that rather than just our bilateral, but coming together, certainly we are going to end up with a much more—with, I think it is a 40 percent increase from where we were a year ago.

Senator SCHATZ. So is it 80, or is it 100 or—

Ms. POWER. I will have to get back to you. I am not familiar with that number, but it may be again, that we are amalgamating our climate investments—

Senator SCHATZ. Yes. And as you know, I am all for climate spending.

Ms. POWER. Yes.

Senator SCHATZ. But helping people to apply for other money is a little bit different. I guess the question I have is: Is this just a question of finite resources available for a very challenging program, or are there problems with the ability of our Pacific Island friends and neighbors to expend the money responsibly; is that the issue?

Ms. POWER. As you know, that we work through implementing partners in the countries in which we work, so partly, it is that you can't go from 0 to 60, or from, you know, 30 to 120 overnight. But you know, we also need the—we are building the staff on the ground. A lot of the Pacific Island countries, USAID doesn't have any presence at all, so we have to hire local staff, Foreign Service Nationals, at the very least, which we are in the process of doing. We manage all these programs right now out of the Philippines. So some of it is that it is—you know, it is not going to be—

Senator SCHATZ. Throughput capacity problem?

Ms. POWER. Yes. The human capacity, but I wouldn't diminish the climate-ready approach, because I think that is why we are working with Australia, and New Zealand, Japan, other countries that are also surging investments, because if we can build out the capacity of the governments themselves, there are resources, at scale, available, there are private-sector partnerships, available,

but without that staffing capacity, or human capacity, that ability to put forward a bankable project or a bankable deal, these countries are not going to be able to compete.

Senator SCHATZ. Right.

Ms. POWER. So I actually think that program is very important.

Senator SCHATZ. Let me move to telehealth; and I have a rather complicated question, but I am going to simplify it for you. What is going on with telehealth? You and I have had multiple conversations about telehealth, there is not a mention of it in your budget testimony, which I yes I am not trying to “gotcha you” here.

Ms. POWER. Yes.

Senator SCHATZ. But I would like to be reassured that we are moving forward. And I do, I am deeply sympathetic to the idea that you wake up every morning and telehealth sounds like a longer lead time item, a less urgent item than the 350-odd million people who are experiencing food insecurity. So I get that.

However, we have seen a revolution in telehealth that that really does leverage the Federal taxpayer dollar, as well as private sector resources, and it seems to me in far-flung, places you can really provide high quality care for a lower cost, if we make the investment, and it is sort of never the right time to do these investments because there is always something more urgent on deck.

So can you just sort of tell me where we are with telehealth, and how you sort out the immediate and urgent versus the long term, and sort of theoretically smart thing to do.

Ms. POWER. Yes.

Senator SCHATZ. But given your day-to-day, it sort of—it may get pushed off your calendar every week.

Ms. POWER. Thank you. I think the last time we had an exchange on this, I pivoted a little bit to talking about health workers, and investments in health workers, and that seemed unresponsive I gather. But part of what is true about USAID’s work in the global health area is that by virtue of earmarks, we are disease-based, by and large, in our orientation.

That is we have our PEPFAR allocation, we have our HIV/AIDS allocation, we have our TB allocation, we have our malaria allocation, we have our Global Health Security, mercifully, that has gone up in terms of pandemic preparedness. So what we need to do is we need to integrate attention to telehealth across these kinds of programs, and that is what Atul Gawande, you know, again where appropriate, who is our Global Health leader at USAID, is working to do.

But as well, we are shifting in order to have more of an emphasis on primary health systems, including healthcare worker training, who are the foundation for all of this. Now, to be more responsive, let me say that I will give you a couple examples of things that we are actually doing in telemedicine already. In the Middle East and North Africa we have just launched a program where, in circumstances where stigmatized populations may not feel comfortable coming into a health facility, we are piloting our program, for example, for LGBTQI+ individuals who might be stigmatized to be able to secure online health care, or online consultation. It is just a pilot. It is not at scale. We are not there yet.

Second, in order to do digital health, you know, a lot of the areas we work are super remote, don't have 5G, don't have the—you know, everyone has a smartphone, or a cell phone at the very least, but we also have what is called the digital—USAID's Digital Health Vision, which is creating digital health-enabling environments that are kind of a precursor for being in a position to actually have health workers care for patients, or at least consult with patients online.

So I hope, next time I see you at a hearing, that I will have more to report, but I think mainstreaming this through our, what amounts to, again, highly earmarked disease-based, very important life-saving programming is where we need to take this next.

Senator SCHATZ. Yes. I understand this is hard, but the one thing I would add for your—or the people who run these various programs is, they don't actually have to invent or curate something brand new now, telehealth is all across the country, all across the planet. Hospital systems are doing it, healthcare systems are doing it. And so they don't need to invent anything at all, they just need to adopt what is already occurring, and systems, and software, and training, already exists for telehealth, so it is no longer a mystery on how to integrate it into an existing program. And that is what we are going to need to do. Thank you.

Senator Hagerty.

Senator HAGERTY. Thank you, Senator Schatz.

And welcome, Ambassador, it is good to see you again. A couple of points to cover with you today, Ambassador Power; first, I would like to just start out with a point of concern that I have regarding USAID funding to Palestinian organizations that foment hate, that celebrate terrorism, and I would like to come back to a GAO report, that in March 2021, found significant gaps in USAID's counterterrorism vetting of Palestinian groups.

USAID agreed with the report's recommendation, and agreed to address the shortcomings there. I just wanted to ask you: what steps you have taken to implement the GAO's recommendations, and to ensure that USAID funds don't go to support the activity of Palestinian terrorist groups, or anti-Semitic organizations?

Ms. POWER. Thank you. Well, we take very seriously our stewardship of taxpayer resources, and the generous allocations that you all have made to USAID. We have very elaborate vetting systems in place, including working with an FBI-run terrorism center to run through all the databases to make sure no connection between the organizations that we are considering funding and, you know, terrorism or terrorists.

You know, I think if you have something specific in mind, which it sounds like you might, happy to talk about it specifically.

In terms of additional measures put in place we now, as you know, USAID often works through a contractor, and then a subcontractor, and sometimes there is a sub to the sub. In this region we also run our subs to the subs, you know, through this third layer of verification to make sure, again, no extremist or terrorist affiliation.

Senator HAGERTY. I do think we can do better. I have got a couple of examples I would like to share with you and perhaps we can get them addressed. USAID has awarded a grant to a Palestinian

group, whose leaders have attended an anniversary event celebrating the founding of a terrorist group. USAID has ordered a grant to a Palestinian group whose leaders praised the murderer of the U.S. Military attaché, called that murderer, “a hero fighter”. We are funding them.

USAID has awarded a grant to a Palestinian group whose Board Members have publicly lauded convicted terrorists as heroes, and applauded the missile attacks on Israel by Hamas. Again, these are areas where I can’t imagine you would be supportive of it, but I hope that we can take a deeper dive and a more critical look.

Ms. POWER. Let me just get on the record in condemning and deploring comments, and actions like that in the strongest terms. And if you, again, could come back to us and we could talk about this in detail. I can describe our system in detail, walk you through the process, and then we can talk about those specific organizations and what might be afoot.

Senator HAGERTY. Yes. It is the vetting process that I am concerned about. I feel like the vetting process remains seriously flawed. A couple of other activities that, November 2022, USAID announced a \$78,000 grant to a Palestinian activist group, it is called the Community Development and Continuing Education Institute. Their leaders have done all the things that we talked about just a moment ago.

Terrorist glorification of USAID-funded Palestinian institutions at schools, and other organizations, it is just, it is happening, and it needs to come to an end. And I appreciate your focus on that. Specifically, Section 7039(b) of the annual SFOPS Appropriations, all mandates that USAID take appropriate steps to ensure that foreign assistance is not provided to any individual or entity that has a principal officer who has advocated for terrorism. So it is happening, and I think there are opportunities to do better here.

And let us turn now, to the broader approach that AID takes to development. In my view, I think we really need to talk about getting back to basics. I have traveled and visited with leaders in developing countries. They are struggling significantly right now to overcome the impact of the COVID-19 shutdowns. Their economies are struggling, crime is through the roof in many of these countries, they are seriously challenged.

And as I ask myself: What are we doing to alleviate global poverty, particularly in these situations? What are we doing to put these countries on a pathway to some sort of sustainable economic growth? I see a real disconnect between what I feel like these countries need, and what we are doing.

And what I would like to refer to is this Climate Strategy Program that has been put out by USAID. It seems to be matters that are focused on issues that are not the priorities of these countries. I think about the best and highest use of our taxpayer dollars to help these countries where they are today.

And I find myself really scratching my head about what this document calls for. We specifically have included in this document using U.S. taxpayers to address—I am going to use a few quotes here, “The growing importance of young people suffering from eco-anxiety.” And I just wondered, if you support using U.S. taxpayer funds to alleviate climate anxiety among foreign children activists.

Ms. POWER. Well, first let me say that—I am not sure if you were here when we had—I had with Chairman Coons, an exchange about the demand signal we get from other countries around economic growth and economic development, including agricultural development, which you and I have talked about in the past.

Senator HAGERTY. Mm-hmm.

Ms. POWER. That and climate adaptation resourcing are the number one and number two asks, often in competition with each other, and often related since economies around the world are being so threatened, and in some cases decimated, including agricultural economies, by extreme weather events, along the lines of what Senator Moran was talking about here in the United States.

Senator HAGERTY. Climate anxiety by children though. I mean, I am trying to get to the best—

Ms. POWER. Well, I mean, we are not talking about—we are not talking about, yes, first of all the balance of our resources goes, for example, to help health clinics get electrified in places where they are getting to leapfrog other forms of energy. We are talking about, again, adaptation, climate adaptation, seeds that are drought resistant, drip irrigation systems that can work in light of. So the lion's share of our funding, again, is going to help countries adapt. And the demand signals are coming from them.

Senator HAGERTY. And to, because I am running out of time—

Ms. POWER. If I may, just on—just because you talked about that single program; if I may say, again, the investment in something like that would be extremely modest, but we are not—this threat is existential for many of the communities in which we are working. So it actually is the case that when pastoralists can no longer raise livestock, we are seeing massive spikes in suicide, if you can believe it. In those families, in the Horn of Africa, 9 million livestock have died. What do those pastoralists do, who have been doing that for generations?

Senator HAGERTY. My suggestion is, we focus on how we help the pastoralists directly, rather than trying—

Ms. POWER. Well, I think we—

Senator HAGERTY [continuing]. To fight this with some psychiatric program.

Ms. POWER [continuing]. Well, we also don't want them to commit suicide in the meantime.

Senator HAGERTY. Absolutely, we don't want them to do that, but focus on the basics.

Ms. POWER. Right. So actually, working with communities who are suffering life and death consequences of climate change, it matters to us, in the same way that life and death food insecurity matters to us.

Senator HAGERTY. Children anxiety programs over climate anxiety, I just don't get the connection between the basic fundamental platform—the bottom part of Maslow's hierarchy of needs, is trying to be addressed here. That is what we should be focused on.

Ms. POWER. We are very active—

Senator HAGERTY. How could the best—

Ms. POWER [continuing]. At the bottom as well.

Senator HAGERTY [continuing]. Way to use taxpayers' funds be on providing programs like this. And when we have a void China

steps in to fill that void, Ambassador. We need to be in the game, we need to be looking at the basic needs. That is what I am encouraging you to do.

Ms. POWER. Understood. Thank you.

Senator COONS. Thank you, Administrator Power.

Senator Shaheen.

Senator SHAHEEN. Thank you, Administrator, so nice to have you here. Thank you for what you; and everyone at USAID—does on a daily basis to help people around the world.

I just returned from a trip, with a number of other senators, to Panama, Colombia, Argentina, and Brazil. One of the things we were trying to assess is the Chinese influence in that region. We heard a lot of concerns, in Panama particularly, about migrants, and the Darien Gap, in Colombia about refugees from Venezuela. But can you speak to how—what USAID does, helps to counter that Chinese influence in the region. And do you have any specific examples in those four countries that you think we should particularly be aware of?

Ms. POWER. Thank you. Well, let me say that as is happening in many parts of the world, there is a fair amount of buyer's remorse that is growing as well, in our own hemisphere.

Senator SHAHEEN. We have heard that.

Ms. POWER. I am sure you did hear that. And there is actually a barometer survey, a Latin American survey that shows that trust, in fact, in the PRC has dropped 20 percent in the last decade, and is below 38 percent last year; trust in the U.S. has gone up actually, comparably, 20 percent, up to 57 percent, according to the latest survey, and we will get more data on that.

I think that stems from—those numbers stem from the fact that our objective, as USAID, is to help countries work themselves out of an assistance relationship, and out of any dependence, our investments are people-to-people investments, they are about working with, for example, those Venezuelan refugees or migrants in Colombia to help both them and the Colombian communities who host them, get access to livelihoods.

There is no faking that, you know, whether you actually care about the communities, whether you are in the communities, in northern Central America, working with women who have been subjected to gender-based violence at the community level, working with youth who are at risk of being recruited into gangs at the community level.

So just the contrast I think between these large infrastructure investments which can matter, of course, provision of infrastructure is very important. The United States Government is going to be doing more and more of that with the DFC, and millennium—multilateral development banks, and others.

But it is these investments in dignity, in independence, in the environment in a non-extractive approach. And of course, in a climate-smart approach, given that that is what the communities most need, given the changing elements. You know, I think all of these points of distinction really register with communities. And we are trying to ensure that jobs get created for the communities in which we work, rather than bringing in our own workers in, you

know, kind of development bubbles along the lines of what our competitors are doing.

Senator SHAHEEN. Well, certainly, I think South America offers a tremendous opportunity for us, and it is a place where we should pay more attention in the future than we have in recent past. So I am pleased to hear that that is an area of focus for USAID.

Last spring, Senator Murphy, Tillis, and I, were in Bosnia and Herzegovina, and we visited one of the USAID development efforts with a small business, and saw the impact that that was having. We also heard about corruption, and good governance, and the issues that they present for the people of—not only Bosnia and Herzegovina, but the entire region.

So can you talk about what USAID is doing to address corruption, and good governance, particularly in the Western Balkans?

Ms. POWER. Thank you. Well, USAID has done an awful lot in the independent media sector over the years as you know. Again thanks, in part, to your support. That work has now shifted a little bit, also to an effort to really dig in on media viability, because again we want these independent newspapers like Oslobodenje, or whomever, to be viable in a digital age.

So working with them, and they are the leading exposures, often, of corruption, not just that newspaper, but many of the others that USAID has supported, similarly, civil society organizations. But the heartbreaking aspect, as you know, of the situation—there are many, many heartbreaking aspects in Bosnia and Herzegovina—but is the poor governance, and paralyzed governance, and governance in which individuals look out more for themselves, and more for self-dealing than they do for the young people in the country who continue to flee in droves.

And here, I think we have shifted in the last year or two toward looking to see whether there is more to be done, less at the central or Federation level, and more at the local level. You know, working with auditors, working with prosecutors, working in fact with clean governments that, you know, themselves are putting in place checks and balance—checks and balances are responsive to them.

So it is sad in a way that one has to forum shop to find willing partners, but I do think we have made progress; and I will commend, also, the State Department and Treasury because I think the sanctions designations taking advantage of the corruption prong, of the Magnitsky Sanctions, and other mechanisms. But those have made a real difference, I think, in deterring this kind of conduct.

Senator SHAHEEN. I certainly agree, and I hope we will continue to stay focused on other areas where—on individuals where sanctions can help make a difference.

Finally, I wanted to ask you about Women, Peace and Security because that makes it a priority, legislation to protect and support women's roles in peace negotiations, and conflict resolution. And I know that this is something that USAID is still implementing. What else do you need in order to successfully implement that legislation, and how do you see that helping with the work that you are doing?

Ms. POWER. Thank you. Well, I think, or the budget request includes \$16 million in order to help implement the Women, Peace

and Security Plan and its modalities around the world, but if you actually, you know, look more broadly at Women, Peace and Security, broadly, define less about the plan, per se, but are programs that are responsive.

I think we are, you know, spending somewhere around \$250 million in, I think, we have 80,000 females that we have brought into mediation roles, peace building roles, you know, through that programming. It is also something I again credit the State Department and DOD.

Now, really pushing that the results remain elusive in many domains, but as a design feature of any negotiation for women to be involved, you know, we are both heartbroken by events in Sudan. Those discussions, again, pushing even now for women to be involved in discussing, first the ceasefire, and then the longer term transition.

So just whenever something unfolds, you know, it isn't just a program that lives over here, it has to be a design feature of our diplomacy, and our engagement. And I think that is at least what we are trying to put in place.

Senator SHAHEEN. Good. Thank you. Thank you, Mr. Chairman.

Senator COONS. Thank you, Senator Shaheen, and thank you Administrator. I am going to go question at the end of the PEPFAR hearing. So I may or may not return.

Senator Murphy, to you. And if I don't return before you conclude questioning, if you would close out the hearing I would appreciate it.

Senator MURPHY. Will do. Thank you very much, Mr. Chairman.

Good to see you, Administrator. Administrator Power, I wanted to turn your attention to Tunisia, a small country in North Africa, but one that has had outsized attention, and importance given the fact that it was one of the few relative democratic success stories coming out of the Arab Spring. I have a specific question, and then a more general question.

The specific one is this. The budget suggests preserving, military aid for Tunisia, but also a pretty dramatic cut to economic aid and to—aid to civil society groups. That is worrying, because as you know, this is a moment of real crisis in Tunisia. President Saied has turned his back on democratic norms, has engaged in a pretty repressive and overwhelming crackdown on dissent.

And this seems like a moment where it would be important for us to send a signal to civil society that we are, you know, going to increase our support for their work, not decrease it. And so I wondered if, just on the specific question of how we look at our aid budget, trying to help give some oxygen to those that are trying to fight back against this slide away from democracy in Tunisia, how this budget is going to do that? And why we envision a cut to civil society money for Tunisia?

Ms. POWER. Well, I think the 2024 request is for \$14.5 million, but that is a lower number, in part, again because so many of the avenues in which we were engaging, the government at least, 2 years ago, have been foreclosed by the actions by the government. So I would want to dig into whether or not your premise is right about actual cuts to civil society. I would certainly agree with you that even when governments are backsliding, that that can be-

come cause just to shift resources from what you might have wished to do with a judicial body, or with a ministry, you know, to make sure that accountability, you know, doesn't suffer as well. Or at least doesn't suffer a shortage of resources, it is certainly suffering.

The other thing I would note, Senator, is that for the first time this administration is coming forward with a proposal for an "Opportunity Fund for the Middle East and North Africa." I don't know if that caught your attention. I think it is a \$90-million fund, and the idea there is to be more opportunistic. Again we don't see right now, the likelihood of a democratic opening, or reverse of the backsliding in Tunisia; but if that were to happen, to be in a position to draw from that fund to meet the moment, whether through support for civil society, or for the government.

But let me get back to you on the specifics of what the cut from the \$22.5 million fiscal year 2022 level, to a \$14.5 million request, sort of what the modalities of that would be.

Senator MURPHY. Yes. Listen I worry that—I think you are right, some of it was driven by a lack of avenue. You have got a Minister of Interior who, you know, is working hand in hand with Saied's crackdown. But I worry that this is kind of an excuse to not get thoughtful and creative about how to find avenues to support civil society, and look forward to hearing back.

Here is my more general question. You know, I have been a critic of continuing the level of aid to Saied's Government, and one of the answers I get back is, China, right. That becomes the excuse as to why we should be heavily invested in repressive regimes all over North Africa, and the Middle East: that if we are not there, China will be.

I know you have talked a lot about China here today, but on this sort of specific question, about what I think many people here are inviting, a human rights and democracy race to the bottom with China, in which, just because they are willing to fund repressive regimes, and economically backwards regimes we should as well.

And my sense is that the way that we compete with China successfully, is to not be China. Is to bring our values and our standards to these conversations, and to have a walk away moment, where the cost is just too high if a government is engaged in massive repression, or their economy is such a mess that it doesn't make sense for us to be involved in the long run.

We haven't done that much despite, you know—despite the President talking about putting human rights and democracy first, you know, we still stay engaged with a lot of countries that have been moving the wrong way pretty fast. But not litigating that specific question of policy, what do you think about this idea that there is a risk of being engaged in a human rights, democracy race to the bottom with China? There has got to be a point at which we walk away.

Ms. POWER. Well, let me just take that question if I could from my vantage point as Administrator of USAID, where we have significantly increased our investments in democracy and human rights, where I very much agree with you that those investments that support, including by voice, but also by programming, is a key distinguishing feature, you know.

The PRC does government-to-government this and that, the PRC brings its own workers in to make substantial investments, the debt distress that so many countries are suffering, it comes about in part because they are so busy servicing debt, and don't have an ability to invest those revenue in the livelihoods of their citizens, the lives of their citizens.

You know, we are, under President Biden, very significantly expanding those investments in these distinguishing features, our attention to marginalized people, our attention to indigenous communities, our attention to LGBTQI individuals who are being persecuted across Sub-Saharan Africa, and the Middle East, and beyond.

So you know, I actually think that governments are seeing, across the board, much more substantial investments, not only than the previous administration, which may not be unexpected, but even then the Obama administration. I mean, I think the years of underinvestment in those groups that are holding governments accountable, you know, we are trying to make up for lost time.

That 17 years of democratic backsliding occurred, you know, without an effort to really buck, you know, or halt the momentum that the autocrats and others were having. You know, I will say putting to one side the—you know, the walk away aspect of your question if I may. You know, we are doing a lot of business with a lot of countries. I mean, if there are places where there is democratic backsliding, where we are dramatically, expanding our civil society programming resources, but we are also urgently working with them to curb emissions at the same time.

And so, you know, for USAID, you know, even in a place like Afghanistan where the Taliban is doing, you know, one week just something just more monstrous than the thing that was done before, and more self-defeating from the standpoint of the economy of the country, even there, we are not walking away because we want to help citizens meet basic needs.

We want to support girls through online learning if we can't reach them in the classroom like we were able to do a couple years ago. So, you know, it is this question of walking away, versus engaging, and continuing to be in the scrum, even in governments that are repressive, to find reformist elements who want to liberalize. Maybe they want to liberalize aspects of the economy, and not yet liberalize independent—you know, press freedom.

But sometimes, you know, history shows that you get a foothold in there, you open things up, the private sector comes in, and that can, you know, create openings that might not have existed otherwise.

So I think on a case-by-case basis, one can discuss, you know, again, whether taking our marbles and going home is the right strategy. But I find that there is a real hunger right now for the American alternative, and that includes support for civil society, raising our voice for those who are being repressed, raising our voice for marginalized populations. And to lose that aspect of our foreign policy, really, would be to lose a comparative advantage.

Senator MURPHY. I don't know that I disagree with any of that. I think often the rationale for our continued economic, and security assistance, and maybe I am, you know, talking to the wrong person

about security assistance, is often connected to our need to have a foothold inside these countries to compete with China. It is not always connected to our efforts to lift up democracy, and human rights.

And that is why Tunisia, for me, is an interesting example. A place where we have, you know, continued the same level of military assistance, despite the fact that the military is engaged in this crackdown, and we are cutting aid that, you know, arguably is channeled through to civil society. And my guess is, the reason we have done that is to try to have some influence with the Tunisian regime because, China is knocking at the door. And the way we get that influence is through economic aid, and military aid that the government has a role in. That troubles me side-by-side with these reductions, and in support for civil society. But I will look forward to continuing the conversation.

All right; and I have got more questions, but I am going to stay on time, given that I am already over. And I am going to do my duty and close out the hearing.

#### ADDITIONAL COMMITTEE QUESTIONS

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

##### QUESTIONS SUBMITTED TO ADMINISTRATOR SAMANTHA POWER

##### QUESTIONS SUBMITTED BY SENATOR JEANNE SHAHEEN

*Question.* Despite the Biden-Harris Administration's prioritization of the repeal of the Global Gag Rule shortly after taking office, I remained concerned by reports over the last 2 years that some implementing partners are still restricting the services that they provide. When we discussed this last year, you called it a "conservative application of this Administration's policies." According to a Government Accountability Office report issued last June, even after the policy has been rescinded, implementing partners struggle to rebuild lost partnerships, networks and programs while government and non-governmental organization stakeholders continue to experience confusion about what is permissible.

—Can you describe what USAID is doing to ensure that all partners and stakeholders understand that the global gag rule is not currently in effect? How are you working to proactively rebuild partnerships and communities harmed by the global gag rule?

—Will you commit to meeting with organizations and communities impacted by the global gag rule on future travel?

*Answer.* USAID is committed to continuing to partner with governments, the private sector, and international and nongovernmental organizations to improve health outcomes and the empowerment of women and girls so that they can realize their full potential.

USAID regularly communicates with Missions and partners on the longstanding requirements and statutory restrictions applicable to their programs. In addition to communicating the revocation of the Protecting Life in Global Health Assistance (PLGHA) policy through the Agency's Implementing Partner Notices (IPN) Portal, the Bureau for Global Health has conducted outreach to USAID/Washington, Mission, and implementing partner staff to communicate directly that the PLGHA requirements were no longer in effect for prime awards and all existing and future subawards.

*Question.* According to the most recent U.S. Government Strategy on International Basic Education, girls are more likely to be out of school than boys. The problem of keeping girls in school is especially challenging in conflict-affected countries where girls are 90% more likely to be out of secondary school than girls in stable countries.

The U.S. Global Strategy to Empower Adolescent Girls addresses the barriers that prevent girls from staying in school to ensure adolescent girls are educated, healthy,

economically and socially empowered and free from violence and discrimination. Does USAID have any plans to update the implementation plans for this 2016 strategy or to publicly report on the implementation of this strategy?

*Answer.* USAID has been involved in interagency discussions on the U.S. Global Strategy to Empower Adolescent Girls (the Strategy) and will continue to focus on implementation of the Strategy rather than revision of the implementation plans. A publicly available report on the progress under the Strategy was released in April 2023 and is available on the U.S. Department of State website. The Department of State is the interagency lead on the Strategy.

*Question.* In the last 5 years, how have USAID programs increased access to education for girls in both conflict-affected and stable countries?

*Answer.* USAID remains committed to advancing gender equality in and through education around the world and to strengthening resilient education systems that support access to quality education, particularly for the most marginalized. In FY 2022, USAID programs in more than 50 countries worked to advance gender equality in and through education, reaching more than 11.8 million girls and women across the education continuum.

Over the last 5 years, the COVID-19 pandemic, conflict and crises have negatively impacted access to education for girls and women. USAID programs have worked to address barriers to quality education by supporting programs that prevent and respond to school-related gender-based violence, ensure educational materials and instruction empower all learners, provide safe learning opportunities for women and girls facing adversity, and holistically support adolescent girls to overcome their unique set of challenges.

USAID is committed to this programming and has pledged under the National Strategy on Gender Equity and Equality to reach 15 million girls and young women across the education continuum with education assistance by 2025.

Examples of USAID's programs that have increased access to education for girls in both conflict-affected and stable countries over the past 5 years include:

- Pakistan.*—In September 2022, USAID launched the Improving Girls' Education Activity to support public-private partnerships that will improve school management in public girls' schools in Khyber Pakhtunkhwa Province, boost school enrollment, and strengthen the quality of education. On March 7, the U.S. Ambassador to Pakistan also announced 500 university scholarships for flood-affected students, with 50 percent of the scholarships reserved for women.
- Mali.*—USAID's Girls Leadership and Empowerment through Education program creates tangible opportunities for adolescent girls to pursue their academic goals. It decreases educational barriers for adolescent girls, improves their safety in schools and communities, and increases knowledge of positive health behaviors amongst them and their families. Programming provides accelerated learning to girls, and supports their transition to Mali public schools to continue their formal education.
- Mozambique.*—USAID's Advancing Girls' Education activity empowers adolescent girls and promotes girls' school attendance in Zambezia and Nampula where girls' school enrollment is low. In addition to equipping learners with literacy, numeracy, social, and life skills, the activity also expands girls' safe access to quality education and improves learning outcomes by educating learners about malnutrition, menstrual hygiene management, and prevention of sexually transmitted diseases.

*Question.* The FY23 omnibus included report language encouraging USAID to allocate resources through the International Disaster Assistance account to provide safe, inclusive, and quality education for refugee and internally displaced children.

What is the Biden administration's FY24 plan to support education and flexible learning to maintain continuity across situations of crisis?

*Answer.* USAID supports child protection and education in crisis and conflict along the humanitarian development continuum with both International Disaster Assistance and Development Assistance funds. In fiscal year 2024, USAID's programs, leveraged with resources from bilateral and multilateral partnerships, the private sector, and external stakeholders, will build on the foundation set by the U.S. Government Strategy on International Basic Education and continue to help partner countries to strengthen the resilience of education systems, mitigate disruptions to education, prepare for heightened uncertainty and instability, provide safe spaces to learn, and improve educational outcomes.

USAID is the largest bilateral donor of basic education development assistance in the world and is uniquely positioned to support learners, educators, and education

systems in partner countries to prepare for, respond to, and recover from crises quickly and efficiently. In fiscal year 2022, USAID basic education programs reached 28 million children and youth in 56 countries, including 31 countries affected by conflict or crisis.

USAID's education programs in crisis- and conflict-affected environments work to provide safe learning opportunities for students and teachers, rebuild education systems, and prevent and mitigate further conflict and crisis through conflict-sensitive education programs, community engagement, and disaster-risk reduction activities. Programs also work with national government leadership in the education sector to support integration of refugees into host country systems, serve internally-displaced children and youth, and support external coordination groups to increase coherence between humanitarian and development efforts in education.

As one of its original contributors, USAID is also proud to continue to support Education Cannot Wait, the only global fund for education in emergencies. ECW ensures that the most marginalized child and youth in experiencing emergencies and protracted crises have access to lifesaving and life-sustaining education services. USAID's contributions also support ECW in its role to coordinate among donors, the private sector, and humanitarian and development actors to meet the needs of the next generation and ensure this growing population has the skills and abilities to sustain themselves while engaging as productive citizens in their communities. The United States, through USAID and the Department of State's Bureau for Population, Refugees, and Migration, plans to contribute \$25 million to ECW in FY 2023, bringing the total of U.S. government contributions to ECW to \$145.3 million to date since 2017.

USAID's International Disaster Assistance funding is intended to save lives, alleviate human suffering, and reduce the impact of humanitarian crises. USAID recognizes education is protective and life-saving in crises. Humanitarian child protection programs support education in emergencies through the Safe Healing and Learning Spaces methodology, psychosocial support and coping tools for caregivers and teachers, temporary shelters to enable damaged schools to resume education, and contextualized learning materials for displaced children. USAID child protection and education in emergencies experts collaborate closely to maintain continuity across the humanitarian-development nexus.

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#### QUESTIONS SUBMITTED BY SENATOR SUSAN M. COLLINS

*Question.* Recent years have truly been historic for Israel's relationships with regional Arab neighbors. The UAE, Bahrain, Morocco, and Sudan joined Egypt and Jordan in establishing diplomatic relations with Israel—paving the path to peace through recognition and engagement rather than isolation and boycotts of Israel.

—Please describe the work USAID is undertaking to further expand and strengthen the Arab world's normalization of relations with Israel.

—Is there more that USAID can do on this front?

*Answer.* Advancing Middle East peace, regional integration, and normalization between Israel and its neighbors is a priority of this Administration and this agency. USAID continues to advance trilateral and regional USAID-Israel cooperation, particularly with Israel's neighbors and with Abraham Accords countries. USAID actively participates in five of the six Negev Forum Working Groups aimed at improving Israel's integration into the region. USAID serves as the USG lead for the Negev Forum's Tourism and Food Security and Water Technology Working Groups. Working closely with the interagency, USAID continues engaging international counterparts to achieve tangible progress in each Working Group it is a part of.

In August 2019, USAID and MASHAV—the Israeli government's international development agency within its Ministry of Foreign Affairs—signed a global Memorandum of Understanding (MOU) for development cooperation to identify opportunities for collaboration and partnership. Most recently, USAID utilized \$2 million in FY 21 funding to partner with MASHAV in Albania, Northern Central America, and through a special call for agriculture, climate, and water sustainability proposals with the agency's Middle East Regional Cooperation (MERC) program.

In addition, through MERC, USAID manages a portfolio of over 40 active Arab-Israeli applied research grants focused on topics crucial to the region, such as natural resources management and public health. Examples of those projects include:

—Israeli and Jordanian scientists are developing advanced methods to treat municipal wastewater that may assist with irrigation in Israel and Jordan.

—Palestinian and Israeli scientists are generating evidence of the presence, transport, and effects of lead on soils, plants, water, animals, and individuals near

sites in the West Bank where electronics waste and cables are burned for recycling and disposal. This research is informing how this issue is managed, and is promoting recycling.

*Question.* To enhance regional prosperity and stability, the United States joined Israel, Egypt, the UAE, Bahrain and Morocco in establishing the Negev Forum. I understand USAID has been an active participant in the Working Groups established by the Forum.

—Can you update us on what USAID is doing with regard to the Forum and what outcomes you hope to achieve?

*Answer.* USAID continues to advance trilateral and regional cooperation with Israel, particularly with Israel's neighbors and Abraham Accords countries. USAID's support to the Negev Forum is a prime example of these efforts. USAID serves as the U.S. government lead for two of the Negev Forum Working Groups—Food Security and Water Technology (FSWT) and Tourism, and also provides expertise to the Health, Clean Energy, and Education and Coexistence Working Groups.

A USAID delegation attended the inaugural Working Group meetings in Abu Dhabi in January of 2023, and Agency experts continue to work closely coordinating with interagency and regional partners ahead of an upcoming Ministerial expected in early summer 2023 in Morocco. For example, USAID is working with other Negev members to advance joint tourism projects to boost economic development, improve capacity of tourism operators, and convene experts to share best practices and opportunities as determined by the Tourism Working Group. The FSWT plans to gather at the working level in the coming months to further hone its deliverables for the Ministerial. USAID hopes that the deliverables identified and announced at the Ministerial will promote further regional integration between Israel and all involved countries.

*Question.* The World Food Program is actively investigating the large-scale theft of USAID-provided humanitarian food aid in Ethiopia, where protracted conflict and drought have left more than 20 million people reliant on aid. The amount of food aid stolen is reportedly enough to feed 100,000 people. Meanwhile, Secretary Blinken announced an additional \$331 million in new humanitarian assistance for Ethiopia last month.

Can you provide an update on the investigation into this situation and tell us what steps are you taking to ensure that U.S.-funded humanitarian assistance is not stolen or diverted from its intended recipients?

*Answer.* USAID recently uncovered that food aid intended for the people of Tigray suffering under famine-like conditions was being diverted post-distribution and sold on the local market by beneficiaries who were either coerced or misled into selling their food aid at cut-rate prices. Immediately upon discovery of this post-distribution diversion in Ethiopia, USAID reported the incident to USAID's Office of Inspector General (OIG). It is our understanding that both the USAID OIG and investigatory units from USAID implementing partners in Ethiopia are investigating the matter. As of March 21, when the post-distribution diversion was initially discovered, nearly \$315 million (out of \$319.5 million allocated to BHA) of the announced funding had been obligated. In response to this situation and in cooperation with implementing partners, USAID has proactively implemented strong mitigating measures against further diversion.

Effective April 20, 2023, we have decided to pause all USAID-supported humanitarian food assistance to Tigray until we can work with our partners to ensure that this assistance can be provided without further diversion. USAID humanitarian food assistance is continuing in other regions of Ethiopia at this time. The pause is limited to food assistance and is intended to immediately resume once we are assured that safeguards are in place to ensure that aid is reaching and being utilized by its intended recipients in order to minimize humanitarian impact to the extent possible. Pausing food assistance is not a decision we take lightly given the immense suffering in the region. However, USAID believes that upholding the integrity of humanitarian assistance is critical to meeting needs and reaching the most vulnerable, both in Northern Ethiopia and around the world. USAID Administrator Samantha Power met with WFP Executive Director Cindy McCain on April 6 and directly raised the concerns surrounding this diversion.

USAID is exploring all viable programmatic options in Ethiopia as part of global efforts to mitigate waste, fraud, or diversion of assistance. USAID will also continue pressing for system-wide changes throughout the country, such as enhanced beneficiary identification, improved targeting, and strengthened monitoring of assistance.

Wherever we work, USAID continually reviews the risks associated with our programming to ensure that our partners are able to effectively carry out USAID-supported activities in line with humanitarian principles, while also acting in compliance with the terms and conditions of their awards. In parallel, we work closely with our food assistance partners to ensure they have robust risk mitigation systems in place. We are committed to ensuring U.S. taxpayer-funded humanitarian assistance is reaching and being utilized by the intended beneficiaries and commit to informing Congress as more information becomes available.

*Question.* Special Inspector General for Afghanistan Reconstruction John Sopko recently testified that he cannot assure Congress “that we are not currently funding the Taliban.”

—Are USAID implementers providing funding to the Taliban, including through government registration, customs, or other fees? If so, under what specific authority?

*Answer.* USAID does not provide assistance to the Taliban. All USAID humanitarian and development assistance funds the work of UN agencies and experienced, carefully chosen international NGOs and local Afghan partners. In some cases, USAID partners may be required to conduct incidental transactions with the Taliban that are necessary for the provision of assistance, such as fees, import duties, purchase or receipt of permits or licenses, purchase of fuel, or payment for public utility or telecommunication services. These types of critical transactions are authorized under General Licenses issued by the Department of Treasury’s Office of Foreign Assets Control (OFAC). Direct financial transfers to the Taliban (or Haqqani Network) are prohibited.

*Question.* How does USAID ensure that its humanitarian assistance is reaching intended recipients, namely “the poor Afghan people,” and what is your response to SIGAR’s concerns that the Taliban is profiting or benefiting from such assistance?

*Answer.* USAID has a track record of ensuring that our assistance does not benefit terrorists or other blocked persons. USAID utilized robust anti-terrorism vetting to mitigate the risk of diversion of our funds and resources to terrorist entities during program implementation. USAID also employs risk analytic processes that include an examination of the risks associated with the diversion of assistance to the Taliban and Haqqani Network in Afghanistan. We require our humanitarian and development partners to have proper safeguards and risk-mitigation systems in place to ensure that principled development and humanitarian aid reaches those who need it most. When there is any cause for concern related to the delivery of this assistance, we have plans and protocols in place to respond.

USAID and our implementing partners have extensive experience working in challenging operating environments and we have systems to enable aid to reach its intended recipients—over 17 million people in FY 2022—through numerous monitoring methods, including remote, post-distribution, and third-party monitoring, to provide continuous oversight of awards. Over the last 20 years, the security situation in Afghanistan has often required remote and third-party monitoring methods. The Taliban takeover in August 2021 has required more frequent use of these methods. USAID partners are also required to report all incidents of fraud, waste, and abuse, including diversion, to USAID’s Office of Inspector General (OIG).

USAID staff continually communicate and coordinate with our implementing partners and our third-party monitoring contractor to ensure both that our assistance is reaching those for which it is intended and that our partners have effective systems and mitigation measures in place to help safeguard against and promptly report and respond to fraud, waste, and abuse, including Taliban attempts to influence or interfere with the provision of assistance. USAID staff regularly meet with partners, as well as review programmatic and financial reports corresponding with their respective awards, to obtain key contextual and programmatic updates, including updates related to their access to beneficiary populations, safety and security, and any attempted Taliban interference.

*Question.* Are you aware of any U.S. taxpayer funds being diverted by the Taliban, including away from specific ethnic groups the Taliban does not support or to the families of Taliban local leaders? How does USAID ensure that no U.S. taxpayer funds are diverted by the Taliban?

*Answer.* The Taliban has occasionally tried to divert humanitarian assistance in various geographic areas for personal gain or towards public works projects such as road construction. In these cases, humanitarian organizations have decided, on their own, to suspend assistance until local Taliban authorities agree to abide by humanitarian principles and not seek to influence or interfere with programming.

USAID has risk management systems in place to safeguard against diversion of U.S. taxpayer funds to the Taliban. As part of funding applications, USAID requires that partners develop Risk Assessment and Management Plans (RAMPs), which USAID uses to inform its internal assessments on how applicants will mitigate the risk of assistance benefiting sanctioned entities, among other risks.

The Taliban's December 24, 2022, edict and April 4, 2023, verbal declaration prohibiting Afghan female staff from working in NGOs and the UN in Afghanistan has further complicated the fragile operational climate in Afghanistan. To date, USAID partners report that they are able to continue providing principled humanitarian assistance to Afghans in need but are increasingly confronted with access challenges as these edicts are not uniformly enforced. USAID is continuing to engage with partners to understand these challenges and how they impact access for different regions, individuals, and groups.

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QUESTIONS SUBMITTED BY SENATOR JOHN BOOZMAN

*Question.* Coffee is incredibly important to the U.S. economy. The coffee industry supports nearly 1.7 million American jobs and adds \$225 billion in economic activity every year according to the National Coffee Association. Coffee is also important to Arkansas. Arkansas companies in the coffee industry depend on a steady supply of coffee grown by smallholders mostly in low-income countries, some of which are countries where Feed the Future operates.

—As the risk to coffee production grows, from things including soil fertility issues and pests and disease, what is USAID doing to help smallholder coffee producers in low-income countries become more resilient to the challenges they are facing growing coffee?

*Answer.* USAID works in partnership with U.S. and international coffee companies, other sector actors and non-profit organizations to enable the world's at-risk coffee producers to improve their livelihoods while providing a reliable supply of high-quality coffee. USAID's work in coffee spans many countries on three continents. Together with our partners, we are combating threats posed by the climate crisis that endanger global coffee crops while ensuring that coffee production protects forests and the climate. Through partnerships with the private sector, we are working to drive investment in sustainable production, and improve the environmental and economic benefits of conservation for local communities.

—USAID has funded numerous activities that help smallholder coffee producers become more resilient to production challenges (including soil infertility and increased pest and disease pressure). To cite two examples, one from Mexico and one from Peru:

—*Cooperative Development Project.*—(2018–2024) Equal Exchange's Cooperative Development Project, funded by USAID, is working with the coffee association Finca Triunfo Verde coffee association in Mexico to improve the quality and productivity of organic, specialty coffee. Equal Exchange is supporting the association in facilitating exchanges between producers to model best practices in shade diversification, soil conservation, and pest and disease control. Additionally, Equal Exchange is working with Finca Triunfo Verde to foster young people's interest in coffee production by extending technical training to youth and assisting them in establishing their own model farms.

—In September 2020, USAID and Conservation International signed an agreement in partnership with Starbucks to implement the Amazon Business Alliance (2020–2027) to facilitate and promote sustainable investments in the Peruvian Amazon by scaling-out and scaling-up their impact to support conservation business models and enabling conditions. The purpose of the activity is to ensure that families in the short term improve their incomes and help restore and conserve forests on their farms and in the broader landscape. The project is promoting agroforestry systems and increasing shade-tree densities in existing coffee and cacao plots and diversifying production through non-timber species such as peppers, bananas, among others; likewise, families are installing plantations and managing timber species in secondary forests as well as restoring degraded soils with organic fertilizers made from farm residues and composting.

*Question.* Are there any long-term solutions and innovations USAID is investing in, such as agricultural research in the development of coffee?

*Answer.* Yes, USAID investments in soil health research are generating improved practices which could readily be applicable in coffee-producing regions. Coffee producers also face challenges around soil fertility and diversified production within coffee-based systems.

USAID also invests in the long-term sustainability of coffee through initiatives that create economic opportunities for producers—including access to markets, connections with buyers, and access to finance. The Farmfit Fund, for which coffee is an important commodity, offers affordable financial resources to start, sustain, and grow businesses that sustainably engage with smallholders. Farmfit Fund transactions benefit from a USAID sponsored DFC guarantee facility (up to USD \$250 million). The fund runs until 2036.

USAID also supported Green Invest Asia, an innovative project targeting mid-growth agriculture and forestry companies in Indonesia and Vietnam with business strategies, environmental assessments, and advice to improve their sustainable commodity production and business practices. The focus of GIA was on key commodities linked to deforestation in Southeast Asia, including coffee. Green Invest Asia facilitates increased sustainability in the transforming coffee sector through a carbon baseline study. The results influenced companies to strategically develop plans and policies that contribute to global sustainability and reduced emissions. Through GIA, USAID supported top global buyers JDE Peet's and Nestlé to meet their corporate carbon commitments to source carbon-neutral coffee from their regional supply chains, while reducing greenhouse gas emissions for the entire sector. These systemic industry shifts improve smallholder supplier livelihoods, supply chain transparency and traceability while mitigating climate change impacts and preventing deforestation.

*Question.* The war in Ukraine is causing widespread destruction to both civilians and infrastructure. At the same time, Russia's invasion of Ukraine has led to the worst food crisis since WWII. Grain and fertilizer exports remain low, leading to higher costs of food production and less food to consume. Addressing the global food crisis remains a top issue, especially in the Horn of Africa where hunger and starvation is driving conflict.

How will USAID's FY24 budget address the global food crisis and help ensure that we are efficiently aiding starving countries and food scarcity is not driving conflicts in these regions?

*Answer.* USAID remains deeply committed to providing lifesaving humanitarian assistance to populations affected by the global food security crisis. Underscoring the historic proportions of the current crisis, USAID's Famine Early Warning Systems Network estimates that acute food insecurity has increased by 70 percent when compared to pre-pandemic levels. This crisis will be a long-term one—thus, we need to prepare ourselves for a long-term response. The powerful, combined effects of climate change, the COVID-19 post-pandemic effect, protracted complex emergencies, and Russia's invasion of Ukraine will create elevated levels of emergency needs for years to come.

Generous funding from Congress and the American people, including through supplemental appropriations, allowed the United States to scale up humanitarian assistance to meet unprecedented needs—especially in Ukraine and in the Horn of Africa—during FY 2022 and FY 2023. The FY 2024 request includes \$6.5 billion in humanitarian assistance for USAID.

To prioritize USG humanitarian resources, USAID will focus on addressing the most life-threatening needs in each context. In addition, USAID will work with partners to deliver assistance in the most efficient way possible. In some cases, this means potentially switching or re-emphasizing a particular modality such as cash, local purchase, or U.S. Food for Peace Title II in-kind assistance to find the optimal mix within and between partners to reach the most people we can with the resources available.

While we will continue to prioritize available resources for the most acute emergencies and needs, significant resources are needed to address unprecedented humanitarian needs worldwide. Humanitarian needs are far outpacing global resources and face difficult trade-offs for concurrent emergencies. As a result, USAID will continue to advocate with other donors to increase their contributions to responses, with a particular focus on the Horn of Africa.

*Question.* What is USAID doing to promote the growth of sustainable agriculture in these vulnerable regions given the global food crisis, and is there more you need from us?

*Answer.* USAID is leveraging the full weight of its Bureau for Resilience and Food Security to address this crisis. USAID recently expanded the number of target coun-

tries within Feed the Future from 12 to 20, in light of growing need and growing demand for food security investments that address the underlying weaknesses in food systems. When selected as a target country, USAID aims to prioritize Feed the Future funding to go to that country. Target countries also create country plans which are written in conjunction with USAID missions and partner governments. This includes much more robust monitoring and evaluation reporting than is required in non-target Feed the Future countries.

In addition, we have a set of resilience focus countries, and zones within countries that are areas of chronic poverty and recurrent shocks, (for example, the arid lands of Kenya which are now experiencing historic drought.) Our programs in these areas are designed to build the capacities of communities to withstand climate and other related shocks and help avert the need for year-on-year humanitarian assistance.

These programs are bearing fruit. We have seen the reduction of poverty and malnutrition by 20–25 percent in areas where we work, the improvement in children's diets and the doubling of women's empowerment as measured by our innovative Women's Empower in Agriculture Index. Data also indicates that even without access to additional resources, according to the World Bank, Feed the Future zones of influence were more resilient to the economic impacts of COVID-19 than households living outside of these areas. Our programs doubled the number of people we reached with access to finance during that period, demonstrating our ability to pivot even without additional resources.

In response to the current crisis, USAID scaled up and accelerated such Feed the Future activities, building on our strong global platform, to respond to immediate, rising food insecurity within three lines of effort: mitigating the fertilizer shortage, increasing investments in agricultural capacity and resilience to sustain crop production in spite of rising input costs; and cushioning the macroeconomic shocks and impact on vulnerable communities. We accelerated farmer's access to improved seed in order to ensure harvests are productive as farmers face difficult markets and USAID is supporting, at scale, fertilizer use efficiency and other agronomic practices to reduce the impact of fertilizer shortfalls.

In order to address this crisis, USAID both pivoted existing investments and also rapidly distributed supplemental funds to meet these objectives. Funds were used on a variety of critical programming. In particular, it was used to launch a unique market-based response to the crisis called the Accelerated Innovation Delivery Initiative.

The Accelerated Innovation Delivery Initiative (AID-I) is a \$117-million, two-year rapid response effort that connects farmers to innovative tools and information they need to manage the high input costs and supply disruptions over the coming seasons. AID-I works with and through market actors such as the private sector and local extension to drive efficiency and scale, an approach that also will help sustain this work and build long-term resilience. AID-I focuses on areas where the need and potential is greatest: Southern Africa (Malawi, Tanzania, and Zambia) and the Great Lakes region (Burundi, Democratic Republic of the Congo, Rwanda and Uganda). It provides targeted assistance to up to six million African smallholder farmers by improving soil health and fertilizer management, strengthening local seed systems, connecting to financial products and services, and delivering extension and advisory services.

Response options made possible with the supplemental funds to Feed the Future demonstrated both the power of the platform to rapidly respond to the crisis and the potential to do more for smallholder farmers to build their resilience. Funding for Feed the Future investments have been relatively the same since 2009 at roughly \$1 billion per year. Recognizing these needs, the President's budget requests an increase to \$1.2 billion in FY2024.

*Question.* Virginia Tech released its 2022 Global Agricultural Productivity report last Fall, and found ag productivity growing at only 1.12% annually, falling short of the annual global rate of 1.73% needed to feed our projected global population approaching 10 billion by 2050.

If this shortfall in agricultural productivity continues in the coming years, what will it mean for global food security?

*Answer.* The impact of sustained declines in agricultural productivity could mean an increasingly hungry world if output continues to stagnate as well. Investments in global agriculture production continue to fall short of the need. The world—public, private, and civil society sectors alike—must take far more aggressive action and make deeper investments to accelerate agricultural transformation. As the report points out, current efforts are inadequate to the challenges faced, including climate and other shocks. As an example, the U.S. government global hunger initiative,

Feed the Future, has had the same base appropriation since its creation, and that funding goes considerably less far than it did 13 years ago.

Like you, USAID is concerned about the slow pace of agricultural transformation in certain parts of the world and the report revealed important regional differences in agricultural productivity growth. Most troubling is that agricultural productivity declined, on average, across Sub Saharan Africa (SSA). To clarify, while agricultural output grew a healthy 2.98 percent per year (2011–2020) in SSA, most of the growth was driven by opening up new land for cultivation and pasture. Land productivity therefore contracted by 0.12 percent, meaning that gains were made through “extensification”, or expansion on to new lands, rather than on improved productivity on the land already under cultivation. Converting grasslands, forests, and other wildlands to agricultural production can decrease biodiversity and wildlife habitat and increase soil degradation and erosion and is not a sustainable way to feed a growing global population.

To accelerate agricultural productivity growth, investments are needed to address fundamental constraints limiting gains in Africa. These include investments in climate smart innovations such as improved seed, soil health, resource use efficiency (e.g., on farm water management) and sustainable intensification of the major farming systems that contribute up to 80% of the continent’s food supplies. Through its extensive agricultural research portfolio, USAID is investing in the development of improved crop varieties more resilient to extreme weather, soil health and fertilizer management recommendations, water management strategies (including small-scale irrigation), and nutrient-dense horticulture and livestock production systems. These areas of investment have been proven to increase agricultural productivity and increase resilience to the many shocks farmers face.

In addition, extreme and unpredictable weather has required expanded access to, and adoption of, innovations that are derived from recent advances in crop and livestock improvement, including resistance to pests and diseases as well as higher temperatures. Along with development of new innovations (technologies and climate-smart management practices), African countries and regional organizations need to embrace and implement policies that provide positive incentives for investment by both the public and private sectors, on-farm and across the food system. There are bright spots in Sub Saharan Africa where countries are advancing business-enabling environment policies and technological innovations that would drive agricultural productivity gains. For example, through the Zambia Growth Opportunities (ZAMGRO) Program, a US\$300 million effort funded by the World Bank, the Government of Zambia is prioritizing policy and institutional reforms to increase growth in the agri-food sector. Zambia is redirecting public expenditures on agricultural subsidies to expanding agricultural infrastructure and extension to increase productivity and growth in the sector. Zambia is also committed to expanding private sector-led, market-driven reforms in grain marketing and increasing regional food trade.

*Question.* What more can be done to address this issue?

*Answer.* USAID agrees with the key policy recommendations in this report. In fact, Feed the Future currently invests in a majority of the solutions it identifies, from investing in research and innovation as well as commercialization of solutions, championing science informed policy reforms, improving access to markets for agricultural inputs and outputs, and boosting regional trade. The US government’s Feed the Future Initiative has increased its attention as well to many forms of investments that focus not just on efficiency, but also the resilience of the food system. Recently, the Initiative has evolved to do more in early warning systems to mitigate agricultural risks from climate change and emerging pests and diseases, for example, and food loss and waste (especially post-harvest loss) to ensure that the food we do grow reaches the table.

The urgency of the food crisis demands more creative strategic partnerships, as USAID and USDA have promoted through the ongoing Agricultural Innovation Mission for Climate Initiative which to date has generated \$13 billion of public and private investment in climate smart research and innovation in agriculture. Increasingly, USAID with its public sector investments, works through broad public and private partnerships to achieve results that promote increased productivity (more output from the same or fewer inputs), making farming more profitable and food more affordable and nutritious for low-income households.

Key to utilizing these broad public and private partnerships are rigorous analyses identifying the priority areas where the development community, working hand in hand with national government partners, can have the greatest impact on poverty and hunger through agricultural led economic growth.

*Question.* In recent decades, nutritious, biofortified products such as orange-fleshed sweet potatoes and iron-fortified green beans were introduced into the African and Asian agricultural sectors to address nutrient deficiencies. As of late 2019, it is estimated that more than 6 million households in 15 Sub-Saharan African countries were regularly producing and consuming orange-fleshed sweet potatoes.

—What has USAID been doing to support agricultural research efforts like these to improve nutritious outcomes and boost smallholder farmers in countries where the Feed the Future Initiative is active?

—Are there any new biofortified products or other nutrition-related interventions that are expected to be ready for introduction soon in USAID’s programming?

*Answer.* Improving nutrition outcomes in Feed the Future (FTF) Zones of Influence is a key part of the Global Food Security Strategy, which the Administration updated in 2021. The new strategy elevates nutrition to a key pillar for FTF activities. This includes the agricultural research we do on biofortification. In addition, USAID prioritizes large-scale food fortification (LSFF) of staple foods and condiments as a proven low-cost, high-impact intervention to ensure that vulnerable populations are able to consume a diet with the necessary vitamins and minerals. Launched in September 2022, USAID Advancing Food Fortification Opportunities to Reinforce Diets (USAID AFFORD) will program up to \$75m in funding to increase the scale and quality of LSFF to provide a dietary safety net to vulnerable populations by addressing rising dietary inadequacies.

USAID and some of its missions funded work done by HarvestPlus and the CGIAR Research Program on Agriculture for Nutrition and Health (A4NH) which created the orange-fleshed sweet potatoes. USAID also supports the development and deployment of biofortified nutritious crop varieties, as well as legumes as protein source.

For example, smallholder farmers are growing biofortified maize and wheat varieties developed by CGIAR centers. Seven seed companies in four countries in Eastern and Southern Africa (Zambia, Zimbabwe, Malawi, and Tanzania) are commercializing 10 pro-vitamin A (PVA) maize hybrid varieties, benefitting 52,705 households (approx. 331,600 people) alone in 2022. In Guatemala, 20,500 families used biofortified (high-Zn) maize seed in 2022, and it is expected that high-Zn maize will cover at least 10% of the improved maize market in 2023. Twenty high zinc wheat varieties have been released in South Asia and Latin America, and early generation seed production is taking place in Nepal and India. In Pakistan, the number of households growing zinc-enriched wheat has risen rapidly across the country from 218,000 in 2018 to over 2.1 million in 2022.

One tool to combat Vitamin A malnutrition, Golden Rice (biofortified with higher levels of pro-vitamin A using Genetic Engineering), received biosafety regulatory approval for farmer cultivation in the Philippines in July 2021. Initial seed production has started, and preliminary market research suggests that golden rice is accepted by local markets. Within the next 5–7 years, the project aims for Golden Rice to meet the rice requirement of vitamin A deficient households in the Philippines—and ultimately its developers aim to provide 30 to 50 percent of the estimated average requirement (EAR) of vitamin A for pregnant women and young children in Southeast Asia.

In addition to CGIAR centers, Feed the Future (FTF) Innovation Labs on Sorghum and Millets, and Crop Improvement are also contributing to biofortified/nutrition related activities. USAID/RFS is also supporting the improvements of legume crops such as soybean, beans, cowpeas and peanut, which are a source of low-cost protein and minerals, and also improve soil health. For instance, the Soybean Innovation Lab has developed the Complementary Food for Africa (COMFA) that combines the high-quality protein of soybean with the high-energy of orange flesh sweet potato as an early childhood nutritious food.

*Question.* The U.S. has provided aid to the Palestinians over the years through humanitarian assistance. Congress has insisted on oversight of any funds to ensure that they are properly spent and do not go to support terrorism. The Taylor Force Act prohibits assistance to the Palestinian Authority until they stop the inexcusable practice of paying convicted terrorists and their families.

—What are you doing to ensure strict oversight of USAID projects and grantees, and ensuring no funds are directed to terrorists and their supporters?

—It has been widely reported that Palestinian schools funded by U.S. taxpayers through the United Nations Relief and Works Agency promote hatred in their schoolbooks. What has the Administration done to ensure these materials are not present at these schools, and has the Palestinian Authority taken any meaningful steps?

*Answer.* USAID takes the Taylor Force Act very seriously and provides all U.S. assistance in a manner compliant with all relevant laws, including the Taylor Force Act.

USAID also takes counterterrorism vetting of programmatic partners and beneficiaries in the West Bank and Gaza very seriously to prevent American taxpayer funds, and the activities we finance, from providing support to entities or individuals that pose a risk to our national security.

USAID West Bank and Gaza's Mission Order 21 requires the vetting of key individuals of partner organizations at the prime and first-tier sub-awardee levels regardless of nationality, including U.S. citizens. USAID also requires the vetting of individual beneficiaries/trainees at specific thresholds, as outlined in Mission Order 21. Vetting typically covers the directors, officers, or other employees considered "key individuals," of non-Federal entities and for-profit entities that apply for contracts, grants, cooperative agreements, or other funding from USAID. USAID also requires vetting of recipients and beneficiaries (including trainees) of assistance funds meeting certain thresholds.

Vetting is conducted by trained counterterrorism experts at the National Terrorist Screening Center (TSC). The TSC is a FBI-managed facility that permits the sharing of terrorism-related information across the U.S. government and with other law enforcement agencies. The TSC manages the consolidated watchlist, which has information on people reasonably suspected to be involved in terrorism or related activities. All vetting requests submitted to USAID undergo a thorough review by trained counterterrorism experts at the TSC. This review includes both public and non-public database searches against the personally identifiable information provided. The vetting process is rooted in intelligence and complemented, as applicable, by other data points.

In WBG, the counterterrorism partner vetting program also includes an additional "second-step" level of scrutiny whereby recipients of assistance awards or beneficiaries of cash or in-kind assistance are reviewed by the Office of Palestinian Affairs at Embassy Jerusalem.

USAID does not fund the United Nations Relief and Works Agency and would refer you to the Department of State, which manages related funding.

*Question.* Iranians continue to protest the death of Mahsa Amini, calling for freedom and human rights all while facing violence from the Iranian regime. As you know, the U.S. has a proud history of supporting those who are struggling for freedom.

Has USAID played any role in helping the Iranian protesters, and is there anything we can do more of to support them?

*Answer.* USAID stands with the brave women of Iran calling for change and standing up to the repressive Iranian regime. While USAID does not fund any activities in Iran or in support of Iranian protests, USAID has made public statements expressing solidarity and support in media interviews, public remarks, and social media. For example, in Lebanon, Administrator Power said "Let me just take this occasion to express great, great admiration for the courage of the young people, and the Iranian people really of all generations who have come out, wanting for themselves the same things all of us want and every human deserves, which is basic dignity, freedom, economic opportunity. And it has been both inspiring to see that courage and the bravery in the face of such repression, but also just heartbreaking to see so many lives snuffed out with such promise, and again, snuffed out for no other reason than seeking to live as they choose, live with just basic freedom."

Together with allies and partners, through multilateral measures and UN mechanisms, we continue to hold Iran accountable for employing violence against its own population, particularly women and girls.

#### SUBCOMMITTEE RECESS

So thank you very much, Administrator Power, for joining us. We are going to keep the hearing record open for written questions until 5:00 p.m. on Wednesday, April 26.

[Whereupon, at 11:40 a.m., Wednesday, April 19, the subcommittee was recessed, to reconvene subject to the call of the Chair.]

**STATE, FOREIGN OPERATIONS, AND RELATED  
PROGRAMS APPROPRIATIONS FOR FISCAL  
YEAR 2024**

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**TUESDAY, MAY 2, 2023**

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

The subcommittee met at 10:34 a.m., in room SD-124, Dirksen Senate Office Building, Hon. Christopher A. Coons (Chairman), presiding.

Present: Senators Coons, Van Hollen, Schatz, and Graham.

**ADVANCING SECURITY AND PROSPERITY THROUGH  
INTERNATIONAL CONSERVATION**

**OPENING STATEMENT OF SENATOR CHRISTOPHER A. COONS**

Senator COONS. This hearing of the Subcommittee on State, Foreign Operations, and Related Programs of the Senate Appropriations Committee, will come to order.

The subcommittee meets today to review strategies for advancing security and prosperity through international conservation.

We have a terrific panel of witnesses, and I very much look forward to your testimony. Ms. Caldwell, Dr. Steer, Mr. Sebunya, I appreciate all three of you joining us today.

I have had the chance to work with you, and to review your testimony, and I am very optimistic we will have a positive and constructive hearing today.

I will note at the outset, some of my colleagues may be coming and going. There are conflicting hearings today. My Ranking Member on this subcommittee, Senator Graham of South Carolina, also happens to be the Ranking on the Full Senate Judiciary Committee, which is right now having a somewhat heated hearing. There is a chance I will step out to go to the end of that judiciary hearing, but I will only do so if another member comes to take over.

I think it is critical that we have this hearing. It is the first after our budget review hearings in which both the Secretary of State and the Administrator of USAID testified. I think this is a critical topic, critical for the United States' place in the world, critical for the relationship between the private sector, and philanthropy, and government.

Those who have worked on, read about, or visited conservation programs know what progress on conservation means for indige-

nous communities, for efforts to curb wildlife trafficking, and illicit finance, and to improve security and for the benefit of livelihoods across the globe, including here in the United States. That is why there is robust bipartisan and bicameral support for that.

Like many Members on this Committee, I have had the opportunity to visit protected and conserved spaces around the world, from Kenya, and Mozambique, and Rwanda, to Namibia, Colombia, and Ecuador. I have done them in partner with my colleagues, in partner with non-profit organizations, and have seen remarkable and impressive examples of what conservation that is human centered, that is done in close coordination with indigenous communities, and that is well planned, and well accounted for, can accomplish.

We are losing the Earth's most vital spaces, the most remarkable parts of creation, at an alarming rate, because of logging, rapid human population expansion, the demand for agricultural space, for charcoal, for wildfires because of a changing climate.

This is, in part, because the vast majority of gazetted parks of notionally protected spaces are underfunded, leaving lands at risk of degradation and wildlife at risk from poaching. Poaching which, as I have demonstrated in hearings, now many years ago, to lay the groundwork for the End Wildlife Trafficking Act, funds armed groups and global criminal networks that threaten national security, both here and in many countries around the world.

USAID and the U.S. Fish and Wildlife Service have long been critical partners in addressing conservation challenges, for which Senator Graham and I have worked to increase and sustain funding through this subcommittee over many years.

We also recognize governments cannot possibly address this problem alone. I am encouraged; over recent years we have seen significant and growing commitments from philanthropic and private sector actors to support transnational conservation.

I am looking forward to hearing, first about how USAID has applied lessons learned from its long history working on conservation, and how we can strengthen such efforts including in partnership with the private sector.

Senator Graham, and I, along with a bipartisan and bicameral group of my colleagues, have proposed legislation to leverage these philanthropic commitments, the U.S. Foundation for International Conservation Act. This legislation would fund new public-private partnerships for the long-term management of protected and conserved areas, catalyzing substantial additional private investment with a sustained ongoing annual amount of additional public financing.

We will discuss that legislation today and other steps we can be taking to advance our global conservation goals in more detail.

Thank you for joining us. I look forward to your testimony. And my understanding from Senator Graham is that he will submit an opening statement for the record.

Senator COONS. So with that, I would like to invite our three witnesses to begin with your opening statements.

Ms. Caldwell, we look forward to your comments.

**STATEMENT OF MS. GILLIAN CALDWELL, CHIEF CLIMATE OFFICER  
AND DEPUTY ASSISTANT ADMINISTRATOR FOR ENVIRONMENT,  
ENERGY, AND INFRASTRUCTURE, UNITED STATES AGENCY FOR  
INTERNATIONAL DEVELOPMENT**

Ms. CALDWELL. Thank you so much, Chairman Coons. And I will recognize, in absentia, Ranking Member Graham and other distinguished Members of the Subcommittee.

This hearing and consideration of the International Conservation Act come at an important time: nature is facing grave and accelerating threats. As you are well aware, alarming declines in wild-life populations and the deteriorating health of our oceans, forests, and grasslands are nothing short of a global crisis.

We are deeply appreciative of your powerful leadership in this area and your recognition of the burning imperative to address unprecedented biodiversity loss, occurring at a speed and scale that is threatening to undermine the development gains that Congress and USAID have worked to secure over decades.

As you explore how this proposed Foundation could help address this crisis, I would like to share three key lessons we at USAID have learned over more than 30 years about what works best for conservation.

The first is one I know you are already deeply familiar with, and it is central to the Act: We must ensure long-term investment in priority places and habitats. The importance of long-term investment to specific protected areas and the communities that live in and around them cannot be understated. In key areas, USAID makes those sustained commitments, underpinned by rigorous measurement and evaluation. We have often funded the same partner for a decade or more, even while maintaining competitive procurement because it produces results.

But we know that this kind of long-term conservation investment must also work for and with Indigenous Peoples and local communities, which is lesson number two. A prime example of this is USAID's work in Kenya, which began in the late 1990s in partnership with the African Wildlife Foundation and the Government of Kenya.

I am very pleased to be speaking alongside Kaddu Sebuya of the Africa Wildlife Foundation today.

From those early years to now, we focused on strengthening local organizations. Today, we support the local Northern Rangelands Trust as our lead partner in the area. This decades-long partnership benefits 630,000 people in 39 community-owned and managed conservancies, covering nearly 63,000 square kilometers, an area approximately seven times the size of Yellowstone National Park.

In addition, it has created jobs for more than 850 eco rangers, reducing poaching, and increasing the elephant, giraffe, wild dog, and buffalo populations.

But as you know, communities, governments, and civil society organizations can't do this work alone, which leads me to lesson number three: broaden the funding base by engaging the private sector, another key proposed feature of your Act.

We know firsthand that private sector collaboration is critical to success in conserving biodiversity and advancing development gains more broadly. As of fiscal year 2021, USAID had nearly 100

active public-private partnerships in the environment sector, with every 1 government dollar matched by an average of \$3.7 from the private sector. We know your Act aims for a minimum of a one-to-one match, and based on our experience you should be able to exceed that.

A prime example of this is USAID's HEARTH Initiative, standing for Health, Ecosystems, and Agriculture for Resilient Thriving Societies, which is generating cross-sectoral partnerships with private-sector partners such as Mars and Disney to conserve high biodiversity areas and improve the health, well-being, and prosperity of the communities that depend on them.

Seventeen HEARTH activities have been awarded as of March 2023, using 75 million in public dollars to leverage over \$90 million of private sector funds, with far-reaching benefits. For example, through the Gorilla Coffee Alliance in the Democratic Republic of Congo, USAID, Nespresso, and Olam Food Ingredients will invest a combined \$12.3 million over 5 years to support shade-grown coffee production, sustainable agriculture, rural enterprises, improved health, and landscape-scale governance. Together, this will reduce drivers of poaching and deforestation in nearby Kahuzi-Biega National Park, home to most of the 6,800 eastern lowland gorillas.

In conclusion, I hope I have given you an idea of how we are addressing long-term conservation efforts, and where our experience would be helpful and complementary to the additional support envisioned and the new initiatives and private sector investments stimulated by the International Conservation Foundation Act.

Private investment needs to significantly outpace government investment due to the urgency and scale of the crisis. The biodiversity crisis is happening now and it is accelerating. The private sector, which relies on strong, global economies and vibrant societies, needs to increase its investment. The cost of inaction is simply too great.

Thank you to the subcommittee and Congress for your continued support of USAID's efforts to tackle these critical conservation challenges. We need your partnership to continue to draw on over 30 years on the ground in our partner countries to address this existential threat.

I look forward to answering your questions.

[The statement follows:]

PREPARED STATEMENT OF MS. GILLIAN CALDWELL

#### INTRODUCTION

Chairman Coons, Ranking Member Graham, distinguished members of the Subcommittee:

Thank you for the opportunity to testify about U.S. efforts to conserve biodiversity and forests, which USAID Administrator Samantha Power has called "one of the most important steps we can take to mitigate climate change and biodiversity loss while reducing the risk of disease spillover and potential future pandemics." We are deeply appreciative of your leadership in this area and your continued partnership with us to address the biodiversity crisis.

This hearing and consideration of the International Conservation Act (ICA) come at an important time. Nature is facing grave and accelerating threats. As you are well aware, alarming declines in wildlife populations and the deteriorating health of our oceans, forests, and grasslands are a global crisis.

As you explore how this proposed foundation could help address this crisis, I'd like to share some of what we have learned works best for conservation. USAID's part-

ners in the developing world are key stakeholders in this challenge and in potential solutions to this crisis. We focus on both long-term investment in protected and community-conserved areas, as well as supporting responses to urgent, changing threats. But the speed and scale of the biodiversity crisis is threatening to undermine development gains that Congress and USAID have worked to secure over decades.

USAID looks forward to continuing to engage with the Committee on the ICA, and we welcome the potential to bring in much needed and additional large-scale investment from the private sector, foundations, and other philanthropies to address the current crisis.

In my testimony, I want to underscore the importance of long-term investment and also touch on some areas where we would hope to advise on best practices to ensure that our actions, and those stimulated by this potential bill, would be additive to the global fight against biodiversity loss.

Thanks to the generous support of Congress, USAID invests in approximately 60 countries to conserve biodiversity, support sustainable fisheries, and fight illegal logging, wildlife trafficking and other nature crimes. Over the past several decades, we have honed our approach to this crucial work, from supporting the development and management of protected areas, to partnering with Indigenous communities on community-led conservation efforts, to establishing large public-private partnerships to ensure sustainably sourced products and livelihoods for local communities. Along the way, we have sought balance between nimble action and a strategic, consultative process with appropriate safeguards. Our strategic approach to policies and programmatic investments has been informed—and refined—by experience and cutting-edge evidence and analysis.

Today, the vast majority of USAID's biodiversity funding goes to direct bilateral programs on the ground with key country partners like Mozambique, Colombia, and the Philippines—or to regional initiatives in key biodiversity hotspots like the Congo Basin—because that is where we see the greatest impact and greatest return on investment of the funds invested by Congress.

Given our 60 years on the ground in the countries where we work, USAID has a proven track record and longstanding relationships in these countries, from key ministries to Indigenous community organizations to community conservancies. We have well-established strategies and rigorous monitoring and evaluation systems to ensure results and accountability.

We know that protected areas require three things to flourish: (1) long-term investment, (2) supported economic, livelihood and social opportunities for local communities, and (3) private-sector engagement. With these three pillars in place, protected areas provide conservation benefits, regional stability, food security, and economic growth.

Let me give you a few examples of where we are seeing the greatest impacts, the best opportunities for lessons learned in long-term programming as well as opportunities for growth.

#### LESSON #1: ENSURE LONG-TERM INVESTMENT IN PRIORITY PLACES AND HABITATS

The importance of long-term investment to specific protected areas, and for the communities that live in and around them that need to thrive for conservation to succeed, cannot be understated. USAID typically funds in five-year program increments. That ensures that we have the ability to measure, evaluate and learn before we invest further resources in a program. In key areas, we make a sustained commitment to particular places and challenges, and have often funded the same partner for a decade or more even while maintaining competitive procurement processes. We have also fostered the transition from international NGO project management to local NGO leadership, often supporting the same place for the long term, while shifting, when possible, from international to local partners for implementation.

Nowhere is this long-term support more important than the Congo Basin in Africa, which contains the world's second largest contiguous rainforest and carbon reserve, and is home to a rich array of wildlife including four species of great apes and forest elephants as well as nearly 80 million people representing 150 distinct cultural groups. This critically important rainforest is under threat from unsustainable logging and competing land use for agricultural commodities.

For over twenty years, USAID has invested in Congo Basin conservation at scale across 11 landscapes covering over 80 million hectares. In the 1990s, we developed a twenty-year vision for investment in these landscapes that started with a focus on management planning and ecological monitoring, the quintessential example of long-term investment. Today we work with communities, businesses and governments to conserve landscapes anchored by well-managed protected areas, with much

deeper and more extensive work to help rural people participate in and benefit from natural resource management. This includes policies and industry partnerships that help promote sustainable cocoa and coffee industries to lift people out of poverty and reduce pressure on forests and species.

In FY 2022, USAID support to protected areas and community forests in the Congo Basin improved natural resource management of nearly 9 million hectares—an area roughly the size of Indiana—and tripled the number of people benefiting from this work, from 30,205 in 2021 to 96,331 in 2022. Support for training, equipment, and infrastructure facilitated 355,000 kilometers of patrols, which led to 207 arrests for wildlife crime. This law enforcement success depends on complementary investments in conservation-friendly enterprises to reduce local motivation to commit crime, as well as judicial sector capacity to ensure arrests turn into prosecutions and appropriate sentences.

Our long-term initiative in the Congo has generated important lessons in protected area management, such as the best balance between core protected area management, community support and engagement; private sector partnerships and landscape planning. Each of these, intentionally monitored and assessed, are key components to conserving the Congolese landscape. FY 2021 funds supported work to strengthen at least 200 government-managed protected areas and 250 community-managed protected areas. The resulting protected areas, combined with land-use planning, trade, and other policy measures are working to provide the security, connectivity, and resilience needed to conserve strong functioning ecosystems into the future.

A critical—and related—part of our programming is addressing the illegal harvest and collection of biodiversity. For example, we invested almost \$56 million in FY 2021 funds to support the reduction of poaching and illegal trade in animals—including illegal extraction of terrestrial, freshwater, and marine species. USAID's comprehensive strategy is responsive to the constantly changing threats of poaching and wildlife trafficking, and it strengthens law enforcement from parks to ports, reduces consumer demand for illegal wildlife products, and builds international cooperation.

#### LESSON # 2: MAKE CONSERVATION WORK FOR INDIGENOUS PEOPLES AND LOCAL COMMUNITIES

Second, we know from experience that conservation work must be done in close collaboration with Indigenous Peoples and local communities that have coexisted with nature for millennia in these beautiful and diverse habitats. For more than 30 years, USAID has led on community-based conservation, growing areas under conservation and linking government protected areas with community conserved areas. Good conservation is good development. Many communities depend on biodiversity for their food, water, housing, livelihoods and cultural way of life.

For example, in the late 1990s we started work in northern Kenya in partnership with the Kenyan government and African Wildlife Foundation and I am pleased to join Kaddu Sebunya at this hearing today. That work focused on community-led conservation and building local leadership in conservation action. Today we continue that work with one such local organization, the Northern Rangelands Trust. This innovative partnership benefits 630,000 people in 39 community-owned and managed conservancies covering nearly 63,000 square kilometers (approximately seven times the size of Yellowstone National Park). This partnership is creating space for the 65 percent of Kenya's wildlife populations that utilize community lands outside of protected areas. The partnership also develops new economic opportunities, adding value to the livestock market chain with an average \$1–1.5 million annual revenue generated, empowering more than 1,000 women through beadwork enterprises, diversifying tourism opportunities that produce an average \$900,000 income annually, and generating market-based conservation financing options for conservancies. I visited this project last Fall and was able to witness the benefits first hand. I broke ground on a new maternity clinic in an area that was suffering from unnecessary deaths during childbirth due to the distance women had to travel for care, and I saw solar powered wells in operation. Now this community is benefiting from conservation finance, with conservation funding paying for the maternity clinic. That is the power of community-led efforts.

This partnership with the Northern Rangelands Trust has helped to employ 858 eco-rangers, reducing poaching and increasing the elephant, giraffe, wild dog, and buffalo populations across the 39 conservancies. The partnership has also trained hundreds of community rangers responsible for the protection of 45,000 square kilometers. The organization empowers communities to manage sustainable businesses linked to conservation. Challenges continue to exist, for example—the current severe

drought is impacting communities, and the survival of livestock and wildlife. Finding solutions to new and existing issues is a work in progress and emphasizes the need for our continued prolonged engagement, social and natural science monitoring, and continued adjustment and collaboration with communities to achieve long term results.

We also work in marine protected areas that are critical for food security. For example, over the past three decades, USAID and the Philippines have worked together to address illegal, unreported and unregulated (IUU) fishing to protect the country's aquatic resources to ensure long-term sustainable use of the area's resources and strengthen livelihoods for local fishers and communities. Since 2018, USAID programs have helped protect over 2.5 million hectares of oceans, an area about as big as Lake Erie. Efforts also include expanding habitat and fisheries of municipal marine waters. In 2022, USAID and the Philippines' Bureau of Fisheries and Aquatic Resource developed the country's first IUU Fishing Index and Threat Assessment Tool in municipal waters and in the fisheries management areas of the South China Sea, where violation of the Philippines exclusive economic zone by People's Republic of China fishing vessels has been occurring. The tool has been used by 28 percent of local government units nationwide in assessing IUU fishing. USAID's decades-long partnerships in the Philippines have also focused on strengthening the rights of Indigenous Peoples with ancestral domains, helping to ensure long-term sustainable use of the area's resources.

#### LESSON # 3: BROADEN THE FUNDING BASE BY ENGAGING THE PRIVATE SECTOR

We know that communities, governments, and civil society organizations can't do this alone. Private sector collaboration is critical to success in this area, so I want to highlight some of the success that USAID has had as part of our approach. As of FY 2021, USAID had nearly 100 active Public Private Partnerships in the environment sector, with every one government dollar matched by an average of 3.7 dollars from private sector actors.

American companies depend on well-managed natural resources in developing countries for stable and sustainable supply chains, but there are extensive threats to the resource base: unsustainable expansion for agriculture and livestock, climate change-influenced rainfall and temperature fluctuations, unsustainable over-harvesting of fish, illegal logging, wildlife poaching, and other nature crime, and illegal or unsustainable extraction of resources in and around protected areas.

USAID's HEARTH initiative (Health, Ecosystems, and Agriculture for Resilient, Thriving Societies) is generating cross-sectoral partnerships with private sector actors to conserve high-biodiversity areas and improve the health, well-being, and prosperity of the communities that depend on them. By working together through HEARTH, USAID and the private sector can more effectively achieve our shared goals for a healthier and more prosperous world. Other private sector partners include large global brands such as Mars, Olam, and Disney, as well as smaller companies working in and around important biodiversity landscapes.

Seventeen HEARTH activities have been awarded as of March 2023, using \$75 million in public dollars to leverage over \$90 million of private sector funds, with far-reaching benefits. In West Africa, the HEARTH RESTORE activity is increasing tree cover in cocoa landscapes in Ghana and Côte d'Ivoire while improving farmer livelihoods. These investments, supported by a combined \$14 million from USAID and its private sector partners, will reduce pressure on wildlife and protected areas while restoring forest corridors for improved connectivity. The activity will support 15,000 smallholder cocoa farmers by 2027 to use more resilient agricultural practices, of which at least 50 percent will be women and youth. Through the Gorilla Coffee Alliance, a HEARTH partnership with Nespresso and Olam Food Ingredients in the Democratic Republic of Congo, we will invest a combined \$12.3 million over 5 years to support sustainable agriculture, rural enterprise, improved health, and landscape-scale governance. These actions aim to reduce drivers of poaching and deforestation in nearby Kahuzi-Biega National Park, home to most of the world's 6,800 eastern lowland gorillas. In 2022, its first year, the Alliance produced over 1 million coffee seedlings, distributed 431,000 seedlings to 1,500 farmers, and trained nearly 5,000 farmers (nearly half women) in regenerative agriculture practices.

USAID has also funded conservation in Guatemala's Maya Biosphere Reserve, the largest protected area in Central America and a seat of ancient Mayan civilization, for more than three decades. This work, which is ongoing, strengthens the conservation of biodiversity, protected area management, environmental governance, civil society, and Indigenous communities' participation in the Mesoamerican tropical humid forest of Guatemala-Belize-Mexico, a trinational region recognized as the

“Selva Maya.” Conservation efforts in the Selva Maya continue to be threatened by illegal logging and unmanaged agricultural expansion.

Despite these pressures in this critical conservation area, over the last decade, USAID and our partners created more than 25,000 permanent and seasonal jobs, generated over \$55 million in sales of products and services, and invested up to 30 percent of profits into local schools, rural infrastructure, healthcare, and scholarships—all while reporting a net-zero deforestation rate. In total, communities we’ve worked with on sustainable forestry across Guatemala have made about \$200 million. The model of community forestry concessions has been so successful at reducing deforestation that the Government of Guatemala recently renewed them for another 25-year term while expanding the area under community management.

USAID’s partnerships with the private sector are informed by our long-term presence and understanding of the local context. We tailor our approach to meet the scale of the opportunity, from supporting locally-owned enterprises around protected areas to greening global supply chains. We are always seeking partners whose core business interests align with opportunities to contribute to economic development while better conserving biodiversity in critical landscapes and seascapes.

#### CONCLUSION

In conclusion, the biodiversity crisis is happening now and it is accelerating—and the private sector, which relies on strong global economies and vibrant societies, needs to increase its investment. USAID has been and continues to invest in the long-term conservation efforts necessary for the sustainability of protected and community conserved areas and the communities that depend on them. We look forward to continuing to work with the Committee to maximize private sector investment in conservation. In fact, we believe there is potential for even more than a 1:1 match to truly harness the power of the private sector. The cost of inaction is simply too great.

We look forward to engaging with Congress on the Act and on our Biodiversity policy which will be released this fall. The policy builds on USAID’s deep commitment to support strong, more resilient landscapes and seascapes for long-term conservation for the benefit of local communities and the global good. We look forward to our continued dialogue to discuss how our work can best address the global biodiversity crisis.

Thank you to the Subcommittee and Congress for your continued support of USAID’s efforts to tackle these critical conservation challenges, and I look forward to answering your questions. We need your partnership to address this existential threat.

I look forward to your questions.

Senator COONS. Thank you, so much Ms. Caldwell.

Mr. Sebunya.

#### **STATEMENT OF MR. KADDU SEBUNYA, PRESIDENT AND CHIEF EXECUTIVE OFFICER, AFRICAN WILDLIFE FOUNDATION**

Mr. SEBUNYA. Thank you, Chairman Coons. I recognize the Ranking Member, Senator Graham, and the distinguished Members of the Subcommittee. I am grateful for the opportunity.

More than 3 million square miles managed as Africa’s protected and conserved areas provide clean air, water, flood control, disease control, climate regulation, and a host of other life support services, to billions of Africans on the Continent.

American support for balancing conservation and development on the Continent is welcome and important; however, for this support to be effective it must be tied to African perspectives, priorities, and aspirations. Experience has shown us that conservation characterized by isolated interventions parachuted in with well-meaning but extremely driven—externally driven has been insufficient.

African conservation requires investments in solutions that address complex realities, and rapidly emerging conservation challenges facing the Continent and its leaders. Addressing these challenges requires building African practitioners who are rooted in their communities, landscapes, and socio-political contexts, leaders

who can develop locally relevant solutions, and national movements that, correctively, have the potential to bring large-scale change. These leaders can be your partners.

It is my conviction that the survival of a health ecosystem in Africa hinges largely on one factor, linking Africa's conservation agenda in meaningful ways to the aspirations and mindsets of African people.

I believe that the solution to conservation in Africa is in finding the balance between conservation and development. I am certain that effective conservation must reinforce and complement economic development. Support for conservation shouldn't be only for animals and their habitats, but for putting in place sustainable economic models that empower people, and allow nature to thrive.

Therefore, the conservation money on the ground in Africa should promote democracy, reduce threats to terrorism, provide natural-based solutions to climate change, advanced green growth and economies, and increase state security. The good news is Africa is already aligned to conservation approaches to deliver this.

In July last year, at the first ever, Africa Protected Areas Congress, Africa agreed to an African-led conservation plan that provides unparalleled opportunity and means for the U.S. to engage with Africa and hold us accountable for conservation and development at a continental level.

I believe that to secure protected areas, you need an investment ratio of \$1 to \$2, meaning for every dollar spent inside a protected area you need to spend another two outside, that investment in communities around protected areas, is how AWF has been successful in securing wildlife habitats.

Protected areas across Africa are the size of Australia, largely the budgets are ineffective, mostly are managed at 50 U.S. dollars per square mile, in comparison to Yellowstone managed at \$3,700 per square kilometer.

I have personally worked on the U.S.-funded programs that build lasting, impactful, African environmental institutions, with the USAID, Peace Corps, State Department, and other U.S. entities. We created the environmental authorities across Africa in 1990s, creation of ministries of environment in the 1980s, national park services, and wetland authorities. Those investments are what helped in protecting 30 percent of the global biodiversity now under threat on the Continent.

Thank you, because we need U.S. to continue to lead. It allows us to put nature at the center of cooperation on economic growth, climate mitigation, and adaptation, a sustainable energy transition, conflict resolution, prevention of future pandemic, and the reduction of terrorism.

I would like to thank the Subcommittee on the State, Foreign Operations, and Related Programs for this opportunity. The U.S. Foundation for International Cooperation Act has a potential to be a transformative influence in international conservation landscape.

But for this new mechanism to truly succeed, it mustn't perpetuate past mistakes. The African Wildlife Foundation looks forward to continuing the partnership of this ambition by promising the journey together.

I thank you for the opportunity. And I wait to answer your questions, sir. Thank you.

[The statement follows:]

#### PREPARED STATEMENT OF MR. KADDU KIWE SEBUNYA

On behalf of the African Wildlife Foundation (AWF), I thank the Subcommittee on State, Foreign Operations, and Related Programs for this opportunity to submit testimony. We are grateful for your continued leadership and championing support towards International Conservation.

Over 6 million square kilometers managed as Africa's protected and conserved areas provide clean air and water, flood control, disease control, climate regulation, and other life support services for the billions of Africans on the continent of all humanity. They are reservoirs of biodiversity, part of the toolkit for addressing climate change, sources of spiritual and cultural value, and a natural heritage for all.

Climate change is threatening food security, health, and well-being with related displacement and forced migration for countries hardest hit by desertification, floods, rising sea levels, and other natural disasters. The East African region, for example, has been facing the worst drought in decades, predicted to impact over 36.1 million people in the Horn of Africa alone. For Kenya, Somalia, and Ethiopia, this entails over USD 2.68 billion to support critical sectoral needs (water, food, and pasture) up to July 2023. All these have significant implications for arable and habitable land, and access to water, especially as the region continues to urbanize.

Diseases of high risk to humans are on the rise as globalization and an increase in unsustainable land and resource use continue to put humans into close contact with each other and wildlife. The COVID-19 pandemic has demonstrated that emerging infectious diseases are a threat to economies and lives across the globe and that the status quo of disease response is inadequate. While the spectrum of emerging diseases is large, the majority have origins in wild animals. Efforts to address the socioeconomic impacts of emerging diseases have primarily focused on mitigation after emergence rather than containing diseases closer to their source in wild animals. Conservation of wildlife and natural areas presents an opportunity to prevent the transmission of diseases from wildlife to humans at the local scale.

#### IMPORTANCE OF LOCALLY LED-CONSERVATION

American support for balancing conservation and development on the continent is welcome and vital. However, for this support to be effective, it must be tied to African perspectives, priorities, and aspirations. Conservation characterized by isolated interventions parachuted with well-meaning but externally driven motives is insufficient and counter-productive. African conservation requires investment in solutions that address the complex realities and rapidly emerging conservation challenges facing the African continent and its leaders. Addressing these challenges requires leaders rooted in their communities, landscapes, and social and political contexts. Leaders who can develop locally relevant solutions and national movements that collectively have the potential to bring large-scale change. These leaders can be your partners.

The long-term success of balancing conservation and development on the continent can be better achieved with the continued support of partners in the U.S. who play a critical role in ensuring Africa thoughtfully conserves its wildlife and wildlands. For example, the Africa Protected Areas Congress (APAC) is an African-led initiative coming at a critical juncture. APAC provides an unparalleled opportunity for the U.S. and other development partners to learn of African priorities and a continental engagement on conservation and development.

#### SUPPORTING PEOPLE-CENTRED CONSERVATION

Putting people at the center of effective and equitable conservation is a concept AWF has proven to live by through our more than 60 years of experience in conservation on the continent. This is why recommend that U.S. support for International Conservation must uplift Indigenous Peoples, local communities, women, and youth, working in partnership with governments, civil society, and private actors to sustain the scientific and traditional knowledge, and customary approaches that will result in effective conservation and the long-term resilience of nature, culture, livelihoods, and human well-being. Over the decades, the United States support for International Conservation was critical in promoting the engagement of local communities in conservation through the development of community conservation areas in many African countries. Through support from U.S. agencies, AWF was at the forefront of establishing community conservancies in Kenya and Na-

mibia, Wildlife Management Areas in Tanzania, wildlife ranches in Uganda, community forest reserves in the Democratic Republic of Congo, and other community natural resources management programs across the continent.

#### A HOLISTIC INTEGRATED LANDSCAPE APPROACH TO CONSERVATION

It has become increasingly apparent that conservation cannot be done without other land use activities and development goals. The failures of the fortress approach to conservation in Africa are evident reminders of the need to forge a uniquely African development model that safeguards biodiversity, secures ecosystem services, and delivers economic benefits to communities and local and national economies. United States support can help advance a holistic, integrated approach to conservation through multifaceted and well-coordinated partnerships and consortiums formed and driven by experienced entities with local trust and international influence and relationships, the capacity to attract and manage large budgets, and access to skills and technologies necessary for planning and execution.

#### BUILDING WILDLIFE ECONOMIES

Intact landscapes and thriving wildlife populations have vast potential to contribute to socioeconomic development. However, wildlife conservation is frequently seen as a cost to governments, resulting in little investment in wildlife resources despite the extensive contributions that the wildlife economy can make. Wildlife conservation does contribute to local, national, and regional economies in terms of employment and revenues, as well as in terms of livelihoods and subsistence. The wildlife economy offers the opportunity to turn conservation into a growth industry, attracting young, inspired leaders, increasing private sector investment in wildlife resources and related businesses, involving communities, and increasing their benefits and nature/wildlife becoming more abundant. Governments must see wildlife as a critical strategic asset, investing in this asset, creating an enabling environment for the wildlife economy and, therefore, resulting in the conservation of related wildlife resources.

Importantly, wildlife economies provide avenues to ensure conservation in Africa is sustainable through generating revenues for livelihoods and reinvestment into conservation programs. U.S. support is critical to stimulate the growth of wildlife economies on the continent. Five essential areas for investment are crucial to unlocking and growing wildlife economies across the continent, including—strengthening policy, legal and regulatory provisions governing natural resources, particularly property rights over wildlife, forests, and fisheries; improving the overall business environment to attract investment; promoting collaborations and partnerships; improving transparency and data collection; and building capacity of all stakeholders to engage in, and manage, the wildlife economy.

#### COMBATTING WILDLIFE TRAFFICKING AND OTHER NATURE CRIMES

U.S. Congress-directed funding to combat illegal wildlife trafficking has enabled African countries to combat poaching on the ground and the trafficking of wildlife. The U.S. support through instruments such as the Eliminate, Neutralize, and Disrupt (END) Wildlife Trafficking Act in 2016 and other measures has allowed for innovative and collaborative approaches that strengthened in-country, regional, and continental level enforcement. The removal of two African countries, Kenya and Uganda, from the 'gang of eight' countries can be partly attributed to the support afforded by the United States. Although much has been achieved, wildlife poaching and trafficking remain challenging in Africa. It is imperative to protect and build on the gains achieved so far in combatting wildlife trafficking in Africa.

Although much has been achieved, wildlife poaching and trafficking remain challenging in Africa and cannot be addressed in isolation. Wildlife crimes are frequently associated with other nature crimes, including criminal forms of mining, logging, fishing, and land conversion. The challenge is that current efforts to combat these crimes are highly fragmented and can only bring incremental gains instead of transformative interventions. Therefore, efforts by governments and law enforcement bodies, civil society, donors, companies and financial institutions, and local communities must be coordinated and collaborative across these types of crimes. Fundamental to these efforts is continued investment in community awareness and working with communities for their buy-in in protecting wildlife resources.

#### MAINSTREAMING CONSERVATION IN DELIVERY OF THE U.S.-AFRICA PARTNERSHIP

U.S. support for African conservation through International Conservation is critical but cannot guarantee success. Development approaches in other sectors, such

as agriculture, mining, health, security, manufacturing, and industry, pose severe threats to Africa's ecosystems and wildlife. Thus, unless Africa assumes a sustainable development pathway, biodiversity loss will continue undermining our global success in addressing climate change, pandemics, and pollution, among other crises. We must acknowledge that global targets cannot be met unless Africa defines a different path than "develop now and clean up later." President Biden's efforts to reinvigorate the U.S.-Africa partnership provide a pivotal platform to confront modern challenges, putting nature at the centre of cooperation toward economic growth, climate mitigation, adaptation, just energy transition, conflict resolution, and global health that contributes to preventing future pandemics. Conservation of Africa's natural infrastructure must be integrated into investment, trade, and development programs under the reimagined U.S.-Africa partnership.

#### SUSTAINABLE FINANCE FOR CONSERVATION

Funding shortfalls are a source of the problems plaguing African protected area systems. Currently, African-protected and conserved areas receive only 10% of what is needed for effective management. Most African protected and conserved areas are under-resourced, managed on \$50 per km<sup>2</sup> rather than the \$1,000 per km<sup>2</sup> needed. A survey conducted by AWF found severe budget shortfalls among 70% of the 700 protected and conserved areas consulted, and an astonishing 9% don't have a budget at all. To reverse this trend and effectively manage all protected and conserved regions on the African continent, \$2.6–\$6.7 billion is needed annually. If this shortfall is not addressed urgently, the consequences will be dire with at least 70 percent of people depending on natural resources for their livelihoods, living in poverty.

Committing to ambitious targets such as conserving 30% of land and 30% of oceans under the new Kunming-Montreal Global Biodiversity Framework, Africa needs to protect critical habitats and halt biodiversity loss and extinction while advancing benefits to people, economic growth, and recovery. Significant well-structured investment is required for adequate financing for protected areas and effective management to achieve these multiple objectives. The U.S. government has supported several African countries' protected areas management and advanced other effective area-based measures, such as conservancies and other community natural resource management programs. However, a more sustainable mechanism for financing Africa's natural infrastructure is more critical now than ever.

The U.S. Foundation for International Conservation Act has the makings to be an influential wheel in the international conservation landscape. It has long been evident that government funding is insufficient to meet global conservation challenges and opportunities. Incentivizing and challenging philanthropy to match U.S. government financing to provide long-term, predictable funding for effective management of protected and conserved areas will be crucial in building the river of conservation financing to ensure that these strongholds of biodiversity continue to provide economic, environmental, social, and cultural benefits locally and globally. The Foundation must be built on the premise that it prioritizes projects with host-country government and local community support and that creates economic opportunities.

For this new mechanism to truly succeed in supporting the long-term conservation of critical landscapes, it mustn't perpetuate past mistakes. Firstly, the Foundation needs to advance holistic conservation approaches to ensure protected areas do not increasingly become islands isolated from other conservation areas and alienate people from nature. Secondly, resources for conservation need to reach where they are required most—the communities that live side by side with wildlife. Lastly, we can scale impact from limited resources only if we work collaboratively with stakeholders. Focusing resources on a few parks will bring gains but will not be transformative or reach the scale required.

In closing, we encourage continued robust U.S. investments in international conservation to respond to pressing and intertwined challenges—the rapid loss of nature and biodiversity on a global scale, the global climate crisis, and the threat to global health and the economy posed by the spillover and spread of zoonotic diseases that can lead to future pandemics. These challenges have roots in the loss, degradation, and over-exploitation of nature. The United States is central in helping galvanize global action, ambition, and investments to address these problems. International conservation investments are among the most straightforward and cost-effective solutions to addressing them and their threats to the United States and U.S. interests abroad. Developed countries like the United States are critical partners in this respect.

Senator COONS. Thank you, Mr. Sebunya.

Last, we turn to Dr. Andrew Steer, President and CEO of the Bezos Earth Fund.

**STATEMENT OF DR. ANDREW STEER, PRESIDENT AND CHIEF EXECUTIVE OFFICER, BEZOS EARTH FUND**

Dr. STEER. Thank you very much, Chairman Coons, Senator Schatz, it is an honor to be with you today. I am Andrew Steer, the president CEO of the Bezos Earth Fund, prior to this I was president and CEO of the World Resources Institute.

The Earth Fund is a philanthropy founded by Jeff Bezos in 2020. Our mission is to allocate boldly and wisely, \$10 billion in grants by 2030, to reverse the loss of nature and address climate change. So far, we have pledged \$3 billion in grants for nature; \$1 billion to conserve the nature we still have, \$1 billion to restore what is lost, and \$1 billion to help transform agriculture to increase food whilst taking pressure off the land.

We look forward to working in partnership with the exciting proposed U.S. Foundation for International Conservation, we are discussing today.

We are all very familiar with the accelerating loss of our beautiful planet, aren't we? The facts are stunning consider this, since 1970 one species, Homo sapiens, which is us, has doubled our population. During the same period, the total population of mammals, birds, fish, reptiles, and amphibians, has fallen by more than half. We can do much better than this.

There is good news. A large amount of our globally significant biodiversity can be founded—found in a limited number of places which makes conserving it easier.

There is more good news. Last year, almost all of the nations of the world, including the United States, agreed to a global goal of protecting 30 percent of all the land and ocean by 2030. If implemented, this could be a game changer.

We are learning how critical conservation can be in promoting security. Healthy ecosystems can withstand disturbances, such as droughts, floods, and storms, which can lead to crop failures, and other problems that can destabilize a country. Conservation can help reduce the risk of conflict over natural resources. Many conflicts throughout history have been driven by competition over resources, such as water and land.

Conservation can also prevent illegal exploitation of nature which funds conflict and threatens security. Today, illegal wildlife trade is funding criminal networks, and militias, and poaching is destabilizing economies, decimating iconic species, contributing to the spread of zoonotic diseases, such as Ebola and SARS.

There are numerous examples of how conservation can help create more stable and secure countries. In my written testimony I give examples from Costa Rica, Rwanda, Namibia, and the Congo Basin.

So conservation is a rare win-win-win. Why is it not happening faster and better?

Let me suggest three things that are necessary to unlock more progress: Finance, political engagement, and genuine partnerships between the public and private sector.

The proposed bipartisan bill, introduced by Senator Coons and Senator Graham, offers all three. First Finance, there remains an urgent shortage of funding, addressing this shortage by leveraging public with private finance is one of the best opportunities for the U.S. Government to enhance its leadership in protecting nature and improving security.

Second, political engagement, while most countries have made commitments to increase conservation, many face major headwinds from vested interests. In our experience it is highly valuable for such leaders to know of the support of the United States, and to regularly participate in dialogue with senior U.S. politicians.

Whilst the proposed fund would be formally independent of the U.S. Government, it would have government leaders on its Board, and would benefit from regular engagement from leaders, such as yourself.

Third, partnership with the private and philanthropic sectors, private philanthropy is willing to commit significant resources to conservation and plays a highly complementary role to public funding. They also like to work in partnership. For example, 2 years ago 11 philanthropies, including the Bezos Earth Fund, came together to put \$5 billion on the table to show our seriousness in advancing conservation.

The work of these and other private funders can be even more effective if done in partnership with a proposed initiative. Both public and private can reach different places, and influence different actors, and both will be more effective in the presence of the other.

Conservation, of course, must be done right. It must be owned and driven by host countries, by local inhabitants and indigenous people. Too many efforts have failed due to top-down measures, and a perception that conservation is imposed from Western countries. Conservation programs must focus on jobs and livelihoods. The proposed legislation would insist, we believe, on best practice.

In conclusion, the United States has been a global leader in conservation for 150 years. When Yellowstone became the first national park in 1872, it was also the first such park in the entire world.

When President Teddy Roosevelt created five national parks, 18 national monuments, 51 bird sanctuaries, and established the National Wildlife Refuge System, other countries took notice, and the best of them sought to emulate this leadership. The best of them still do today.

There is a big opportunity today for U.S. leadership through the proposed U.S. Foundation for International Conservation. It can help reduce conflict, and migration, it can improve economic opportunity, and can enhance good governance, and democracy. It can do this by conserving irreplaceable natural beauty, the diversity of life, and the goodness of God's creation.

Thank you.

[The statement follows:]

PREPARED STATEMENT OF DR. ANDREW STEER

Chairman Coons, Ranking Member Graham, Members of the Senate State, Foreign Operations, and Related Programs Appropriations Subcommittee, thank you for convening this hearing on international conservation and the opportunity to testify.

I'm Dr. Andrew Steer, President & CEO of the Bezos Earth Fund. Prior to this I was President and CEO of the World Resources Institute.

The Earth Fund is a philanthropy founded by Jeff Bezos in 2020. Our mission is to allocate \$10 billion in grants by 2030 to protect nature and address climate change. We have pledged \$3 billion to nature—including \$1 billion to conserving the nature we still have, \$1 billion to restore what we have lost, and \$1 billion to help transform food and agriculture to alleviate pressure on nature. In the past 2 years we have disbursed \$550 million for conservation and restoration.

We plan to do much more, and we look forward to working in close partnership with the proposed Fund we are discussing today.

#### THE CHALLENGE AND OPPORTUNITY

We are losing nature at a dangerous rate. The facts are stunning. Consider this: since 1970, one species—*homo sapiens*—has doubled its population. (That's us.) During the same period, the total population of mammals, birds, fish, reptiles, and amphibians has fallen by more than half.<sup>1</sup>

We all are familiar with the accelerating loss of our beautiful planet. Biodiversity loss is everywhere and is accelerating. Nearly 75% of land surface and over 85% of wetlands have been altered or lost, and more than one million species may be in danger of extinction this century, creating grave threats to human health, well-being, food security, regional stability, and continued economic success. The world has years, not decades, to address biodiversity loss. This means we need to find dynamic avenues that create pathways for more conservation efforts in some of the most biodiverse and vulnerable parts of the world.

There is good news. A large amount of our globally significant biodiversity can be found in a limited number of places, which makes conserving it easier. Over the past decade there has been real progress. Globally protected areas have been doubled to 16% of the land and 7% of the ocean. But this is not enough. Protected and conserved areas have been shown to be one of the most effective tools to conserve nature and support the wellbeing of millions of people, when well-managed and designed to respect the needs and rights of Indigenous People and local communities. Protected and conserved areas provide benefits to local communities—including fresh water, clean air and fertile soil for food production, and poverty alleviation, as well as stability and regional security. Additionally, protected areas serve as a backbone for the larger landscape scale conservation and restoration that is needed.

Globally, there is growing political momentum in support of conservation. Last year almost all the nations of the world, including the United States, agreed to protect 30% of the terrestrial, freshwater, and marine ecosystems most important for biodiversity by 2030. This marked a remarkable increase in ambition and, if implemented, could be game-changing. Research indicates that sound guardianship of 30% of the planet in the most important places for biodiversity could protect up to 80% of plant and animal species, and secure 60% of the planet's carbon stocks and 66% of the planet's clean water.

It is important to note that to be successful conservation must be done right. Most important it must involve and be owned by local inhabitants and indigenous peoples. Too many efforts have failed due to top-down measures. It must also be scientifically driven, drawing upon the highest quality biological and social sciences.

#### CONSERVATION, RESILIENCE AND SECURITY

We are also learning how critical conservation can be in promoting security—for communities, countries, and the United States.

First, conservation helps to protect and preserve ecosystems. Healthy and diverse ecosystems maintain soil fertility and provide food and clean water. When these ecosystems are healthy, they are better able to withstand environmental disturbances such as droughts, floods, and storms, which can lead to crop failures, water shortages, and other problems that can cause social strife and dislocation and can destabilize a country.

Second, conservation can help to reduce the risk of conflict over natural resources. Many conflicts throughout history have been driven by competition over resources such as water, land, and timber. By conserving these resources and using them sustainably, countries can reduce the likelihood of such conflicts arising.

Third, illegal exploitation of nature can fund conflict and threaten stability. Illegal wildlife trade, for example, is funding criminal networks and militias. Ivory and rhino horns are a source of income for armed groups in Africa. Poaching is desta-

<sup>1</sup> World Wildlife Fund. "Living Planet Report." Panda.org. Accessed on April 28, 2023. <https://livingplanet.panda.org/en-US/>.

bilizing economies, undermining good governance, and decimating iconic species. Illegal wildlife trafficking may also contribute to the spread of zoonotic diseases, such as Ebola and SARS.

There are numerous examples of how conservation can help create more stable and secure countries. A few examples:

- Costa Rica*<sup>2</sup>.—Costa Rica is known for its commitment to conservation, having protected over 25% of its land area in national parks and reserves. This has helped to create a thriving ecotourism industry, which has become a major source of revenue for the country. By preserving its natural resources, Costa Rica has been able to build a sustainable economy that benefits both the environment and the people.
- Rwanda*<sup>3</sup>.—After the genocide in 1994, Rwanda faced significant challenges in rebuilding its economy and society. The country has made significant progress in recent years, in part due to its focus on conservation. Rwanda has established several national parks and protected areas, including Volcanoes National Park, which is home to the endangered mountain gorilla. This has helped to attract tourists and generate revenue, creating jobs for tens of thousands of people.
- Namibia*<sup>4</sup>.—Namibia has implemented a community-based natural resource management program, which gives local communities the right to manage and benefit from wildlife and other natural resources. This has helped to reduce conflict over resources, while also providing economic opportunities for local communities. As a result, Namibia has seen a significant increase in wildlife populations, including elephants and lions, promoting jobs and stability.
- Congo Basin*<sup>5</sup>.—The Congo Basin is a region of immense ecological importance, home to some of the world's most biodiverse forests and a significant proportion of Africa's wildlife. However, the region is facing significant threats from deforestation, mining, and other human activities. Conservation efforts in the Congo Basin have focused on protecting key areas of forest and wildlife habitat, as well as supporting sustainable livelihoods for local communities. Through these efforts, conservation has helped to reduce conflict over natural resources, promote sustainable economic development, and preserve the rich biodiversity of the Congo Basin.

#### WHAT'S MISSING?

Conservation is a rare win-win-win. So why is it not happening faster and better? Let me suggest three things that are necessary to unlock more progress: finance, political engagement, and genuine partnerships between public and private sectors. The proposed bipartisan bill, introduced by Senator Coons and Senator Graham, offers all three.

*Finance.*—The lack of funding is a major obstacle to the effective management of protected and conserved areas. Addressing the lack of financial resources—especially long-term funding—by creating a new public-private partnership is one of the best opportunities for the U.S. government to enhance its role in protecting biodiversity and improving security. A new public-private partnership can mobilize significant new funding from both public and private sources to address the funding gap and provide the long-term funding required for the effective management of protected and conserved areas.

This common-sense bill would empower a new entity to leverage private funding toward the goal of conserving the most vulnerable parts of the world. By passing this legislation, the U.S. Congress would advance its leadership in enabling more public-private investment in global conservation.

*Political Engagement.*—While most countries in the world have made a commitment to increase conservation under the “30x30” pledge, many face major headwinds from vested interests. In our experience it is highly valuable for such leaders to know of the support of the U.S., and to regularly participate in dialog with senior U.S. politicians. While the proposed fund would be formally independent of the U.S. government, it would be partially funded by it, and would, we expect,

<sup>2</sup>Costa Rica: “Costa Rica.” World Bank, last modified October 22, 2021, <http://www.worldbank.org/en/country/costarica/overview>.

<sup>3</sup>Rwanda: “Rwanda: A Conservation Success Story.” World Wildlife Fund, last modified October 22, 2021, <https://www.worldwildlife.org/stories/rwanda-a-conservation-success-story>.

<sup>4</sup>Namibia: “Community-based natural resource management in Namibia.” International Institute for Environment and Development, last modified October 22, 2021, <https://www.iied.org/community-based-natural-resource-management-namibia>.

<sup>5</sup>Congo Basin: “Conservation in the Congo Basin.” Wildlife Conservation Society, last modified October 22, 2021, <https://www.wcs.org/our-work/places/congo-basin>.

benefit from regular engagement, including in-country visits which would engage at the highest levels. This would be a vital complement to any financial contributions.

*Partnership with the Private and Philanthropic Sectors.*—Private philanthropy is committing significant resources to conservation and plays a highly complementary role to public funding. One way philanthropy has contributed to this agenda is through innovative partnership models supporting specific goals. For example, the Protecting our Planet (POP) challenge is the largest-ever private funding commitment to biodiversity conservation. Eleven organizations<sup>6</sup> have pledged \$5 billion in grants to help achieve the “30 by 30” initiative.

This coalition of philanthropists committing \$5 billion has not created a new fund. Rather they seek to closely coordinate their work, share analysis, and mix funding for specific programs. We prioritize efforts with indigenous peoples and local communities, as well as local and Federal governments. These private funders are supporting projects around the globe that will help achieve the 30x30 initiative as proposed by the High Ambition Coalition (HAC) for Nature and People, a group of 70 nations. The work of these and other private funders can be even more effective if done in partnership with the proposed initiative. Leverage will come both from increased financial flows, but also from the synergies that arise from public and private actors. Both “public” and “private” can reach different places and influence different actors, and both will be more effective in the presence of the other.

There are examples of other governments doing similar investments. An analogous program, developed by the German government, the Legacy Landscape Fund, is successfully providing sustainable funding for the effective management of protected and conserved areas in developing countries. Importantly, it has unlocked large amounts of private dollars and unleashed an entrepreneurial and cost-effective approach to conservation. This is critical to closing critical gaps to identify and financially support implementation-ready projects.

#### CONCLUSION

Effectively managed protected and conserved areas that improve natural resource management, and restoration of degraded lands have been shown to reduce conflict and migration in response to food insecurity and drought. They have also protected irreplaceable natural beauty and the diversity of life. In addition, the involvement of local communities with the effective management of conserved areas, improves their economic opportunity and even instills good governance and democracy.

With a focus on protected and conserved areas, this new entity will create synergies with efforts by USAID, USFWS, and others to focus on other effective conservation measures that are needed to achieve landscape scale conservation. These investments collectively represent smart U.S. foreign policy and aid. Durable U.S. government funding, that leverages private sector resources, will help ensure this leadership is valued and our core economic and national security interests are advanced.

Thank you.

Senator COONS. Thank you very much and thank you to our panel.

We are going to start with a round of questions. I have one colleague with me now. We will see whether we have others join. In the absence of others, I will simply indulge myself in the second round, of unlimited length I suspect.

[LAUGHS]

Dr. Steer, if I might, with you. You cited some really remarkable, impressive numbers there, of billions of dollars of philanthropy dedicated to conservation into protecting biodiversity. What is the best argument for why there needs to be a partnership between government, philanthropy, and the private sector? Why is there a role for government in doing this? Why not simply rely on a handful of visionary donors, unrestrained by the vagaries of politics, and

<sup>6</sup>Members of the Protecting Our Planet challenge are: Arcadia, the Bezos Earth Fund, Bloomberg Philanthropies, Bobolink Foundation, Gordon and Betty Moore Foundation, International Conservation Fund of Canada, Re:wild, Nia Tero, Rainforest Trust, Rob & Melani Walton Foundation, and the Wyss Foundation

the accounting and auditing requirements of spending public dollars?

Dr. STEER. Senator, I believe that the—I believe the public sector can reach where the private sector can't. When I listen to the kinds of visits that you and your colleagues make, how wonderful it would be if those conversations that you have, which are already very effective, were backed up by serious resources that bring both the private and the public together.

We are very, very good at financing non-governmental organizations, they have an amazing role to play, as we heard today from Mr. Sebunya, you know, and there are many others doing world-class work. But the plain fact of the matter is if we are going to be effective we need to aim at every single level, including the very highest levels of government. And that is where you come in, and you are so very, very effective.

And as I said in my statement, the United States has been a leader, and engaging at a senior level makes a huge difference. Also, I should say, that you have the capacity by putting relatively modest amounts of money in to attract more private sector. And that is what the Germans have figured out in their Legacy Landscape Program, where they actually match the resources that the private philanthropy and private companies bring in, and it is really very effective.

Senator COONS. Mr. Sebunya, you referenced the Africa Protected Areas Congress in Kigali, a critical convening in which you played a central role, that called for increased funding for locally led conservation projects. And it is my sense, and all three of you have either referenced or directly testified to this, that the gap, the funding gap for conservation is dramatic. It outstrips the capacity of any one government, even the United States Government, any one national government in the developing world, or in the Global South, and any particular philanthropy.

You also pointed to the critical role of indigenous communities in identifying, prioritizing, and leading human-centered development. I think in your testimony you said: The fortress model of conservation has demonstrably failed, and we need a human-centered and indigenously informed model.

How do you think we should come up with a valuation plan, a selection plan that ensures local ownership? Not just a seat at the table, but a driving role in terms of how sites are designed, projects are selected, they are prioritized, and they are maintained, and then delivered over many years?

Mr. SEBUNYA. Thank you, Senator. I think that it is going to start by meeting the people where they are. In my travels in Africa, and in my discussion with African leaders, and the community leaders, they really spend most of the time dealing with their human aspirations, dealing with their livelihoods, looking at their ambitions. And I think tying the agenda we have for conservation as part of the aspirations and outlining that is going to be very, very critical.

At the moment here, most of the discussions on conservation are political and economic. And so the role of—and that is where the role of private sector and government is critical in reaching our goals.

It is going to be the economy, and that is why we are suggesting, if we are to secure a protected area, you are going to invest a dollar, but that 2 dollars have to go to meet the economic aspirations of the people dealing with wildlife economies.

And we are not talking about tourism alone but: How they are going to feed this huge population? How do we invest in sustainable agriculture? What value chains can we bring? What types of economies are compatible to these wildlife areas? And I think that those 2 dollars are most—best suited to come from private sector, from impact investors to support those value chains.

But the government has a role in regulating, in creating policies that are aligned to community participation, building the right governance systems, the deals we want formulated. So it is that empowerment through economic and social discussions that are going to get us to where we are, and I think it is critical that this partnership, this foundation under the private sector is going to be extremely helpful in what we are trying to achieve.

Senator COONS. Thank you. Ms. Caldwell, you laid out in your testimony three critical points. One, broaden the base by engaging the private sector to partner closely with indigenous communities, but in some ways the central and long-term investments, investments informed by rigorous metrics and evaluation, USAID has not always been known for the ability to sustain across administrations, you know, long-term contracts, but you cited several very promising examples, where you have accomplished exactly that.

What, if any, challenges are there, contractually, structurally, statutorily, for USAID to do 5- and 10-year commitments, that is part of what this foundation model is designed to help facilitate, both the metrics and the long term?

In discussing this with Senator Graham, and with others on this Committee, and in the House, they have often cited the MCC as an example of something that through the Compact process has rigorous metrics and long-term engagement.

I couldn't agree more with your three central points. Help me understand what, if any, constraints there are on USAID being able to deliver on those long-term investments?

Ms. CALDWELL. Thanks so much, Senator Coons. There is nothing that prohibits reinvesting after what is, typically, a 5-year investment in the programs that we are engaged with. We do believe strongly in the importance of competitive procurements. We also believe strongly in the importance of monitoring, evaluation, and learning.

So funding in 5-year increments really allows us to kind of assess best practice, understand the impact, and make sure our investment is well placed. When and if that investment is well placed, they are, obviously, likely to succeed in procurement, and that investment continues in many instances.

You also referenced swings in Congress, and that challenge. Thankfully, our biodiversity funding has typically been able to maintain support through various administrations, but it is a real risk. There is nothing more important, I think, for us in terms of ensuring longevity as predictability. And many of our Missions face highly unpredictable budget levels. So even while we may be able to sustain overall support under a given earmark, there may be

Congressional directives and top lines which skew investment into new directions, where there may or may not be existing capacity immediately available to deploy.

So I think, thinking about not just sustaining and increasing this kind of biodiversity funding over time, but also enabling us to continue to invest in the Missions that are really effectively delivering this biodiversity programming, in some of the most biodiverse regions of the world is critically important.

Senator COONS. Thank you. Senator Schatz.

Senator SCHATZ. Thank you, Mr. Chairman.

Thank you, all for being here to testify. I am really interested in the testimony that talks about the fortress model of conservation. One of my proudest achievements, in partnership with President Obama's administration, and many, many others is the establishment of Papahānaumokuākea Marine Monument, and it is, you know, almost 600,000 square miles, and I worry very much that it will be a paper monument.

And so what worries me a bit about the "30 by 30" is exactly that, is that the sort of geopolitical, diplomatic impetus for an announceable will cause a bunch of people to declare a bunch of things off limits, and will lack sufficient resources to actually manage those terrestrial ecosystems, or ocean ecosystems. And I am just wondering how we think about—I do think we should have these goals, but I could see a scenario where we, superficially, meet that goal and don't actually change conditions on the ground.

And so I would like each one of you to comment on that as quickly as you can. I will start on my right, with Dr. Steer.

Dr. STEER. I agree with you wholeheartedly, Senator Schatz. The political attractiveness of 30 by 30 is useful, but it is useless unless it is followed up well, and the best examples of those need to be replicated. So, for example, in the marine area, the Eastern Tropical Pacific Seascape, where four Presidents, Ecuador, Colombia, Costa Rica, and Panama, got together last year and they said: Let us do this, let us use this 30 by 30 as a way of getting political and other momentum.

What happened is, a lot of us were willing to sit down with them for, literally, weeks to design something, led by them, led by including by the fishing industry.

And it was so cool at the Biodiversity Convention, up in Montreal, to see the Minister of Environment of Ecuador, together with the Minister of Fisheries, which is extremely rare, announcing the expansion.

Senator SCHATZ. Oh. I know. I was the—when I was a freshman legislator a hundred years ago, I was the Vice Chair of the Ocean and Marine Resources Committee, and I got the—I got the baptism in fisheries politics. So I understand what an achievement that is.

And in Papahānaumokuākea, I think is a great example of doing it right. I would also, just before I move on to Mr. Sebunya, point out the emphasis on stakeholders who are indigenous, is really important. I am the Chairman of the Senate Committee that has jurisdiction called the Senate Committee on Indian Affairs, and its jurisdiction over Native People across the United States.

But I do want to emphasize that stakeholders are stakeholders whether they are indigenous or not. And I don't want to get into

the blood quantum question, or the question of whether you are a lineal descendant of the original people of a place. In all seriousness, it can become this dichotomy between indigenous and non-indigenous; just as, for example, when we established the Northwest Hawaiian Islands Marine Monument in Hawaii, we worked with a lot of the fishing community, not all of whom are Native Hawaiian. A lot of them are Japanese-Americans, or Filipino-Americans, and Caucasian-Americans, and all the rest of it.

And so I just want to make sure that when we think about stakeholder engagement, it is not just indigenous, non-indigenous, it is anyone who is a stakeholder who may make a living doing something that is going to have to change.

So Mr. Sebunya, I actually want to ask you a slightly different question. Is there a sort of curated list of projects that were done right? Because I think that is maybe the most important thing. Rather than call out the projects that are done wrong, the model that Dr. Steer is talking about, Papahānaumokuākea is a good example, I am sure across the African Continent there are examples.

But I think it would be useful to the State Department and to the Committee to kind of say: What is the model here, and what do they all have in common? And I am wondering if anyone has already done that work.

MR. SEBUNYA. Thank you, Senator. And yes, there are a number of examples of projects that have gone—done very well. And the issue now we are trying to deal with for 60 years work in Africa, is how do you scale that up at a level that is really impactful on the Continent, for an issue that is not only national, but Pan-African, to have that high level impact.

I will give you an example of the work we have done with the USAID, in partnership with the Government of Rwanda and Uganda, around the Virungas, around the mountain gorillas, 4 years ago we have been working there protecting the endangered mountain gorilla. We started by protection, that fortress idea, training rangers, park management systems, inventories of mountain gorillas, then we started introducing tourism as an aspect to that.

We, together with the USAID, we built the first high-end lodge in Rwanda and Uganda around the mountain gorillas; these two lodges are owned by communities. We raised the bar in terms of community participation. At that time community participation meant getting African communities to dance for tourists, or sell a few crafts, and that was called Eco Tourism.

We built lodges with community equity in it, and then we brought in private sector as a management partner of these lodges. These two exist, the lodge in Rwanda pumps half-a-million dollars in the rural economy, in Rwanda around the mountain gorillas.

Rwanda has picked—as a model—Rwanda has picked up mountain gorillas as part of their green economies in the country as a model.

Now, what have we achieved? Conservation of mountain gorillas; for the last 4 years there is no single mountain gorilla that has been killed in both Uganda and the Rwanda, except recently, during the COVID, which was in self-defense. That is a very good example where we have tied the economy of the rural people to be matched by the conservation aspects of that National Park, and the

identification of their aspirations as a people, in line with what is going on, what the ecology, ecological systems of this area is.

Now, we are dealing with the value chains. We are introducing bamboo economies in these areas so that people stop growing a World Bank project which was passed from another—agricultural products to start growing bamboo as an agriculture economy, which is food for the mountain gorillas, but they are going to produce furniture, building materials.

Senator SCHATZ. It is \$6 a square foot, you know, it is very valuable.

Mr. SEBUNYA. So that is a very, very good example of what it is, right from the national level economy, to the community level economy.

Senator SCHATZ. Thank you, sir. My time is up. Ms. Caldwell, I will reduce my question for you, to writing, and submit it for the record. Thank you very much.

Senator COONS. Thank you, Senator Schatz.

Senator Van Hollen, we had a memorable trip to view a community conservancy in Kenya, outside of the Maasai Mara, and frankly, had one of the most impressive visits I have ever had, to see that model, and then a chance to talk to then President Kenyatta, about the importance of supporting and preserving community conservancy. So thank you for joining us. And I look forward to your questions.

Senator VAN HOLLEN. Well, we did. And thank you, Senator Coons, for holding this hearing on this important subject, international conservation and the connection between conservation and security, and prosperity; and thank all of you for being here today.

I am actually going to come back to the issue Senator Coons raised. But first, let me just say, we are focused on international conservation efforts, and of course it is important around the world and in our backyards. I represent the State of Maryland, and the Chesapeake Bay is an example of an ongoing restoration effort that we have to keep at, and we need to bring that same determination to some of these other challenges around the world, which is why I am pleased to have led the letter seeking support for USAID's budget request for biodiversity. And look forward to working with the Chairman and the Ranking Member to achieve the budget resources that we need to meet the strategy.

And I do want to say, I know there is been lots of conversation, important conversation about what happens when we destroy forests, and put biodiversity at risk, from increasing the chances of triggering pandemics, and then spreading pandemics. To, obviously, the challenge of climate change, and what it means when you, you know, cut down trees that provide sinks.

I do want to mention one other thing, because it is another practical connection between protecting biodiversity and the health and welfare of people around the world, which is the development of drugs.

And I would like to ask you, Ms. Caldwell, just to comment on that for a moment. Because as I look at the figures, if you look at that—there are about 11 percent of the drugs considered basic and essential by the World Health Organization, originated in flowering plants. And in the United States 56 percent of the 150 most-pop-

ular prescribed drugs are linked to discoveries of natural compounds found in the wild.

At the current extinction rate experts estimate the Earth is losing one major drug every 2 years. So could you just comment on this piece of the importance of biodiversity?

Ms. CALDWELL. Well, I think you have already cited some statistics which strongly underscore the importance of biodiversity. Of course, Western medicine hasn't always acknowledged the relevance of traditional medicine, or of nature for that matter, in biomimicry in the context of responding to disease, and really in terms of articulating solutions to so many challenges we face all over the world every day.

There is also the major challenge that the loss of biodiversity of course decimates pollinator populations which, in turn, has catastrophic impacts on agriculture, so to those senators that may be concerned that these biodiversity investments overseas don't hit home here, I think it is just so important to recognize that we are a globally interconnected community; that with the loss of habitat, we will see an increase in pandemics; as temperatures rise, we will see increasingly virulent viruses; and we will lose the biodiversity that our health and ecosystems depend on.

Senator VAN HOLLEN. Now, I appreciate that. Let me ask you about one particular USAID investment. I asked USAID Administrator Power about this when she was here. I was on a recent trip that Senator Merkley organized, and one of the places we stopped was Indonesia, where we have an MOU in the works, I am hoping it is going to be finalized, or has been finalized. Can you provide an update to the Committee on that?

Ms. CALDWELL. Yes. So since you raised that question with Administrator Power, she did—what the Minister of Environment and Forest was asking for was a review and acknowledgment that the MOU was something the Administrator was prepared to sign. She did convey that preparedness and we are now awaiting a signature. There was a small edit that the Ministry wanted, that has now been made, and we are hopeful that will be resolved very soon.

I, likewise, had the opportunity to visit Indonesia and to see the important work we are doing in action, not just with the centrally—with the government-managed protected areas, but also with the set-asides within the palm oil plantations, to ensure sustainability. And of course saw orangutans in the wild that are benefiting from, you know, that very intervention.

Senator VAN HOLLEN. Well, I appreciate that. And, you know, I hadn't fully realized, before that trip, that Indonesia was the only place on earth that is the home to orangutans on two of their islands.

Mr. Sebunya, you were talking about the importance of preserving mountain gorillas, and I say: Amen to that. This was another example of working to protect biodiversity, generally, but also to make sure we protect this very important species, that is a fairly close cousin of ours.

Let me just follow up with some of the issues that you raised, and came up on the trip that Senator Coons and I took, as well as the issue with respect to Indonesia, and other places around the world. Which is, in order to make sure that we discourage poach-

ing, and we discourage wildlife trafficking, we need to make sure that local populations have alternatives.

And that means that they are benefiting financially and economically from the alternatives we provide. In Kenya, where we visited, they adapted a mechanism to make sure that the local population was benefiting from tourism, right. That not all the—not all the, you know, monies from tourism were flowing to a few people, but that the benefits were more widely dispersed within the community, which it seems to me an essential model if we are going to have a sustainable protection of biodiversity.

Can you talk about some of the more—number one, do you agree with that premise? And number two, could you highlight a couple of what you think are the most successful examples of local communities benefiting from international conservation efforts?

Mr. SEBUNYA. Thank you, Senator. Yes. I agree with you that unless people benefit, unless people lead our efforts, unless people are a part of the management systems of our efforts, it is going to be very, very expensive for us to secure. The model we have that is being practiced in other areas, other than Maasai Mara, where we are building forts, islands, or areas, is heavily expensive. There is no government, or NGO, or any partner who can run a protected area successfully without communities.

From our research tells us that with the poaching, if you disrupt the information poachers rely on at the local destination, it is going to be very, very hard for them to be successful in poaching.

But also, in order to disrupt that we would need to work and increase the value of wildlife, in the eyes of the communities near these national parks. Currently, on average in Africa, a majority of Africans, value a chicken more than a mountain gorilla, or a chicken more than a rhino, simply because they can pay school fees with a chicken, they can pay their medical bills by selling a chicken. They can't do that with a leopard, currently, in many of the areas. They can't do that with the lions of the areas. So the more we do programs that tie those economies, like you saw in your visits, the more successful we can be.

Maasai Mara is one of the examples, but there are several others that tourism, as a business, has helped communities benefit directly from wildlife. The challenge with the tourism is what we saw during COVID, it can shut down momentarily.

And, therefore, the diversification of those economies that rely on nature is critical for our success. We have seen that with tying agriculture products to the sources of water for that agriculture as critical elements in some of the discussions we are having. Tying the local employment into maintaining some of the parks is critical to the—to sustainability of wildlife economies in these areas.

The regulatory regimes to—for that, that allows private sector land owners to manage wildlife profitably is also critical in those areas. And there are several examples across the Continent, Senator.

Senator VAN HOLLEN. Thank you. Thank all of you.

And Ms. Caldwell, thank you and the Administrator for finalizing the deal on Indonesia. Thank you, all very much.

Thank you, Mr. Chairman.

Senator COONS. Thank you, Senator Van Hollen.

I would like, if I could, just for a moment, Mr. Sebunya, to follow up on that point. I was struck at Akagera, Akagera National Park in Eastern Rwanda, on a bipartisan bicameral trip I led last August, at the number of Rwandans who were visiting that National Park, transforming it from a park that had initially been a gazetted and established under colonialism, but in its current leadership, in its current structure both the fee structure, the programming, the outreach, the engagement was designed to drive—and during COVID, a vast majority of the visitors were Rwandans, and that had been holding up even as the pandemic had receded.

They also had a whole range of innovative programs whether it was around aquaculture, beekeeping, harvesting mushrooms, a whole series of agricultural initiatives so that it was not just employment in the park.

The other the thing that impressed me in Gorongosa, which really, was in some ways, the most significant model I have been tracking over more than a dozen years, was the profound investment in Mozambican leadership, not just being engaged on the periphery, or at the entry level, but training a new generation of wildlife conservationists, of managers, of leaders, through a world-class training center.

So I would be interested if you would just comment on—I have been to conservancies in countries where the benefits to the folks of that country seemed modest, at best. Or more talk than reality. And I have been to some where it seemed to me that the local community really was directly benefiting, driving, prioritizing the activities happening there. How do we ensure that is what happens going forward?

MR. SEBUNYA. Thank you, Senator. I think that that model you have just mentioned, that the Akagera, Gorongosa, is one of the models that has worked. And I think, going forward, is really that leadership element you have just mentioned, capacity element that needs to be accompanied by the—foreign investments in these areas.

The role of governments in building the value chains that support those investments it is going to be critical going forward. The idea that these areas are part of the economic ecosystem of these areas, managing these areas as landscapes, as part of other entities within these regions is also critical.

We have done work in Tanzania where the areas of sugarcane—producers of sugarcane that are found miles away from the national park, there is a realization that their sources of water is from this national park, and tying that sugar economy through the management part, is so critical for sustainability of financing of these areas.

So I think that future is really, of those kind of models, is I would say in three—mostly in three—summarize them in three areas: One, capacity of Africans to play that role they should play is critical. The role of government in regulation, in policies, in creating financial systems that allow private sector, environment that allows private sector to play their role is critical.

And the other one is really for an entity, like us, NGOs, or private sector, or government, to have an exit strategy so that when you train, when do you engage communities, there is also a plan

to exit, and they see the future, especially the young Africans, that are the majority of—on the Continent. That is what they would like to see. They would like to see an end, and them taking control over these elements.

Senator COONS. I couldn't agree with you more. That the core challenges today, the vast majority of the population looks at a chicken, and says: I see value, I can sell eggs, I can eat the chicken, I can sell the chicken. And no value at all in things that are considered sort of iconic wildlife that seem to inspire the imagination and engagement of those who live thousands of miles away, marrying those two, so that there is real value that begins with local communities, is critical.

And over the dozen years I have been communicating with Greg Carr, and others at Gorongosa, it has become an initiative that really focuses on people, and is driven by people, and it benefits wildlife as secondary consequence, not the other way around.

One of the ways I first got involved in this, Ms. Caldwell, was a concern about wildlife trafficking, and its consequences for security. It is something I know my Ranking Member is also quite concerned about. He and I traveled to Rwanda, and one of the things that we were talking with the national leadership there about was how in Eastern DRC, in Rwanda, and other parts of the world, wildlife trafficking really funds lots of other trafficking, trafficking of weapons, of drugs, of people, and the financing of terrorism.

The law that Senator Flake and I worked on in 2016, the End Wildlife Trafficking Act, authorized the Presidential Task Force on Wildlife Trafficking. Senator Portman and I got passed, a bill, that the President signed into law last year, reauthorizing and extending that.

Tell me about USAID's investments in protected areas, and its work and its partnership with the Fish and Wildlife Service, to reduce wildlife trafficking flows, particularly to countries like China, and Vietnam, elsewhere in Southeast Asia. What more do you think we could do to combat wildlife trafficking? And how does that connect with the rest of this focus on biodiversity?

Ms. CALDWELL. Absolutely. Well, we were very pleased that the End Wildlife Trafficking Act was reauthorized in December of 2022, and very much appreciate your leadership on that front. For fiscal year 2022, approximately \$75 million, or 20 percent of our budget, our biodiversity budget, was allocated to addressing wildlife trafficking.

Our focus area is largely on building law enforcement capacity, so ensuring that the rangers are well trained, ensuring that the forensic scientists have the ability they need, supporting prosecutors and judges to understand best practice in these cases, addressing corruption and transparency, which of course are critical issues, and demand reduction.

When it comes to demand reduction, and there was a reference, I think, from Senator Schatz, to this effect, China, of course, looms large, as do other Asian countries.

So we have done some very innovative work. In Vietnam, for example, we worked with the business community to ensure that they were messaging to their own colleagues, that gifts of rhino

horn do not convey elevated status, that there are other ways to convey that status and that appreciation.

In Thailand we worked with monks to ensure that they were communicating with their—you know, with their congregations about the fact that tigers won't ensure the protection that Thais presumed they would.

Also, working on a publicly oriented campaign in Thailand, called Only Elephants Wear Ivory; and then again in PRC addressing rhino, ivory, and pangolin.

So we try to take a pretty comprehensive look at these problems. And as you have mentioned, it relates very much, of course, to biodiversity because these are—this is wildlife that is on the market, unless we reduce the demand and address the crimes as they take place, you know, that kind of activity will continue. Likewise, it emphasizes the importance of local livelihoods, which have been so heavily underscored.

I, myself, also had an opportunity to visit Greg Carr in Gorongosa, and would absolutely highlight that as best practice. I mean there is a community of 200,000 people surrounding that park who are getting health care, and education, and training, and again, that sort of one-of-a-kind investment in leadership. So we, really, have parks that are managed by and for Africans is so critical.

Senator COONS. Let me ask one brief follow-up question, then I am going to defer to my Ranking Member.

In terms of implementers of that law enforcement training, that is a key piece of countering poaching, and ending wildlife trafficking. The SFOPS Bill requires more active oversight. How is that playing out? How is that working out, oversight of those who are implementing law enforcement activities?

A lot of this happens in very difficult, unstable locations, Eastern DRC, for example, is a difficult place in which to conduct counterpoaching activities, because there is a lack of central government control, there is a lot of different warring factions, it is mountainous, and remote. How is that oversight going?

And then I will defer to Senator Graham.

Ms. CALDWELL. Sure, I can give you a brief response, but I will give you a fuller one for the record. What I know is that there, of course, has been a history at times of the rangers and law enforcement surrounding these parks engage themselves in human rights abuses, and we do quite a lot of training to ensure that that kind of activity doesn't take place.

Needless to say, that will undermine community confidence in these parks. And it is critically necessary that we get that right. I also alluded to the work we do to address corruption which, you know, fuels this kind of activity, and that is another critical form of oversight.

We have a very strong anti-corruption initiative at USAID that is really focused on elevating best practice and addressing corruption, but also ensuring that we are investing in democratic bright spots to avoid the kind of corruption that really enables wildlife crime.

I actually, first had my own exposure to this, when I was approached by someone who was investigating the trade in Siberian

tiger pelts, and they offered to sell him women in the 1990s. And I got involved in an undercover campaign on the Russian mafia's involvement.

So it also underscores your earlier point, which is that these networks diversify their so-called "product base", and really represent a threat to national security.

Senator COONS. Thank you, very much.

Let me defer to Senator Graham. Glad to have you join us.

Senator GRAHAM. Thank you, Mr. Chairman. Of all the things the Committee could be focusing on, this is sort of top of our list for a good reason.

We just got back from Africa on our CODEL, and what I learned was these parks, are sort of sanctuaries of governance, and law and order, surrounded by a lot of upheaval. So if it were up to me, I would have a string of parks, conservation parks all over Africa because it may be the only place a community can reside with some level of peace, and certainty in terms of the rule of law.

Do all of you support the U.S. Foundation for International Conservation Act introduced by Senator Coons and myself?

Dr. STEER. Yes, sir.

Ms. CALDWELL. Yes, we do.

Mr. SEBUNYA. Yes, sir.

Senator GRAHAM. Good; probably why you are here. Now, the goal, of Chris and myself, is to create a public-private relationship where the private sector sort of leads and puts their money where their mouth is, collaborating with the United States Government, and other people, hopefully other governments, to make sure that these parks are well managed, that we deal with poaching by force, and that the communities surrounding these parks benefit.

Mr. Steer, is that right—Dr. Steer?

Dr. STEER. Absolutely right, Senator. We believe this initiative is a very good one. The way you describe it is absolutely right, and there are certain components that will make this very successful. It is if the private sector, as you say, comes in and works together with the public funding, if the emphasis is on long term, if we think precisely the way you are talking about, and good governance, but also thinking about citizens who live outside the area, who maybe are not able to get the incomes they used to get before.

So we have got to be pretty imaginative in order to make sure there are alternative livelihoods. And then we need to monitor very carefully. We now have the capacity, using satellite technology, to see almost every tree falling, that is very, very valuable information. And we need to be very disciplined.

We, in the Bezos Earth Fund, are very highly engaged in that space and we are very interested in partnering with you in this new proposed fund.

Senator GRAHAM. Well, Dr. Steer, I appreciate that, and to other groups like yours, I would love to work with you. The goal here, I guess, is to have the local community feel like the park is an asset. Is that correct, everybody?

You are nodding your head. Protecting the animals is better business than allowing them to be poached. Everybody is nodding their head, right?

Ms. CALDWELL. Yes, absolutely. Before your arrival we discussed the importance of community engagement; couldn't agree more.

Senator GRAHAM. Yes. And so when we collect fees for people who visit these parks, we want to make sure that the local community feels the benefit of that; is that correct?

Ms. CALDWELL. Yes, sir.

Dr. STEER. Yes, sir.

Senator GRAHAM. Okay. So what I would suggest to my colleagues in Congress, if you want to do something to bring about better governance, and a semblance of the rule of law in this part of the world, in these ungoverned spaces, the parks are your best opportunity.

Dr. Steer, the Africa Parks; are you familiar with that group?

Dr. STEER. Yes, indeed. Yes.

Senator GRAHAM. Okay.

Dr. STEER. So, yes, we believe they are a very expert—I mean, in Africa there are some very, very good groups, some international non-governmental organizations, many based, you know, headquarters are in the United States.

Senator GRAHAM. Well, let us explain for the public if we can, Mr.—how do you say your last name, sir?

Mr. SEBUNYA. Sebunya, sir.

Senator GRAHAM. Okay. So let us walk through, real quickly, how this works. A group called Africa Parks will take over the park. They will provide security; is that right?

Mr. SEBUNYA. That is correct, sir.

Senator GRAHAM. Okay. And they will have the capability to fight the poachers, right?

Mr. SEBUNYA. Yes, sir.

Senator GRAHAM. And their emphasis is on helping the local community surrounding the park.

Mr. SEBUNYA. I don't know. I don't work for Africa Parks, Senator, but yes, in some cases.

Senator GRAHAM. Okay. Dr. Steer, is that sort of, generally, the way Africa Parks works?

Dr. STEER. I believe so. Yes, indeed.

Senator GRAHAM. Okay. Well, the reason I mentioned it, it is a private sector group, right, non-profit.

Dr. STEER. It is a foundation.

Senator GRAHAM. And so what we want to do, is that where the government is failing in some of these countries, due to corruption, or whatever, is to bring something new to the table, and hopefully get the government buying what we are doing.

So like Botswana, they have got great parks. The government seems to be buying into this public-private partnership. What I would suggest to the Chairman here, is not only we pass our bill, but we put the countries in question on notice, we expect you to up your game, we expect you to make sure that the money being generated for all this activity, some of it actually goes to the people.

So I am really excited about how this effort to conserve nature, and protect animals actually, is probably one of the best antidotes to the spread of terrorism, and international criminality.

The biggest benefit from this, beyond protecting the wildlife itself, I think is to have a system that can make it harder not only for illegal traffickers and wild—poachers, but also people involved in radical activity.

And, Mr. Chairman, I think we are onto something here, I think this is a—USAID, is that right Ms. Caldwell?

Ms. CALDWELL. Yes, sir.

Senator GRAHAM. Do you consider this a threat to what you do?

Ms. CALDWELL. No, I don't. I understand you are working to ensure this is additional funding, and of course we are absolutely supportive of ensuring a further \$200 million a year for 10 years for biodiversity conservation.

Senator GRAHAM. So it is additional funding, but it is not just additional funding, it is a fundamentally new approach.

Dr. Steer if you could just wrap this up for us. How do you think the private sector will respond to this idea? And should we be optimistic that we are on the right track, in terms of the public-private partnerships?

Dr. STEER. I think the private sector, both the philanthropic private sector, and even the for-profit private sector would respond very, very well to this. And the reason for that is that we are more effective if we work with the public sector.

So it is not actually just dollars that we hope you will be putting into this fund, it is actually, influence and engagement, and even now, clearly, when you, Senator Graham, and you, Senator Coons, go on these visits, you meet at the Head of State level, you engage. That is incredibly useful.

It will be even more useful if we could do it in partnership, whereby, when you go, you not only have public money, but actually you are engaged with something much bigger than that, where the private sector is. So whilst we are very, very good at putting money into NGOs, you are very, very at doing that, plus you are very good at engaging at the very—the Head of State.

So that is why we are interested in working with you. And it is certainly not just me, in my written testimony I talked about a group of philanthropists, \$5 billion put on the table, not particularly specifically for this—this particular initiative, but would be very interested in working with you in the design and the implementation.

Senator COONS. Thank you, Senator Graham.

And thank you to the witnesses. We are going to conclude in just a moment, if I could.

One of the examples that Senator Graham and I have talked about is Park W—an area that is at the intersection, roughly, of northwestern, Benin, and Togo, and Southeastern Burkina Faso, thus his comments about national parks being a sort of an area of potential stability and governance in a region troubled by significant extremism and violence, that is, I think, the concrete example he had in mind there.

Obviously, in different countries, the role of the central government, the role of the park and the community, and the intensity of violence or extremism, varies wildly across a massive continent, with many different examples.

Gorongosa was initially destroyed, denuded by an ongoing civil war between FRELIMO and RENAMO; and as recently as the last visit I made there, there was renewed violence around the periphery of the park; although at a much, much smaller level than anything we are seeing in Benin.

I do think it is important for us to focus on how we would select and prioritize, there are many potential NGO implementing partners, African Parks is one that has a strong record, but there are many others, not just in Africa, but throughout the Global South.

And the design elements that, frankly, all three of you testified to and agreed on: The importance of long-term funding; the importance of clear metrics and accountability that have conservation and biodiversity goals, as well as economic, improvement, and stability goals. The importance of engaging the public, private, and philanthropic sectors, so that the power of the U.S. government, and potentially other close Allied Partner governments, in terms of providing security assistance and advice, mobilizing national leadership in partner countries, can't be overstated.

And then as we have talked about throughout this hearing today, the critical role of having, not just a seat at the table, but a driving part of how things are designed and led. African voices, to the extent we are talking about the African continent, as well as indigenous communities in the rest of the world.

One last point, Senator Schatz referenced a marine park. Bazaruto Archipelago, off of Southeastern Mozambique, is another I've visited. It is important to be clear that—I am imagining this as not just land, but also sea, and at the intersection there are critical challenges, in terms of pirate fishing, or IUU fishing, marine debris, plastic debris, that USAID is also making real contributions—is taking a real leadership position on, and there is so much more we could talk about.

I must go to question, and vote.

I will invite each of you, if you would choose to, make a brief concluding comment and then I will conclude this hearing.

Ms. Caldwell, a closing comment of any kind?

Ms. CALDWELL. Sure. Without reiterating anything I have already said, I just want to underscore the power and potential of this—of the government partnership as a critical component of this nexus.

When you go on your CODELs, ensuring that you are bringing the ministers of finance, and economic development, and tourism into the conversation, since this is all too often sequestered in the environment ministry, which doesn't have the funding or the power that many of those others do.

And of course USAID's history of six decades on the ground; and having built those very strong partnerships with government that traverse various administrations, the work we do on the enabling environment to ensure the appropriate policies and regulations that would enable the success of an investment the Conservation Foundation might make, is so important.

So I appreciate the fact that the Act calls for seats on the board from a range of U.S. government entities, including State and USAID, who have on-the-ground contacts that can be very relevant

in helping ensure the success of your investments, and evaluating the potential of them before they are made. Thank you.

Senator COONS. I might also add, the ministries of health, education, and agriculture.

Ms. CALDWELL. Of course.

Senator COONS. Because focusing on human development also means bringing those on board as well.

Ms. CALDWELL. Yes, I agree.

Senator COONS. Thank you, ma'am.

Mr. Sebunya.

Mr. SEBUNYA. Thank you, Senator. I think I would just, again, repeat our support to the Foundation for International Conservation Act, and that we believe that it has a potential to be a transformative influence to the international conservation landscape, and especially the things that you—Senator, you touched on, and the Ranking Member also touched on, that really conservation is not about—is not a name in itself, that conservation needs to meet the aspirations of people.

On the African continent, it is a political and a cultural heritage issue, and the leadership of, and the voices, and the perspectives of the Africans is going to be so critical in the success of this entity.

The last thing I will say, is the role of the private sector; I really, personally, believe that, in the long run, the NGOs are going give way to the private sector in running, and managing the entities of wildlife—our wildlife. And within the protected areas and outside the protected areas; it is very, very critical.

Senator COONS. I think it is essential that, in the long run, conservation, the protection of biodiversity, wildlife, be seen as a central part of competent development strategies, by nations all over the world, if that ultimately, not in competition, but really reinforcing each other. If we can achieve that, we can have done something significant.

Dr. Steer, close us out, if you would.

Dr. STEER. This is a historic opportunity. Never has the need been greater, but also never have we known as much about what works and what doesn't work. We actually do know how to do this, and it requires a very unusual type of partnership, ranging from those who are indigenous people in the forest, to those who are trying to make are living outside the forest, to politicians at the highest level, to the business community, we now have a business community, globally, that is very interested in this issue.

We have philanthropists that are very interested in this issue. The fact that we have you, Senator, and a bipartisan initiative in the U.S. Congress, is a great blessing, and we really, we really are honored to be your partner in this.

Senator COONS. Thank you. Thank you, all. I look forward to our ongoing partnership in this. You have given us great input about how to think about this as we move forward with this legislation, and with writing the fiscal year 2024 Appropriations Bill for the Subcommittee.

#### ADDITIONAL COMMITTEE QUESTIONS

The hearing record will remain open for written questions, until 5:00 p.m., on Tuesday, May 9.

[The following questions were not asked at the hearing, but were submitted to the witnesses for response subsequent to the hearing.]  
No questions were submitted for the hearing.

SUBCOMMITTEE RECESS

Senator COONS. Thank you, all.

And with that this hearing is adjourned.

[Whereupon, at 3:30 p.m., Tuesday, May 2, the subcommittee was recessed, to reconvene subject to the call of the Chair.]



**STATE, FOREIGN OPERATIONS, AND RELATED  
PROGRAMS APPROPRIATIONS FOR FISCAL  
YEAR 2024**

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**WEDNESDAY, JUNE 14, 2023**

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

The subcommittee met at 10:07 a.m., in Room SD-138, Dirksen Senate Office Building, Hon. Christopher A. Coons (Chairman), presiding.

Present: Senators Coons, Shaheen, Merkley, Van Hollen, Graham, Boozman, and Hagerty.

**ENHANCING AMERICAN COMPETITIVENESS THROUGH  
THE U.S. INTERNATIONAL DEVELOPMENT  
FINANCE CORPORATION**

**OPENING STATEMENT OF SENATOR CHRISTOPHER A. COONS**

Senator COONS. This Hearing of the Subcommittee on State, Foreign Operations, and Related Programs of the United States Senate Appropriations Committee will come to order.

Mr. Nathan, we are grateful that you are joining us today. We will have one witness today, Scott Nathan, CEO of the Development Finance Corporation.

I will make some brief opening remarks. I believe my Ranking Member will join us by then, but if not we will then proceed with your opening testimony, and then proceed to a round of questions of the Members of the subcommittee.

We meet in a moment when, nationally, we are facing the challenge of: How do we sustain American competitiveness, how do we strengthen our place in the world, and how do we respond to recovery from the pandemic, to economic growth opportunities all across the world, and how do we sharpen and modernize America's development tools?

This hearing is an opportunity to review the successes, challenges, and lessons learned for the Development Finance Corporation, and to discuss ways we can help strengthen the DFC's implementation of its mandate.

I have also invited the DFC Inspector General to submit testimony, which I will review and will be included in the hearing record.

Some of our colleagues have scheduling conflicts, but I thought it was critical we hold this hearing today as we are working on

drafting Appropriations bills, and other critically relevant legislation for the Development Finance Corporation.

First, a quick word on the House Appropriations Committee allocations which concern many of us given the proposed deep cuts across agencies, including those funded by this subcommittee. I have worked with Chair Granger in the past, and I am looking forward to working with Chair Diaz-Balart in his new role as the House SFOPS Chair. They are serious appropriators and we share many priorities. We don't yet have the full picture of the resources or legislative provisions that may be included in the House SFOPS Bill, but we do know the initial allocations include deep cuts, a cut of about 33 percent to the SFOPS allocation.

The consequences of that I think would be grave. Under-investing in our global, diplomatic, and development professional workforce. Failing to pay our treaty dues on time. Failing to provide credible alternatives to countries seeking development finance, investment, and infrastructure, and modernization. Stepping back from our global leadership in confronting Russian aggression, countering PRC economic coercion, and addressing, truly, global threats to stability, like terrorism, corruption, and climate change.

I don't think we can compete globally and do our job by the American people by slashing funding and turning inward, this will make for a particularly challenging and engaging Appropriations process between the House and the Senate.

Moving on to today's topic. The DFC was established through strong bipartisan support for modernizing U.S. foreign assistance. It was broadly recognized at the time many of us worked on the BUILD Act, that by expanding the tools we have for leveraging private-sector capital, we could achieve a greater impact on development, and advance our broader foreign policy objectives.

We also thought it was important to provide more opportunities for higher quality investment so that partner countries would not be susceptible to relying on coercive lending from other countries, principally the PRC, which across dozens of countries, has too often been the only choice in emerging markets for rapid financing or access to large infrastructure investments.

I am optimistic about the DFC's trajectory in seeking to meet these objectives as you approach your fifth year in 2024. Over the relatively brief time that the DFC has been operational with its current authorities, and mission, and mandate, including under two administrations with some significant differences in the administration's priorities, I have been impressed with the DFC's progress in using the new tools provided by Congress.

Fiscal year 2022 set a record for DFC investment, with over \$7 billion committed to offer values-driven and high quality alternatives, and to drive investment in economic growth and development where it is most needed in the world.

And what matters more than the dollars are the projects themselves. You have worked to ensure that there is a critical investment in energy transitions, in critical mineral supply chains, tackling food insecurity, facilitating responses to the COVID-19 pandemic globally by making available vaccines and investing in vaccine production, increasing capital access in countries plagued by economic crisis like Sri Lanka and in Ukraine, where Russia's War

has had a devastating impact on its economy. There are so many more, and we look forward to hearing from you about them.

To be clear, I didn't play a role in creating the DFC imagining it would be a panacea to all of our global challenges, I have no illusions about the complexity of your work, but we look forward to working with you to take the next steps required to strengthen the DFC.

I do hope to hear from you about planned internal reorganization, and how you are working to strengthen the overall strategic direction of the Corporation, and communicating your priorities, and your response to those who feel the DFC has been too slow to engage in either critical sectors, or regions, including, in particular, the Indo-Pacific.

I look forward to getting your perspective on some of the specific legislative reforms that I am pursuing with colleagues, such as ensuring you can fully leverage your equity investments as Congress intended and, potentially, expanding country eligibility.

So Mr. Nathan, thank you for joining us. We have a great deal to discuss. I am not anticipating the imminent arrival of my Ranking Member, and so let me briefly introduce you to the other Member of the subcommittees who is with us.

Scott Nathan you are someone who has served in public life for quite a period of time, educated at Harvard and Harvard Law School. We most recently met when you were working for the White House Office Presidential Personnel, helping manage the transition adroitly. I very much look forward to your testimony.

And welcome the Members of the Committee who have joined us.

Mr. Nathan, if you would address the subcommittee. Thank you.

**STATEMENT OF HON. SCOTT NATHAN, CHIEF EXECUTIVE OFFICER,  
UNITED STATES INTERNATIONAL DEVELOPMENT FINANCE CORPORATION**

Mr. NATHAN. Thank you very much, Chairman Coons, Ranking Member Graham, and Members of the Committee, thank you for having me here today.

I want to start by thanking Congress, and especially this Committee, for its continued support of DFC. You have helped strengthen our ability to fulfill our mission, drive positive development impact, and advance the foreign policy interests of the United States.

I am proud of the progress DFC has made in increasing its investments and impact, both developmental and strategic.

Last year, DFC committed over \$7.4 billion through 183 transactions in 111 countries. That was a great result, but DFC can drive even greater impact as we build our capacity, execute on our strategy, and work more effectively with our partners.

For fiscal year 2024, the Administration requests a budget of \$1.023 billion for DFC, a 2.3 percent increase over last year's request. Included in that total is \$780 million in program funds, unchanged from last year, and \$243 million in administrative expenses, an increase of \$23 million. The requested increase in administrative resources will allow DFC to meet critical staffing needs, bolster business development efforts, and increase our overseas engagement.

DFC is also working to be more proactive across our operations, refocusing our efforts on our highest priority sectors where there

are enduring needs: infrastructure, energy, health, and agriculture, and small business support.

DFC focuses on working with the private sector because closing the \$40 trillion global infrastructure financing gap is beyond the capacity of any single development finance institution or single state actor.

The PRC focuses on lending at the sovereign level, frequently burdening communities with projects that are overpriced, poor quality, and unsuitable to local conditions. This often saddles developing countries with too much debt and disappointing results.

DFC offers a choice. Our investments carry our values of openness, respect for local laws and conditions, and high environmental, labor, and quality standards. DFC's work enhances the long-term sustainability of our projects, amplifies development impact, and guards against the danger that projects will harm local populations.

DFC is committed to making high-quality investments in seaports, airports, railways, and road networks that connect communities to the opportunities of a global marketplace.

For example, earlier this year DFC invested \$150 million in the expansion of the Yilport Terminal in Ecuador, and earlier this month, DFC's Board approved a loan that supports the expansion and modernization of an airport in Sierra Leone, providing one of the world's poorest countries stronger connections to its region and to the world.

At the same time, DFC is also investing to strengthen 21st century infrastructure, working with the private sector to bolster digital connections, and networks that are secure, safe, and open.

In Ghana, South Africa, and Kenya, DFC is investing with Africa Data Centres, a company investing in information technology infrastructure. And in the Indo-Pacific region, DFC worked with our Australian and Japanese counterparts to support Telstra's acquisition of cellular and digital networks in Papua New Guinea, and five other Pacific Island nations.

DFC is also investing to secure supply chains for critical minerals. As you know, the PRC has made it a priority to attempt to control these supply chains, from mining to processing. With an additional \$30 million equity investment into TechMet Limited, a U.S.-aligned critical minerals platform, DFC is helping to secure access to nickel and cobalt through an innovative project in Brazil. I am optimistic that our relationship with TechMet will lead to many additional opportunities.

DFC is focused on providing affordable, reliable, and sustainable access to energy, a critical factor in development and economic security.

In India, DFC is pursuing several transactions that will diversify the solar manufacturing supply chain away from PRC dominance. Last year, DFC provided \$500 million in debt financing to First Solar for construction of a new plant.

Across a range of technologies, DFC is working to provide reliable access to power for communities in countries ranging from Sierra Leone, and Malawi, to Nigeria, and Ecuador. We are pursuing new opportunities in nuclear energy, e-mobility businesses, and the supply chains that support them.

In response to Russia's brutal war against Ukraine, DFC is also helping to drive greater diversity and resilience in energy supply in Central Europe and the Caucasus. In Bulgaria, Georgia, Moldova, and Poland, DFC has projects that will help diversify power supplies away from Russian gas and stabilize electricity grids.

Russia's war against Ukraine has also endangered food security around the globe, and in response, last year DFC surged efforts in the food and agriculture sector.

Investments in resilient health care systems provide a necessary foundation for the development of a vibrant private sector, and help prepare for future health crises. For example, in Vietnam, DFC is investing to help expand access to clinics and pharmaceutical products in rural areas.

DFC is also committed to providing support for the small businesses that are the engines of so many economies. We have recently made investments focused on expanding access to capital for SMEs in Egypt, El Salvador, Honduras, Jordan, Nigeria, Sri Lanka, and Vietnam, amongst many others. And none of these deals are easy, but all of these countries and investments are strategically important to the United States.

DFC has a unique complement of products and tools that can help drive the private sector investment to make development impact. However, current budgetary rules for equity scoring prevent DFC from taking full advantage of this important tool that Congress gave us in the BUILD Act. I imagine we will address this further during the questions. I want DFC to be strategic and focused where we make investments, and to be held accountable for our performance.

The Administration's funding request allows us to build our workforce, grow our capacity, and align our organizational structure to drive greater impact.

Thank you for your support which makes this work possible; and for your continued commitment to helping DFC achieve even more.

I look forward to continuing to work with this Committee. And I look forward to answering your questions. Thank you.

[The statement follows:]

PREPARED STATEMENT OF SCOTT A. NATHAN

Chairman Coons, Ranking Member Graham, and Members of the Committee, thank you for having me here today to discuss the Administration's Fiscal Year 2024 Budget Request for the U.S. International Development Finance Corporation.

I want to thank Congress and especially this committee for its continued support of DFC. The resources and tools you provided DFC have helped to strengthen our ability to fulfill our mission, drive positive development impact, and advance the foreign policy interests of the United States.

I am proud of the progress DFC has made in increasing its investments and impact, both developmental and strategic. In Fiscal Year 2022 alone, DFC committed over \$7.4 billion through 183 transactions, in 111 countries. This was a great result, but I know we can do more. DFC can drive even greater impact as we build our capacity, execute on our strategy, and work more effectively with our U.S. government partners and partners around the world.

For FY 2024, the Administration requests a budget of \$1.023 billion for DFC, a 2.3 percent increase over its FY 2023 request. Included in that total is \$780 million in program funds, unchanged from our FY 2023 request, and \$243 million in administrative expenses, an increase of \$23 million over the FY 2023 request.

In response to what we've heard from our team, from clients, and from you, DFC is in the process of building our overall capacity to do more and do it faster. The requested increase in administrative resources will allow DFC to meet critical staffing needs, bolster business development efforts, and increase our overseas engagement.

DFC is also working to be more proactive across our operations, refocusing efforts on our highest priority sectors where there are enduring needs: infrastructure, energy, health, food and agriculture, and small business support.

DFC focuses on working with the private sector because closing the \$40 trillion global infrastructure financing gap is beyond the capacity of any development finance institution or state actor to address alone. The People's Republic of China (PRC) focuses on lending at the sovereign level and often uses the demand for infrastructure investment for its purposes, frequently burdening communities with projects that are over-priced, poor quality, and unsuitable to local conditions. This often saddles developing countries with too much debt and disappointing results.

DFC offers a choice. Our investments carry U.S. values of openness, respect for local laws and conditions, and high environmental, labor, and quality standards. DFC's work enhances the long-term sustainability of our projects, amplifies development impact, and guards against the danger that projects will harm local populations. Supporting high quality, sustainable projects has been a focus for DFC from the beginning, and we have continued to enhance our capacity to monitor and measure our impact.

DFC is committed to making investments in seaports, airports, railways and road networks that connect communities to the opportunities of a global marketplace. For example, earlier this year DFC invested in the expansion of the Yilport Terminal in Puerto Bolivar, Ecuador, which after its modernization, will become one of the most advanced facilities of its kind on South America's Pacific Coast. And earlier this month, DFC's Board approved a loan that supports the expansion and modernization of an airport in Sierra Leone, providing one of the world's poorest countries stronger connections within West Africa, a region where populations and markets are rapidly growing.

At the same time, DFC is also investing to strengthen 21st century infrastructure, working with the private sector to bolster digital connections and networks that are secure, safe, and open. In Ghana, South Africa, and Kenya, DFC is investing with Africa Data Centres in information technology infrastructure to help make these countries more attractive destinations for data-driven companies looking for a foothold in growing markets. And in the Indo-Pacific region, DFC worked with our Australian and Japanese counterparts to support Telstra in making an acquisition that allowed the company to provide secure, high quality mobile services to Papua New Guinea and several Pacific Islands.

DFC is also investing to secure supply chains for critical minerals. As you know, the PRC has long made it a priority to attempt to control these supply chains, from mining to processing and manufacturing. With a \$30 million equity investment into TechMet Limited, a U.S.-aligned critical minerals platform that DFC had previously supported, DFC is helping to secure access to nickel and cobalt through an innovative project in Brazil. I'm optimistic that our relationship with TechMet will lead to many additional opportunities. We are committed to pursuing additional projects that help diversify the supply and sourcing of these and other strategic resources important to the economic growth and national security of the United States.

DFC is also focused on providing affordable, reliable and sustainable access to energy, a critical factor in development and economic security. In India, DFC is pursuing several transactions that can diversify the solar manufacturing supply chain away from PRC dominance. Last year DFC provided \$500 million in debt financing to First Solar for construction of a new plant, which goes online in Tamil Nadu later this year. Additionally, the DFC Board approved financing last week for the development of Ecuador's first private sector owned, on-grid solar power plant. Supported by a \$144 million DFC loan, this power plant will be the lowest cost electricity provider in all of Ecuador.

Across a range of technologies, DFC is working to provide reliable access to power for communities that have never had it in countries ranging from Sierra Leone to Malawi to Nigeria. While we are working with developers to find more power projects in every region of the world, we are also pursuing new opportunities in nuclear energy and e-mobility businesses and the supply chains that support them.

In response to Russia's brutal war against Ukraine, and in keeping with the authorities provided to DFC under the European Energy Security and Diversification Act (EESDA), DFC is also helping to drive greater diversity and resilience in energy supply in Central and Eastern Europe and the Caucasus. In Bulgaria, Georgia,

Moldova, and Poland, DFC has projects that will help diversify power supplies away from Russian gas and stabilize electricity grids.

Russia's war against Ukraine has also put other critical supply chains at risk, and endangered food security for communities beyond the region. To respond to this potential crisis, DFC surged efforts in the food and agriculture sector, doubling the number of transactions to support food security in FY 2022, and we continue to actively look for more viable projects to support. We are committed for the long term to working with the private sector to improve agricultural yields, increase incomes for smallholder farmers, and foster innovation in food distribution networks. From Guatemala to Ghana, DFC is investing to help bring more produce to market and bolster food security for remote populations. And we want to do more of this critical work.

Investments in resilient health systems, not unlike investments in food security, represent a commitment to the well-being of people and the stability of communities, providing a necessary foundation for the development of a vibrant private sector. The COVID-19 pandemic helped to underscore the need for these investments, particularly improvements to healthcare supply chains, which DFC is working with the private sector to address.

In places like Vietnam, DFC is investing to help expand access to clinics and pharmaceutical products in rural areas. In Brazil, a DFC loan is helping to modernize a women's health diagnostic center and supporting its expansion into areas with minimal access to medical care. In India, we finance a chain of eye care clinics and are supporting a local company that provides much needed sanitary products for women, both with huge development impact. And across sub-Saharan Africa, DFC's investments are improving access to quality care, including through the provision of digital healthcare solutions.

DFC is also committed to providing support for the small businesses that are the engines of so many dynamic economies. Our investments in the third quarter of this year alone demonstrate what an important priority this line of effort is to the organization. From a \$476 million guaranty that will provide working capital for thousands of Brazilian SMEs in an underbanked part of the economy, to support for women entrepreneurs in Honduras and small businesses in El Salvador addressing climate impacts, DFC is working to provide individuals the financial support they need to create jobs and opportunities in their communities. Since FY 2021, DFC has provided over \$430 million in loans and loan portfolio guarantees to support small businesses and underserved populations in sub-Saharan Africa, a chronically under financed region. We have recently done investments in Egypt, Jordan, Mexico, Sri Lanka, Turkiye, and Vietnam and we will continue to scour the world in search of opportunities to invest in the small businesses that are the backbone of free enterprise.

Small business support is one critical area where DFC's close partnership with USAID is helping to deliver opportunity in communities across the world. Because of transactions sourced jointly by DFC and DFC Liaisons at USAID, small business owners and smallholder farmers in the DRC have financing they need; entrepreneurs in Burkina Faso, Mali, and Guinea, and Sierra Leone are creating hundreds of jobs, and in Ukraine, Bank Lviv is able to provide loans that are a lifeline to small businesses that can continue operating during a difficult time of war. DFC's Mission Transaction Unit (MTU) has worked closely with USAID to identify communities where DFC can address a lack of financing through support for local institutions, with DFC/MTU helping to close more than \$900 million in USAID sponsored commitments.

DFC is also committed to driving impacts that cut across the priority sectors we have identified and using our tools to advance innovative transactions. For instance, DFC recently provided \$656 million in political risk insurance to support the largest debt for nature swap in history. This ground-breaking transaction helps to preserve the diverse ecosystem of the Galapagos, and protect it from illegal fishing, while at the same time significantly reducing Ecuador's sovereign debt.

None of these deals are easy, but all of these countries and investments are strategically significant to the United States. DFC has a unique complement of products and tools that can help us drive private sector investment and development impact. However, current budgetary rules for equity scoring prevent DFC from taking full advantage of this important tool Congress gave us in the BUILD Act.

One avenue for boosting DFC's equity investments is through a \$2 billion revolving fund that is included as part of the President's Out Compete China Proposal. I look forward to continued discussions with you on how DFC can make more robust use of our equity tool and the potential for changes to provide DFC working capital authority, allowing us the ability to use the fees we collect from private parties to share costs for due diligence with potential partners seeking investment.

I want DFC to be strategic and focused in where we make investments and to be held accountable for our performance. The Administration's Funding request for DFC in FY 2024 allows us to build our workforce, grow our capacity, and align our organizational structure to drive greater impact across a number of strategically important sectors.

In DFC's short history, we have made great progress. Funding for this request will support DFC's efforts to further unlock the power of private capital to create opportunity, alleviate poverty, and improve lives in communities across the world.

Thank you for the support which makes this work possible and for your continued commitment to helping DFC achieve even more. I look forward to continuing to work with this Committee and welcome your questions.

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PREPARED STATEMENT OF ANTHONY "TONY" ZAKEL, INSPECTOR GENERAL, U.S. INTERNATIONAL DEVELOPMENT FINANCE CORPORATION OFFICE OF INSPECTOR GENERAL

Chairman Coons and Ranking Member Graham, and members of the Subcommittee, thank you for allowing me the opportunity to provide written testimony for the record to discuss the U.S. International Development Finance Corporation (DFC) Office of Inspector General's (OIG) oversight work related to DFC.

#### ABOUT DFC OIG

DFC OIG's mission is to prevent, detect, and deter fraud, waste, and abuse by conducting and supervising audits and investigations of DFC's programs and operations worldwide. Congress established DFC OIG in the Better Utilization of Investments Leading to Development (BUILD) Act of 2018 (Public Law 115-254). Like other Offices of Inspector General, DFC OIG gets its authority from the Inspector General Act of 1978, as amended (IG Act). I was appointed as DFC's first Inspector General in August 2020 and report directly to the DFC Board of Directors and Congress. DFC OIG is a lean office with 11 FTEs and a \$5.5 million budget in FY 2023. However, we are tasked with overseeing a growing agency whose budget has increased to \$1 billion, staff has grown to 513 employees, and has increased the number of new projects by about 132% between FY 2020 and FY 2022.

DFC's development portfolio has reached almost \$40 billion<sup>1</sup> and is expected to grow in the coming years, especially in economies that may not have adequate safeguards to address fraud and corruption. DFC products include debt financing, equity investments, feasibility studies, investments funds, political risk insurance, and technical assistance.<sup>2</sup> These products are essential to supporting key sectors, such as small business, energy, water, infrastructure, agriculture, and health, which improve the quality of life for millions and lay the groundwork for creating modern economies and providing financing for women or other borrowers who do not have sufficient access to commercial financing.

DFC needs an effective OIG to safeguard American taxpayer dollars as DFC fulfills its dual mission to partner with the private sector to finance solutions to the most critical challenges facing the developing world today, while also advancing U.S. foreign policy priorities.

#### WORK TO DATE

In the last year, DFC OIG completed all four of its congressionally mandated audits, one performance audit, and eight investigations, four of which were referred to the Department of Justice (DOJ) for prosecution. Some of our audit and investigative work is highlighted below and additional details can be found in our Spring FY 2023 Semiannual Report to Congress and Fall FY 2022 Semiannual Report to Congress. Our semiannual reports to Congress, as well as our audit reports, Top Management Challenges Facing DFC,<sup>3</sup> and other public documents and correspondence can be found on our external website, [www.dfc.gov/oig](http://www.dfc.gov/oig).

#### AUDITS

The Office of Audits conducts a variety of independent, statutorily mandated and discretionary performance audits assessing controls of DFC programs and oper-

<sup>1</sup>U.S. International Development Finance Corporation, Annual Management Report, FY 2022.

<sup>2</sup>DFC Website: <https://www.dfc.gov/what-we-offer/our-products>.

<sup>3</sup>DFC OIG website: <https://www.dfc.gov/oig/reports/strategic-plans-top-management-challenges>.

ations to detect and deter waste and mismanagement. Mandatory audit work includes Financial Statements, Federal Information Security Modernization Act (FISMA), Risk Assessment of Government Charge Cards, and Payment Integrity Information Act (PIIA) audits. In addition to mandatory audits, the Office of Audits conducts performance audits of DFC programs or functions to determine if they are operating as intended to achieve stated goals. Two recent performance audits are highlighted below.

- DFC Made Significant Progress Implementing Provisions of the BUILD Act This audit revealed that DFC complied with and implemented 116 of the 118 subsections of the BUILD Act. The two subsections not fully implemented were: (1) the roles, responsibilities, and authorities of the Chief Development Officer and Chief Risk Officer; and (2) DFC publicly reporting performance metrics including development impact on a country-by-country basis. In addition, we noted two observations regarding: (1) the methodology of calculating and tracking the progress of investments in less developed countries;<sup>4</sup> and (2) the Annual Report timeliness.
- We are wrapping up an audit of DFC-funded renewable energy and finance projects in India. This was DFC OIG’s first audit where we had “boots on the ground,” allowing us an opportunity to review projects and see DFC’s impact in developing countries firsthand. Our audit team, along with DFC staff, traveled to India in February and March 2023 and visited eight DFC-financed projects. We are discussing our findings with DFC management, including issues regarding records management, waiver of environmental and social standards, project monitoring, reporting fatalities and serious injuries, and subordinate loans policies. The final report of our audit findings and recommendations will be published in early fall 2023.

#### INVESTIGATIONS

The Office of Investigations conducts proactive investigations and responds to allegations of fraud, abuse, and misconduct, which may result in criminal, civil, or administrative sanctions. DFC OIG investigations protect whistleblowers and address critical and sensitive issues supporting not only DFC’s mission, but also U.S. foreign policy objectives and national security interests more broadly. The Office of Investigations seeks to foster the integrity of DFC employees, partners, and contractors, and encourages them to report suspected wrongdoing through outreach and training. To assist in this effort, DFC OIG provides training to new DFC employees and issues periodic newsletters to all DFC employees to promote understanding of our investigative mission and encourage reporting of suspected fraud, illegal activity, or misconduct.

The OIG Hotline is available online or by phone, +1 833–OIG–4DFC, allowing information and complaints to be submitted to DFC OIG easily and confidentially from anywhere in the world. Since DFC OIG’s inception, we have received 49 allegations, which have resulted in 28 preliminary inquiries or investigations. During that time, we conducted six proactive initiatives to detect fraud and illegal conduct. Three recent investigations are highlighted below.

- An investigation revealed a loan applicant submitted false financial statements to DFC in support of a \$41 million loan for a construction project in the Middle East. Fortunately, the loan commitment was cancelled before funds were dispersed. We sent a report to DFC management detailing our findings and will be referring the subjects of the investigation to DFC for debarment.
- As part of a proactive initiative, an OIG investigator visited a solar power plant in India funded by a DFC loan to determine the origins of the solar modules and inverters used to construct the plant. We verified that although the solar modules and inverters were manufactured by companies in the PRC, the manufacturers were not linked to forced labor programs as identified by a Federal interagency advisory.<sup>5</sup>
- Last, we have investigated several complaints by whistleblowers recently, including a whistleblower reprisal complaint, which we referred to the Office of Special Counsel.

<sup>4</sup> Under the BUILD Act, DFC is required to prioritize support for less developed countries with a low-income economy or a lower- middle-income economy. See 22 U.S.C. §9612(c)(1); see also 22 U.S.C. §9601(2).

<sup>5</sup> U.S. Interagency: Xinjiang Supply Chain Business Advisory: Risks and Considerations for Businesses and Individuals with Exposure to Entities Engaged in Forced Labor and other Human Rights Abuses linked to Xinjiang, China, updated July 13, 2021.

## UKRAINE MANAGEMENT ADVISORY

DFC OIG intends to proactively protect DFC's investments in Ukraine. To raise awareness of potential areas for fraud and abuse, we issued a management advisory, Key Considerations to Inform DFC's Response in Ukraine, to DFC management in June 2023. DFC plans to mobilize well over \$1 billion in private sector capital to support the economy and people of Ukraine. While it has been reported that Ukraine has made significant improvements in its efforts to address corruption, it still faces challenges with implementing internal controls to ensure effective and efficient reconstruction efforts. DFC OIG is a member of the Ukraine Oversight Inter-agency Working Group; coordinating with other OIGs, international law enforcement entities, and various domestic and international stakeholders, and intends to commit resources to proactively monitor and evaluate DFC-funded projects in Ukraine.

## DFC TOP MANAGEMENT CHALLENGES IN FY2023

Last fall, in collaboration with DFC, OIG published Top Management Challenges (TMCs) facing DFC in FY 2023 and discussed four challenges:<sup>6</sup> (1) improving monitoring and evaluating actual development impact; (2) improving performance management, transparency, accuracy and availability of project data as DFC's commitments grow; (3) balancing heightened expectations of Congress and stakeholders while managing risks; and (4) managing organizational transition while building internal controls of core management systems. In particular, we identified that DFC needs to take action to make actual development impact achieved and promotion of our nation's foreign policy the primary metrics of its success. We look forward to working with DFC this coming fall in identifying the FY 2024 TMCs, which likely will be similar to those previously published.

## MEMORANDUM OF AGREEMENTS

DFC OIG has been actively establishing international partnerships to support anti-fraud and anti-corruption initiatives that will enrich our audit and investigative efforts. We recently executed Memoranda of Agreement (MOA) with the United Nations Office of Project Services (UNOPS) Internal Audit and Investigations Group, the European Anti-Fraud Office (known by the acronym OLAF), and the World Bank Group Internal Audit (GIA). These MOAs are based on a common interest to enhance relationships that support sharing information and other resources with these international partners, which is critical given the international nature of our work.

## LOOKING AHEAD

The BUILD Act authorizes DFC to grow its portfolio to \$60 billion. To reach this goal, DFC plans to increase its staff level to 700 by September 2024. DFC has requested \$1.023 billion for FY 2024 and \$2 billion in mandatory funds for an equity revolving fund.<sup>7</sup> As DFC's portfolio and staff levels grow, the OIG also must grow. The OIG has requested \$7.2 million for FY 2024, which includes increasing staff levels to support mobilizing an inspections and evaluations program and expanding our Office of Investigations (which currently has only two staff).

## INCREASE OIG STAFF TO MATCH DFC'S GROWTH

To audit program and operational effectiveness, as well as investigate allegations of fraud, in a portfolio of DFC's size and complexity, the OIG must attract and retain skilled, experienced auditors, evaluators, investigators, attorneys, and other professionals. We also want to effectively monitor and evaluate DFC-funded projects worldwide, which includes site visits, as a critical aspect of evaluating progress, assessing development impact, developing relationships, and identifying potentially fraudulent activity. The OIG proposes to hire an additional 9 FTEs in FY 2024, which will include auditors, evaluators, a data scientist, and an attorney to improve our audit and investigation capabilities. In addition to FTEs, the OIG has also recently hired two Pathways paid interns to support legal and audit functions.

## NEED FOR LAW ENFORCEMENT AUTHORITY

DFC OIG is hampered in its ability to independently conduct certain law enforcement activities because we do not have law enforcement authority. Our request for

<sup>6</sup>Top Management Challenges Facing DFC in FY 2023, DFC OIG website: [www.dfc.gov/oig](http://www.dfc.gov/oig).

<sup>7</sup>DFC FY 2023 Congressional Budget Justification, DFC website: [www.dfc.gov](http://www.dfc.gov).

such authority has been pending with the U.S. Attorney General's Office for two and a half years. Prior to the BUILD Act, DFC's predecessor, the Overseas Private Investment Corporation (OPIC), was overseen by USAID OIG, which has law enforcement authority. Compared to OPIC, DFC has a significantly larger portfolio, a larger staff, expanded investment authority (including equity), and increased focus on development impact and promoting U.S. national interests. DFC OIG cannot properly oversee DFC without the same law enforcement authority that its predecessor OIG—and almost all other OIGs—have. Our lack of law enforcement authority has also hampered our ability to recruit and hire experienced investigators, who naturally want to continue their law enforcement careers. The OIG continues to work with key stakeholders, including Congress and DOJ, to obtain much-needed law enforcement authority.

#### FUTURE PLANNED AUDITS

The OIG currently has two future audits it will conduct. The first is an audit of DFC's goods and services contracts. We plan to determine whether DFC complied with applicable goods and services contract regulations, policies, and procedures that contribute to being good stewards of government resources, ensuring Federal programs fulfill their intended purpose, effectively spending funds, and safeguarding assets. In the second audit, because of DFC's dramatic growth<sup>8</sup> and the planned organization realignment, we plan to audit DFC's workforce planning efforts. We will assess if DFC is hiring the right people in the right places, how decisions were made, and explore current employee retention efforts. We will also review DFC's strategic human capital management as it positions the organization to be more effective and results-oriented by managing DFC's most valued resource—its people.

#### INSPECTIONS & EVALUATIONS OF DFC PROJECTS WORLDWIDE

DFC has a global reach and currently has development initiatives in four regions: Africa and the Middle East; Latin America and the Caribbean; Indo-Pacific; and Eastern Europe and Eurasia. DFC has also made investment commitments in Ukraine, which will likely increase in the future. To enhance our oversight efforts, DFC OIG intends to establish and mobilize an inspections and evaluations (I&E) program in FY 2024 to assess 8–10 DFC-funded projects around the world. We strongly believe that such a program is required to improve transparency and provide timely status of project progress and development impact as DFC's portfolio continues to grow. The I&E program will provide “boots on the ground,” giving DFC OIG the ability to provide real-time input regarding project status and effectiveness to help make timely recommendations for improvement and identify where administrative action might be necessary. The OIG's I&E program will incorporate lessons learned from our recent audit of DFC investments in India and we will also collaborate with DFC's Office of Accountability and DFC's Impact Management and Monitoring Division.

#### CONCLUSION

DFC has an important mission and makes significant contributions to promote economic growth, increase food security, build critical infrastructure, advance global health, and bolster connectivity in the developing world, while advancing U.S. foreign policy and providing financially sound alternatives to unsustainable and irresponsible state-directed initiatives. At the same time, in many parts of the world, extremism, instability, and open conflict make the jobs of development professionals working to achieve these goals much harder. Meeting these and other challenges requires serious commitment; a thoughtful, informed approach; and effective collaboration to curb risks and change course when necessary. DFC OIG will continue to be an independent voice and steadfast partner in helping chart improvements to U.S. foreign financial support, and I look forward to working with you in the years to come to ensure that we provide maximum value to decision-makers, stakeholders, and, above all, the American people.

I appreciate the opportunity to provide you with this overview of our work and our needs. My staff and I are always available to brief you and your staff and look forward to working with you on prioritizing future oversight efforts.

Senator COONS. Thank you, Mr. Nathan. We are now going to move to, probably, one round of 7-minute questions, and if there are members who persist, I will be happy to do a second round.

<sup>8</sup>DFC plans to have 700+ employees by 2025.

I wanted to ask, if I could, when we established the DFC in 2019 it was with a mandate to mobilize private capital in support of development goals and sustainable economic growth, to help further our foreign policy interests. Some of the stakeholders of the DFC want you to focus more of your attention on poverty reduction in less developed countries, while others are urging a shift towards critical geostrategic investments.

To what extent is this a zero-sum trade-off between poverty alleviation and strategic impact? Is that real, or is that a perception? And how are you ensuring the DFC is maximizing resources to deliver on the full scope of its mandate? How do you prioritize if this is, in fact, a real trade-off?

Mr. NATHAN. So the BUILD Act clearly gave us a dual mission to make development impact in the poorest countries of the world, and to advance the strategic and foreign policy interests of the United States. And I think we can do both. We can do both through all of our transactions.

Both elements of our mission are mutually reinforcing, I don't see them as contradictory in any way.

I see the two elements of our mission, as strongly reinforcing of one another. And you can see this through our projects. A project like I mentioned, Yilport, critically important from a strategic point of view to give Ecuador a deepwater port on the Pacific. It is important that we were there to finance that rather than our strategic competitors. But that project also produces 1,250 jobs locally, it provides connections to markets around the world for Ecuador which is a key to their economic growth.

So even a project that can be viewed as purely strategic has huge developmental impact, and the same is true in terms of the small and very important, highly developmental projects we do, that make a difference in remote communities, that helps with economic growth and stability, that is good for the United States, that is good for our interest.

Senator COONS. What I mostly hear when I travel to other countries, Senator Graham and I traveled to a number of countries in Africa together a few months ago, is they want more. They want more of the DFC, they want more of your leveraging American private capital, they want more of having an alternative to, as you put it, PRC investment that often produces too much debt and disappointing results.

There are legislative changes, that a number of us are advocating for, that would allow you to leverage funds more effectively. One would fix the equity scoring issue. The other would expand country eligibility, rather than just relying on World Bank income categories. A similar change is being considered for the MCC.

What would the impact of these two changes be? And could you provide some examples of equity investments you have had to have pass on which could have helped us geostrategically with countering the PRC, and with development, had the equity scoring problem been solved?

Mr. NATHAN. Thank you for the question. It is very clear that in the BUILD Act the expansion of our toolkit to include equity was one of the key elements of making us be able to be more forward-leaning on risk. Our predecessor agencies, particularly OPIC, were

constrained in their ability to take risk in projects, partially by the way that they were structured and funded, but also because they were unable to use equity as a tool.

That made it difficult to partner with our colleagues at other development finance institutions, with the G7 and other allies. And it meant that there were projects that were earlier in the life cycle, or in countries, low-income countries there is reasons why there is not robust financing markets on the debt side, equity is a more long-term, patient tool.

The way that I think equity, if we had the expanded ability to use it, would be valuable to our mission, in particular, we would be able to be earlier in projects, even infrastructure and energy projects, where we could support developers, help influence their choices of vendors and EPC contractors, other shareholders, or sources of finance to make sure they make the right choice.

You are right, when I travel I hear like you did, that people want us to show up, they are looking for diversity in their relationships, they are looking for a choice, but if we don't have an offering that fits their needs, we won't be able to offer that kind of choice.

I am struck that both the Millennium Challenge Corporation, which was an innovation of the Bush Administration, and approaches development with metrics, accountability, long-term goals, and the DFC whose principal goal is crowding in private capital and deploying the best of the American private sector, and delivering more transparent, more sustainable—are both funded at about a billion dollars, in a government, that in terms of our engagement with the world between defense, development, diplomacy, does hundreds of times more than that.

I am excited to have a chance to work with you and my colleagues in trying to fix the equity scoring issue. What would that fix do to your leverage, and your reach, and your scope?

Mr. NATHAN. Yes. So at the moment our ability to make equity investments, because they are accounted for on a dollar-for dollar basis, as if immediately, it is as if we lost the money, it is accounted for more like a grant than an investment. We are not able to get the kind of leverage that we do with our debt transactions.

On an appropriation last year, of \$500 million of program funds, we made \$7.4 billion of investments, but the amount of equity we could use was quite limited as a result.

If we had a bigger pot of equity we could look at making \$100 million, or \$200 million investments in precisely the kind of projects that I mentioned: big infrastructure, mining of critical minerals, energy projects, where we could be early and influence the direction that those projects are taking, as opposed to coming all the way at the end with debt financing.

Senator COONS. And just for those who may not be familiar with how the stacking and the structuring works, if you are equity, you help drive the deal.

Mr. NATHAN. That is right.

Senator COONS. If you are debt, you are the caboose.

Mr. NATHAN. With equity we would have a seat at the table, we would be able to be far more patient, we would be able to operate in environments that are more difficult, more complex, and riskier.

Senator COONS. Thank you. I appreciate your testimony.

My Ranking Member, Senator Graham.

**OPENING STATEMENT OF SENATOR LINDSEY GRAHAM**

Senator GRAHAM. Thank you, Mr. Chairman. Number one, a brief opening statement here.

If you are really serious about countering China, and we all are, you have to show up, you have to show up and offer to people in the world an alternative to Belt and Road. This program, the DFC, is sort of like the best thing we have going for us right now, and a billion dollars, it should be multiple times that, and what the Chairman is trying to do, and no matter who wins in 2024, we are going to be partners on this issue. Senator Shaheen has been great.

All of our colleagues up here sort of get, that you are not going to compete with China through a lens of isolationism. Why are we spending money over there? Well, because people over there affect the quality of life over here. If you want to stop illegal immigration, let us improve the quality life in places where people are coming from.

If you have forgotten 9/11 which was over there, I haven't. Taking your eye off the ball can really lead to a lot of money and lives being lost. So without some soft power, as General Mattis said, "You had better buy a lot more bullets", because if you don't show up and turn things around before it is too late, you wind up getting sucked into military conflict, or you lose influence in a world that China is trying to dominate.

So the equity aspect of this makes perfect sense to me, Mr. Chairman. The goal is to run this more like a business, we have the former Ambassador to Japan here. We are going to have to redesign and reimagine foreign assistance, the MCC, the DFC, the fragile-state approach, the food security conservation fund, where you are having the private sector put serious money involved, and the government partners up, is the only way to get outcomes.

So I want to applaud you, Mr. Chairman. You are trying to make this program more efficient, to get a better return on the taxpayer dollar and equity investment should be allowed.

I am worried about the World Bank income classification being our guide, taking areas of the world off the table that it is in our strategic national security interest to be involved in. It should be about what is best for us, it is not what the World Bank does in terms income ratings. So I would like to change that.

To my colleagues here, don't tell me about how tough you are on China if you are going to let Ukraine fail. You are not. If you don't see the need to support Ukraine, related to China, you are missing a lot. Don't tell me we are going to be tough on China if you don't have something like the DFC to compete with a Belt and Road Initiative.

So this subcommittee I think has done really good work in this space. President Bush started it, President Trump continued along these lines, even though he cut the account dramatically, these are one of the programs he saw value in, and I want to support President Biden's effort to grow the footprint here.

So the bottom line for me is that this is a program worth investing in at a higher level, taking some of the limitations off the pro-

gram to get maximum benefit, should be our goal in 2024. And I will end with one question, basically.

Mr. Nathan, is China your chief competitor in the spaces that you deal in through the DFC portfolio? And what would happen if this program went away, vis-a-vis China's ability to influence the world at a greater level?

Mr. NATHAN. Senator, thank you for the question. And thank you, especially, for your comments before that. I wholeheartedly agree with what you said.

So it is clear, in the markets where we operate, China is the major actor, the major source of finance, through the Belt and Road Initiative, through their development banks, the offering of finance at terms that often end up creating problems for the countries down the road that accepted them. It is clear.

You can't blame countries for looking for financing to build their economies, and support the infrastructure in their countries, but it often comes with strings attached, or is inappropriate, poor quality.

What we do at DFC is different than what China does. There are there are many reasons for that. The first is we support the private sector. I am a strong believer that the best engine for alleviating poverty around the world is a robust economy, and a robust private sector.

We also adhere to extremely high standards. We are offering projects that countries want, that are appropriate for their local conditions, and their laws, that have passed through very important screening for labor conditions, environmental standards, for know your customer, we care about corruption.

These are things where we offer something, not only that is a choice, but that is different, and I believe is better. And if we weren't on the playing field, I hear this all the time when I travel, that countries are impatient, they obviously are looking to support the welfare of their people, but they want a diversity of relationships.

Senator COONS. Thank you, Senator Graham.

Senator Shaheen.

Senator SHAHEEN. Thank you, Mr. Chairman, for holding this hearing. And to you, Mr. Nathan, thank you for being here, and for the work you are doing every day.

I share Senator Graham's sentiments about not limiting where we invest to just those countries that are designated by the World Bank, because there are places that both need investment and have strategic interests for the United States.

One of those areas, I would argue, is the Western Balkans which I have been focused on for a number of years, and one of the places where I think we should consider opening a DFC office, somewhere in the region, because of its significance, both for a Europe that we want to see whole, free, and at peace, but also because it is an area that is ripe for interference by both the Russians and the Chinese.

And one of the examples that I have here is from Montenegro, which signed a nearly billion-dollar Belt and Road deal with the China Road and Bridge Corporation, with funding from the Export-Import Bank of China, to build a road that would have connected the north and south of the country.

[Poster on Display.]

Senator SHAHEEN. Now, you can see the current status of the project in red, that is where the project is completed, but the blue parts highlight the still incomplete sections of the project, and I think this is a poster example of what you were talking about in your opening statement about the limits of the PRC's investments.

Sadly, despite the fact that this project has not gone forward as it was supposed to, Montenegro has now signed yet another infrastructure deal with China. That happened in March when the government signed a deal worth \$59 million with the PRC Consortium to build a new road.

But it is my understanding that there were no U.S. or European firms who submitted bids. So can you talk about why that would have happened? That there were no other viable offers from the U.S., and what lessons we should take from this kind of situation?

Mr. NATHAN. Thank you Senator. Well, I don't know the specifics of why the tender in Montenegro failed. I think I can generalize to the kind of situations that I see in many of the countries where DFC operates. You know, we focus on the private sector, so the projects that we fund need to be commercially viable, need to offer an opportunity for a return from the sponsors where we would provide debt financing or, potentially, make an equity investment.

And I think what frequently happens in these government projects that are then tendered, is there is an opportunity—and I don't know in this particular case—but in general, there is an opportunity for corruption, for projects that don't really fit the needs.

What happens when Chinese firms come in is frequently, they use their own workers. They end up burdening the country at the sovereign level with debt that is difficult to manage. We are avoiding that by focusing on the private sector and viable projects. And I heard yesterday about a—you know, a South American country where Huawei had built the 911 Emergency Call System that needs to be rebooted every 4 hours, and so it goes offline for an hour, all the manuals are in Chinese, and the country can't use it, so they are launching a new tender.

I am hopeful that American companies will step in, that companies from allied countries, and our partners will also step in, in order to provide these services. But it is true, particularly when I am in Africa, one of the things that you rarely see are U.S. companies that are there to compete, and that I think is a broader issue, but one, I would love to see EPC contractors, the firms that build infrastructure, be more broadly representative of America and Europe.

Senator SHAHEEN. I agree. And one of the things we have got to do is to remind those countries that are looking for investments, the trap that the PRC can create for them as they did for Montenegro.

Last year, the DFC announced a deal to provide up to 300 million in financing to the Three Seas Investment Fund, which is supposed to invest in transportation, energy, digital infrastructure in Central and Eastern Europe. It is my understanding that despite the strong bipartisan support for this investment, that negotiations have still not been finalized; can you give us an update on where those are, and when you expect them to be completed?

Mr. NATHAN. Yes. Thanks for the question. So I was delighted last year, I think it was in June, to lead the U.S. delegation to the Three Seas Initiative Summit, the Three Seas Initiative is incredibly important in terms of strengthening our partners and allies in Central Europe. It is about economic connectivity, something that I am a strong believer in.

At that conference we announced that we would be making a commitment to the fund. We are already working with the fund and throughout the region to find investments that we can make directly. We are in the final stages of negotiation with the Fund Manager for that fund. There are still some sticking points in the negotiation that are important from our side in terms of protecting the taxpayer interests in how the fund is structured, but you know, I am hopeful that we can get that fund across the finish line in short order.

The bigger picture is this is a Europe where—this is a region where we are actively looking for projects. The European Energy Security and Diversification Act authorizes us to focus on energy infrastructure, and we have some very good projects in the pipeline, and have already made a few in the region.

Senator SHAHEEN. That is good to hear. One of the other areas, I chair the European Affairs Subcommittee of Foreign Relations, and so that is where I have been mostly focused. And one of the other areas I know that is ripe for investment is telecommunications, and we hear particularly from Eastern European countries about their interest in getting investment to help them so that they are not reliant on China or other countries for telecommunications.

Is the DFC currently involved in any telecommunications projects in Eastern Europe?

Mr. NATHAN. So in the high-income countries of Eastern Europe, which is the vast majority of them, we are not currently authorized to work on telecommunication investments.

Senator SHAHEEN. I actually have legislation that I introduced in 2022 that would authorize the DFC to invest in those kinds of telecommunications projects, because they are so critical. So hopefully we will revisit that legislation.

Thank you, Mr. Chairman.

Senator COONS. Thank you to my colleague, Senator Shaheen, both for the way that you bring your experiences, and strengths, and skills, across several different committees, but also your persistent focus in a critical part of Eastern and Central Europe. It is greatly appreciated.

Senator Hagerty, we very much look forward to your questioning.

Senator HAGERTY. Chairman Coons, thank you very much for your remarks. I think that all of you will find that I am in violent agreement with everything that has been said, and I look forward to working with you on making some continued improvements.

And Senator Shaheen, I could not agree with you more about the criticality of telecommunications infrastructure, particularly given the difficulties that we have had with Huawei, ZTE, and others that are trying to invade the entire 5G infrastructure system.

I would like to just step back for a moment, Mr. Nathan. I think you know a little bit of the history, but for my colleagues, I would like to share the fact that I have some parental pride in what you

are doing, because the design of what has now become the Development Finance Corporation was something I was deeply involved, and as we transform from the old OPIC, to what you are leading right now.

And at that point, we made some significant modifications in terms of what you are allowed to do, equity investment for example. I don't think any of us, particularly people with business background imagined that we got it exactly right, but I think that what we would hope to see is the ability to continue to improve. As you learn, as you try to deploy the funds that we have given you, and finding rules that will help make you more and more effective, so I am glad that this conversation is happening right now, in terms of how we can get it done.

I will see another critical aspect of having the ability to improve, is having individuals like yourself who have the relevant private sector experience, and know-how to invest. And I think we benefit from your experience, your predecessors like Adam Boehler, and Ray Washburne, having that type of business DNA makes your organization much more effective. And I think it makes us much more inclined to work with you to improve the various parameters that you have been given to operate, so that you can become even more effective.

One thing that you mentioned; is that the best recipe for alleviating poverty—and I don't want to put words in your mouth—was a robust economy and a robust private sector. And I would just add to that, that it is also the best means to ensure economic security and national security, when we have both of those elements.

I hope that you will have that emblazoned, and put on the wall there at the Development Finance Corporation, because I admire your words and agree with them, with that slight addition.

I would like to step back and share just some observations from a trip I recently took, and I think I spoke with you before I undertook the trip to Chile, to Uruguay, to Colombia. I just left, this morning, a conference, an ASEAN–U.S. Business Council Conference, everywhere we go talking to leaders, we realize something very basic. They are trying to recover from the devastation of the coronavirus pandemic. Their economies are facing serious headwinds, their debt burdens have increased, social upheaval exists everywhere, frankly, crime is up in each of the countries that I speak with.

These are very real challenges. And you have got countries that are operating at the bottom level of Maslow's hierarchy of needs. They are trying to put food on the table right now. And as I look at the DFC Investment Portfolio what I see are a number of projects that are oriented toward lofty goals but, you know, with ESG parameters on them, we are investing in, you know, billions of dollars in climate change projects, solar panels that require endless government subsidies, we are even doing a project in South Africa on equitable taxi transportation.

So I am trying to understand how you prioritize projects, particularly given the competitive environment that we are in. And this has been mentioned, I think, very clearly. We are competing every day, you have acknowledged who our top competitor is, and that is the CCP, how do you prioritize these projects?

Mr. NATHAN. Well, thank you for your comments and for your question, Senator. So we have been engaged in a process at DFC of thinking about, now that DFC is fully launched its 3 years into operation, about how to refine our statement of priorities. And I mentioned them in my testimony, it reflects the areas that we have been working in, and I think they are broad and enduring enough that from administration to administration they should be in place.

That is, infrastructure, energy, health care, agriculture and food, and support for small business. This is the five areas, that if you look across our portfolio, it is 85–90 percent of the activity that we do, and it should be where we are focusing our business development efforts, our client management efforts, trying to bring our whole toolkit of solutions to clients in that area, to make a difference in infrastructure, energy, health care, food and AG, and small business support.

Senator HAGERTY. Well, I think that the countries that we are targeting to partner with, will be most receptive if you focus on the very basic deliverables here, and the aspirational projects that may have some benefit at the higher levels of Maslow's hierarchy, I think should be reprioritized. I just want to get that point across.

The second point has been emphasized earlier before, and that is the utilization of income-based criteria for the countries that you work in. I had a very frustrating conversation with the President of Uruguay who really wants to work with us, yet our rules make it impossible for him to do so. So his only alternative is to, as he told me, is to turn to China.

And I think it just underscored for me, the need to take a fresh look at this, and if you have any further comments on what we might be able to do in that regard, I would appreciate it.

Mr. NATHAN. Well, thank you for the question. The BUILD Act gave us eligibility to work in lower-income countries, lower- middle- and upper-middle income countries, and that is by income classification from the World Bank, a categorization that the World Bank doesn't even use for their lending.

What we think might make more sense is a categorization based on the World Bank lending categories, which can take into account countries that haven't yet graduated, that haven't yet found the way to get to a position where commercial finance is the only option.

Senator HAGERTY. Well, I think that—

Mr. NATHAN. If we went to that category, Uruguay would become a country that we would be able to operate in.

Senator HAGERTY. I think we will look forward to working with you on taking a more strategic view, as opposed to sort of a dogmatic income approach.

There is one last thing I would like to—just a comment I would like to have you take a look at it, and get back to my team, if you might. And that is to take a look at the Hanjin Port at Subic Bay in the Philippines, that project. I was deeply involved in that project in my previous role as U.S. Ambassador to Japan. I learned that CCP-affiliated entities were about to buy that shipyard out of bankruptcy. We were able to change that dynamic, put a U.S. private-sector company in play for the equity component.

The DFC was not able to play as I had imagined they would be able to play. And if you could just take a look at that project, with your business perspective, and could get back to me and tell me what might have changed, if your toolset had been different, that would have allowed you to play; if I am asking that in a way that makes sense?

I would really like to just take a hard look at that one lesson I am very, very familiar with, and understand how an improvement or a modification of your tools could have allowed you to play a more effective role.

Mr. NATHAN. I definitely will do that. Sea ports are an area of real emphasis for us, shipyards too. We just did a deal in Greece, we did a ship—a seaport in Ecuador, and we have a couple projects in our pipeline that I hope to be able to announce publicly later in the year that fit exactly the kind of strategic and developmental elements that you just referenced.

Senator HAGERTY. Thank you. I look forward to hearing back from you.

Senator COONS. Thank you, Senator Hagerty, for bringing your previous experience and insights, both regionally and sectorally, to the questioning today.

Senator VAN HOLLEN.

Senator VAN HOLLEN. Thank you, Mr. Chairman. And welcome, Mr. Nathan.

I want to start by associating myself with the comments the Chairman made at the outset, and the comments that the Ranking Member made at the outset. And I am very concerned about what we saw emerge from the House of Representatives yesterday in terms of their 302(b) allocations for SFOPS.

In my view that represents a retreat around the world at a time that we need to be more engaged, not less engaged. And I hope that—I know this Committee has had a bipartisan history in terms of recognizing America's role in the world, and the need to use all of our tools to engage around the world, especially when, as you have said, we are competing around the world.

We have a good product to offer. China's investments often come with strings that result in bad things happening to those countries. But you can't do this on the cheap, and you can't do it with rhetoric and no resources. So it is going to be really important that we move forward, including the DFC.

I want to commend the Chairman, not only for his role in establishing the DFC, but the legislation that I am proud to co-sponsor to fix this budgeting issue. It is absolutely nuts to account an equity investment as a PEER Grant, nobody in the private sector would think that makes any sense. And since these investments are appropriately public-private partnerships, we want to make sure that our dollars can travel as far as they can, and we are essentially handcuffing you in the DFC when we place that limitation through the Budget County Rules.

I am pleased that yesterday in the Senate Foreign Relations Committee I chaired a nomination hearing for someone I hope will be your deputy, Nisha Desai Biswal, I hope we can move that confirmation forward as soon as possible.

Let me ask you, Mr. Nathan, about the issue of critical minerals, and what role the DFC can play in this area. I appreciated our conversation after you returned from a visit to the Indo-Pacific, including Indonesia. But right now we know that we are way behind the game when it comes to critical minerals.

China has secured access to lots of critical mineral deposits around the world, and is the world's largest processor of critical minerals, and the world's largest manufacturer of batteries for EVs, which is going to be a very important part of our future, and our future competitiveness globally.

So can you speak to what kind of projects, investments the DFC has when it comes to securing our supply chain for critical minerals?

Mr. NATHAN. Thank you for the question, and thanks for chairing yesterday's nomination hearing.

So we are the owner of about, I think it is about, 12–13 percent at the moment of a company called TechMet Limited which is a U.S.-aligned platform for investing in the mining of critical minerals. We made an initial \$25 million investment; we have made a follow-on \$30 million equity investment recently, so that they could pursue cobalt and nickel mining and processing in a more efficient way than the standard of the industry, in Brazil.

We are going to have some follow-on projects with them elsewhere in Africa, focused on rare-earths, and other minerals, those two projects that we are currently working with them on.

This is just an example with the difference that equity can make. In these kinds of projects the ability to make equity investments made them possible. We wouldn't have been able to—at the early stage that we were involved, be able to use debt.

But we are looking beyond just this relationship, there is a whole series of projects in other rare earths, in critical minerals, in the manufacturing of batteries, and even in graphite, we hope to be able to announce a deal later this year in that regard, graphite being a critical component of being able to manufacture batteries.

This supply chain, you are right, is already very much dominated by PRC entities, but we have to begin chipping away at that, at the mining, at the processing, at the manufacturing level.

Senator VAN HOLLEN. Well, I appreciate it, and I think right now you—you know, you are you are hamstrung a little bit in terms of the rules, because I think we need to do more than chipping away. I mean, I think we need a surge effort in this area. And I look forward to following up on the conversation we are having here.

I worry that we, the United States, and even our allies are perceived in some cases of over-promising and under-delivering. The President and the G7 announced the partnership for Global Infrastructure Investment with the goal of investing \$600 billion in, by I think the year 2027, approximately.

Can you talk about the DFC's role in that effort, and the extent of resources that you are investing at this time?

Mr. NATHAN. Yes. So the areas of priority for DFC dovetail very nicely with the Partnership for Global Infrastructure Investment, and the effort that the G7 is making.

Last year, out of our \$7.4 billion of transactions \$5.2 billion of those qualified as PGII projects. This is helpful to have this more

whole-of-government effort with our interagency partners, but beyond even the U.S. Government, our G7 partners are critical in helping amplify the amount of capital available for the kind of private-sector investing that we do.

Under PGII we have made a great deal of effort to coordinate with our counterparts in the G7, and more broadly amongst our allies, particularly in Europe and in Asia. By working together we can create greater efficiency, bring more resources to bear on these projects, and really chip away at what is the thing that we hear, I hear constantly that DFC needs to do more, and do it faster. That is our effort. And this is a helpful part of that.

Senator VAN HOLLEN. Well, thank you. On the “do it faster” part, any suggestions you have as to how we can be helpful to you in that, or whether it is internal to the Executive Branch process? I would welcome any suggestions on that front. Because I think moving quickly is obviously very important in this global environment.

Thank you, Mr. Chairman.

Senator COONS. Thank you, Senator. And thank you for your persistent interest and engagement on this issue, and on the balance between development and strategic priorities.

Senator BOOZMAN.

Senator BOOZMAN. Well, thank you, Mr. Chairman, and thank you and Senator Graham for holding this very important hearing.

We appreciate you, Mr. Nathan, for being here and all that you are doing. You have got a big job. I know in your testimony, you mentioned that the DFC has surged its efforts in the food and agricultural sector, food security is national security for all of our countries, and that you continue to actively look for more viable projects to support.

Can you tell us what types of projects has the DFC supported in improving food security in developing countries?

Mr. NATHAN. Thank you for the question, Senator. Particularly after Russia’s illegal and brutal war on Ukraine, the issue of food security, globally, has become even more critical and highlighted. It has been one of the reasons why we have surged our effort, had a special focus on it.

Our projects are often small in this area, because they are targeted at smallholder farmers, at rural communities, at finding ways to bring products to market more quickly, eliminating layers of middlemen. We have invested in companies that provide technology and financing to smallholder farmers. We have made investments with banks that then target their lending activity toward farming and agricultural businesses.

I visited, when I was in Georgia, in the Republic of Georgia, I visited cold chain supply—cold chain logistics companies that help—that we have invested in, that help products—produce not spoil and get to market more quickly. I think there are a range of things we can do in aquaculture in Asia, and in other activities, focused on really bringing the farmer more directly to market.

Senator BOOZMAN. Very good. That is so important, you know, things, little things that are huge things getting countries, the regions at just the world food price, you know, as opposed to not having the competition, you know, it is so important.

Mr. NATHAN. If I could add. Even something like our investment in Yilport, and Puerto Bolivar in Ecuador, a Pacific deepwater container port, that has a food security element to it, because that helps Ecuador be more efficient in exporting bananas, and their—you know, their primary agricultural commodity to the rest of the world; so infrastructure is a critical component to also helping to promote food security.

Senator BOOZMAN. Right. Very good. Speaking of infrastructure I know that DFC is focusing on working with the private sector to promote infrastructure investment in an effort to offer a good alternative to Chinese predatory lending, can you elaborate on the specific actions the DFC has done to reduce Chinese predatory lending in developing countries, and what it intends to do moving forward?

Mr. NATHAN. Senator, we need to show up and offer a choice. That is the best way to compete. If we have a flow of deals, if we have the financing tools available to us, if we have the workforce and capacity to process those deals quickly, and to generate more deal flow, and deal with clients, that is how we are going to be able to properly compete with China.

I can think of some recent examples of investments that we have made that are helpful in that. Our Board approved earlier this year our financial support for the expansion of an airport in Sierra Leone. Sierra Leone is one of the poorest countries in the world, anything we can do to help connect them to their region, to the world, to help their economy.

We are also financing the building of a power plant in Sierra Leone. This is a country with an extremely low level of electricity penetration. That is a key to development. At the moment the capital city, Freetown, is dependent on diesel generators on a barge that are owned by a Turkish businessman. It is unreliable, it is inefficient, it is unhealthy. By financing the construction of a power plant we are helping them have greater energy security, and promote development.

Senator BOOZMAN. In the 2024 budget, the State Department has a lot of money for infrastructure, ports, things like you are describing; do you all work together?

Mr. NATHAN. Yes. We work very closely with our interagency partners. The Secretary of State is the Chair of our Board. We rely on posts around the world to help us with sourcing deals, with the vetting of our partners, with our Know Your Customer rules.

The State Department helps us with thinking about certification for the strategic importance of our deals. And like with all of our interagency partners, USAID, the Treasury Department, Commerce, we work closely to help get our projects through the process more quickly, and to generate as many good ideas as we can for potential future transactions.

Senator BOOZMAN. And as far as critical, critical entities like biotechnology, do you—are you emphasizing things like that? Or how does that work?

Mr. NATHAN. So one of our priority areas is health care, helping developing countries build more resilient health systems, is an important element of that, that can include therapeutic clinics, but it can also be involved in the manufacturing of vaccines, or pharmaceuticals, the distribution of medicines to rural and underserved

communities, those are the kind of opportunities that we are looking at.

Senator BOOZMAN. Very good. Well, thank you. We appreciate you and your staff's hard work.

Thank you, Mr. Chairman.

Senator COONS. And thank you, Senator Boozman, thank you for your great partnership, and development work in Africa, and around the world, over now so many years together. I think we have done this 13 years together.

Senator BOOZMAN. A long time.

Senator COONS. It is hard to believe, thank you for coming today.

If I might, while we wait to see if there is one more member who wants to join us, I am going to ask a few more follow-up questions. I am specifically interested in vaccine production, one of the things that was striking to me about the arc of the global pandemic was that we faced a moment where vaccine nationalism emerged, and a number of countries, in Europe, and the United States, prioritized the development of abundant available vaccines for their own population before meeting pledges that had been made to the developing world, partly because of developments in India.

But it opened a critical window where both China and Russia offered vaccines that were less effective, on complex terms that were often not favorable to the recipient country, and there was a 6- to 9-month period where I received dozens of pointed, and sometimes desperate calls from heads of State pressing for access to vaccine technology.

Vaccines are an important part of human development, and public health. We are also likely at some point in our lives to face a comparable global pandemic. I am wondering what initiatives have been taken to provide some investment or financing, or whether that it is credible, in places around the developing world so that there is a more distributed global network of vaccine manufacturing?

Mr. NATHAN. Thank you, Senator. DFC, this is before I was there, but DFC pivoted and directed a huge amount of energy toward responding to the global pandemic, that did include supporting efforts for distributed vaccine manufacturing in Senegal, in South Africa, and in India.

But now that the current pandemic has seemed to fade from the top of people's attention, we can't divert our focus from preparing for the next pandemic. Part of that is building resilient health care systems, and just the underlying development of countries I think is critical to that.

But specifically on vaccines we are looking at broadening some of the investments that we previously made to be beyond COVID-19 response vaccines, but instead be funding available for a broader approach for the basic sort of health of societies for children, and for development.

We worked with, Gavi, The Vaccine Alliance, we provided them with a revolver in order to place orders for vaccines prior to donor nation commitments coming in. And we are working with them again to think about how to reimagine that relationship to be broader in the way that you exactly referred to.

Senator COONS. I would appreciate your keeping up with me on that development. One of the things we imagined when writing the BUILD Act, was that having equity investment capabilities, would also improve syndicating capabilities, partnering early stage with DFCs from the Nordic countries, from Japan, from South Korea, from our European partners; how is that proceeding? What are the limitations on it? Are there any additional supports you need either for the interagency or in terms of refunding, or legal authorities that would help make that real?

Mr. NATHAN. It is clear that that was one of the goals behind the BUILD Act, and we have worked hard to fulfill this. And I think we are doing a good job. There is a lot of work ahead though. Part of that is direct coordination. We have had numerous meetings with our counterparts at multiple levels, my level and at staff level to find ways that we can get efficiencies on due diligence, on deal sharing. This has been a productive activity.

There are some examples of specific frameworks that I think could produce great results. One is focused on Ukraine, and I don't want to get ahead of an announcement but we announced in Japan, during the G7, a collaboration between EBRD, DFC, and the other DFIs in the G7, and I think there is opportunities to broaden this out.

Another is a deal that I mentioned in my opening statement, which, along with our Japanese and Australian counterparts, we were able to fund the acquisition of digital assets in the South Pacific. These assets had received an unsolicited offer from a Chinese firm. It was important to the Australians, and as a result, clearly strategically important to the Japanese and to us, to support that effort.

I think there is a lot more things like that we can do, it includes also some of the MDBs, so we are working closely with Inter-American Development Bank, with the EBRD, and others, to find ways to share deal flow, to get more efficiencies, and make greater impact.

Senator COONS. As there is more and more conversation and there have been some actions to revise the World Bank, its risk tolerance, its structure, its prioritization, similarly in the IMF, I will be interested to have you keep me and others on the subcommittee up to date about that work in terms of the syndication.

Two other quick questions, if I can, then I will turn to my friend and colleague, Senator Merkley. I think countering corruption is an absolutely critical part of what you are doing. I would welcome any input on how the offerings that you are making allow leaders in developing countries to not just have more transparency, better labor standards, better technology and skill transfer, but to push back on corruption, and what other supports, or partnership you need from either State Department, more broadly, Federal law enforcement, the private sector, to strengthen that piece of what you are bringing to the table?

Because often the conversation about a large infrastructure project in a foreign country is complex, and there are some elements of a government that stand to benefit politically and professionally, and others that may stand to benefit personally. And those are very fraught conversations for a potential bidder, an

American contractor to engage in, and it requires subtle and complex conversations. How are we doing at bringing the best of your capabilities, in terms of countering corruption, to the fore?

Mr. NATHAN. Thanks for the question. I believe that our adherence to high standards is one of our competitive advantages, actually. I think you are exactly right, that by having a commitment to high standards, labor, social, environmental, and integrity standards, it gives countries an opportunity to fight corruption, to highlight the problems they have, to contrast a difference.

We work closely with post, our colleagues at embassies are critical for helping inform our work, on many questions, but particularly this one. We work closely with the intelligence community for our KYC, our Know your Customer, and other due diligence activities for vetting our potential partners. We have very high standards, and occasionally that means we have to pass on a deal, but more often than not it means that we are able to improve the structure of a deal, the partners we deal with, and provide an example in the countries where we operate, where working with the private sector, we can really set the tone in the way that you said.

Senator COONS. As we approach the fifth anniversary of the DFC next year, I am interested in how you monitor that. Our ability to go around the world and say: We have got this great new tool, it has got great resources, it is delivering—is going to be tested. Folks will look back at some of the projects that have been financed and say, did they in fact meet, higher labor standards, higher skilled transfer, and higher transparency?

How are you monitoring the outcomes of projects? And as you know, unfortunately, all too often in looking across a big portfolio, critics or the media are inclined to pull out one or two out of hundreds of projects that may have failed to meet the projected goals. How are you monitoring the actual implementation on the ground over these 5 years?

Mr. NATHAN. Yes. Well, I think you are right mistakes do happen, and we need to be prepared to handle them well. That that is what makes the difference, right, by being open and transparent, by having process internally and externally for dealing with that. That is the key to mitigating the damage that a mistake, or some future problem could have.

You know, this is one of the things that the resources, that this committee has provided us with has really helped bolster. Our Office of Development Policy is actually the biggest area in DFC. That is where our investment monitoring takes place. We don't just need to do screening and analysis of the development impact, and all of the various standard concerns we have before making the investment, we need to stay engaged and measure in precisely the way that you are mentioning.

And when things happen, if we didn't catch them, we still need to have a mechanism whether it is our public accountability mechanism, our openness with our Office of Inspector General, or other channels with our interagency partners, to make sure that when deals go in a direction that we wouldn't have wanted, that we handle that as effectively and proactively as possible.

Senator COONS. I look forward to staying in touch with you about that, because anyone who has supervised a large portfolio project

knows there is always a tail, there is always a few that go sideways. But as you said, exactly, how you monitor, how you respond, and then how you change policies and practices are critical.

Senator Merkley, thank you.

Senator MERKLEY. Thank you, Mr. Chairman. And thank you, Mr. Nathan for coming and sharing your insights.

I want to focus on the DFC's role in supporting fossil fuel projects. The report from April 2021 through March 22 had \$217 million directed towards fossil fuel projects; when is DFC going to quit financing all fossil fuel projects?

Mr. NATHAN. Senator there are situations where the funding of fossil fuel projects is within our mandate. For example, in response to Russia's brutal war on Ukraine, and under the European Energy Security and Diversification Act, we have increased our effort to find projects in Central Europe that help with energy security.

We provided \$400 million in political risk insurance to an entity that is providing gas in Moldova so that they can diversify away from their dependence on Gazprom. This is in response to the emergency situation that Moldova was in because of the war in Ukraine.

Furthermore, and I referenced it earlier, DFC is currently financing the building of a gas-fired power plant the small one, 83 megawatts, in Sierra Leone, this project is highly developmental in a country that is incredibly poor, where providing access to electricity is a critical component of development. And while the major emphasis for DFC in providing access to electricity is in providing renewables, solar, geothermal, wind, we are looking at many nuclear projects, in some circumstances where there is no alternative and a highly developmental situation that can help bring a country out of poverty, we will still consider those situations.

Senator MERKLEY. Yes. Well, I would suggest that you are missing the bigger picture. The amount of fossils that can be burned by humankind across the globe, and keep us below 1.5 degrees centigrade, is microscopic now. And all the identified projects around the world already account for more than two times the amount that can be burned and keep us below 1.5, and 40 percent more than will keep us below 2 degrees.

And yet here we are continuing to promote one project after another. For example, DFC is supporting the LNG Pipeline and project in Vietnam, the DFC supporting the project in Mozambique, and supporting intermediaries that are supporting fossil fuel projects, and I think it was called the Three Seas Initiative.

So here we are in a situation where my State is burning up, we have a national Paris commitment, we have a notional understanding that we need to get zero, we are building more fossil fuel projects, and yes, I certainly understand that you can create jobs in the fossil fuel world, but I recall this conversation with the Energy Minister in New Delhi, and this occurred during actually a trip that Chris and I were on together, and I did a little side trip to meet with him.

We had had a conversation with the legislators from India at the Paris talks in 2015. And he was intent on developing some 40 new coal plants, and the gist of it was, I asked him what does it cost

for a new kilowatt hour of coal? And he said: Seven cents, about seven cents.

I said, how about for a new kilowatt hour of solar energy? And he said: About two to three cents. And I said: And those costs don't reflect what is outside your window? And he looked outside his window but he couldn't really see anything because of the pollution from burning coal. And you take into the health impacts, then the discrepancy was not seven cents versus two cents; it was some much larger number.

And so the world is at this crisis point, and yet the DFC is doing exactly what we have to not do. And there seems to be a philosophy deeply embedded in the organization that somehow fossil gas is better for the climate than fossil coal, and that is simply, scientifically, untrue.

In its lifecycle, because methane is such a heat collector, it is as bad as coal. Now, it is a very powerful organization, the fossil fuel world, but we have the biggest challenge ever presented to humanity in terms of the devastation we are doing to this planet, and the DFC has blinders on, and is continuing to support all these fossil projects.

And there may be super-rare exceptions, but even in a situation where there has been war, it is an opportunity to rebuild, not on the old model, but on a new model, a new model of renewable energy with wind and solar, and in other places, for example, in the Rift Valley of Africa, tremendous opportunity for geothermal.

So DFC could be a leader on the pathway the world has to take, or they can be anchoring us to exactly the wrong strategy that that puts us deeply invested in fossil gas, for a generation to come. That is my concern. I really think it is time to say that DFC has to rethink this strategy doing far more harm than good. And think about how those rising temperatures are devastating our coastlines, devastating our forests, devastating our groundwater, producing more powerful storms, devastating cities across America.

All those are impacts that have to be taken into account too. And those facts, by the way, are not just in America, they are all over the world. And if we talk about development in Africa, the expanding drought and climate impacts in Africa are having enormous impact. The climate impacts in Central America are a major driving force of loss bean and corn harvest, driving people in the cities, where people cannot find work, where they are subject to drug cartels, and they are coming north to our border.

And so while it may look like creating some significant number of jobs here, or solving a short-term crisis there, it is really time to rethink this underlying strategy.

Mr. NATHAN. Thank you, Senator. I think our area of disagreement is actually pretty small. I think there is a large agreement between us, of finding ways of addressing the climate crisis is a priority for DFC. Last year we did \$2.4 billion of climate-linked investments.

Last week our Board approved \$144 million loan to a company in Ecuador, called Solar Aromo to build a 200 megawatt on-grid solar plant that will be the cheapest electricity in Ecuador.

So I completely agree with you on that. We are engaged in diversifying the solar panel supply chain for manufacturing, from PRC,

so that it is easier to do development of solar projects. Even in Ukraine we are currently considering providing political risk insurance to a number of wind projects which, when I was there, I have been there several times this year, these projects are still under construction in the western part of the country.

So this is a huge emphasis from e-mobility, to geothermal, wind, solar, nuclear for us. It is the rare exception that you mentioned. Some of the projects you mentioned I think are not actually projects that we are doing, there is no LNG pipeline in Vietnam that DFC is financing. The Mozambique project was initiated in 2020. Our major emphasis is in the areas that you mentioned, and it is——

Senator MERKLEY. Well, let us talk about Vietnam for a moment. The Saigon Times reported, January 14, 2023, that the U.S. International Development Finance Corporation were going to help Vietnam's decarbonization by financing transition to LNG. And while the details were not published, that the assumption is that supporting the Chan May LNG project, a 4,000 megawatt gas-fired power project, the energy transition partnership, found that Vietnam can transition to clean energy without any new LNG development. Transitioning to LNG is not decarbonization.

Mr. NATHAN. Yes. So I don't know what that article is referring to. I mean, I just have to be frank about that.

Senator MERKLEY. Okay. We will explore that, and see if that was a typo in the article, but it is the type of thing that certainly concerns me. Thank you.

Senator COONS. Thank you, Senator Merkley. And thank you for your persistent engagement on critical issues that matter to all of us.

Thank you, Mr. Nathan. I appreciate your testimony today. I look forward to staying in close touch. You have had a wide range of questions from a wide range of Members of the subcommittee, which I hope reflects the degree of interest. Across many of us the common theme is that we want to see the DFC succeed, and be strategic, and be effective, and help with development, and help with the United States' overarching strategic goals. So I look forward to continuing our conversation and appreciate your valuable input.

This hearing, the record will remain open for written questions until 5:00 p.m., on Wednesday, June 21. And with that, thank you.

#### ADDITIONAL COMMITTEE QUESTIONS

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

#### QUESTIONS SUBMITTED TO THE HONORABLE SCOTT NATHAN, CHIEF EXECUTIVE OFFICER, U.S. INTERNATIONAL DEVELOPMENT FINANCE CORPORATION

#### QUESTIONS SUBMITTED BY SENATOR JEFF MERKLEY

*Question 1.* What steps has DFC taken to implement its timeline for reaching net zero emissions by the year 2040? What will you do to ensure that the DFC ends financing for fossil fuels from all sources, including financial intermediaries, as well as midstream and upstream fossil fuel projects?

*Answer.* As potential investments are driven by market demand on the ground, DFC expects the net emissions of DFC's portfolio to decrease as the proportion of

mitigation, resilience, and adaptation investments in DFC's pipeline increases and as it potentially supports more investments that sequester carbon from the atmosphere, including forestry and agriculture. DFC can support a diverse set of technologies on a case-by-case basis with an eye towards significant developmental and strategic benefits. However, DFC believes that the commercial viability of nature-based solutions will increase, allowing the Corporation to scale its financing in zero and negative emitting investments.

DFC has seen demand for its support in the alternative energy sector increase since its establishment. For example, on June 6, DFC's Board of Directors approved a \$144 million loan to support the construction of a 200 MW solar photovoltaic power plant in Ecuador, which is expected to be amongst the lowest cost electricity in the country. This investment will be the first large-scale solar power project in Ecuador, demonstrating the financial and operational viability of solar investments in the country.

*1a.* Can you share background information on the projects that DFC is counting as contributions to climate adaptation? (i.e. basic project background, amount of DFC support that advances adaptation, amount leveraged for adaptation, etc.).

*Answer.* In Fiscal Year (FY) 2022, DFC committed \$393.75 million to 11 investments with adaptation and resilience interests.

Examples include:

- MCE Empowering Sustainable Agriculture Fund LLC (DFC \$10 million, all source funding \$40 million): This debt fund is providing financing globally to agribusinesses and rural farmers, improving long-term food security in lower income countries.
- Leap Agri Logistics in India (DFC \$6.7 million, all source funding \$8.9 million): Greenfield loan to construct modern, resilient grain silos leased to Food Corporation of India to deliver on their food security mission and reduce food loss yielding positive environmental impacts by avoiding carbon emissions that would have been associated with producing the wasted grain.
- responsAbility Climate-Smart Agriculture and Food Systems Fund (DFC \$19 million, all source funding \$350 million): Climate smart investments for global small and medium businesses operating across the food system, including in production, processing and logistics, retail, and technology.

*1b.* DFC recently approved a \$500 million LNG project in Poland that will run until 2030, which is also the year by which the EU aims to reduce greenhouse gas emissions by 55% below 1990 levels. The pipeline will likely operate for decades after. This project stands to further widen the gap between President Biden's \$11.4 billion annual pledge in international climate financing and the mere \$1.057 billion in bilateral and multilateral authorized by Congress for this use in FY 2023, as every dollar of new fossil fuel investment means more future climate financing needed to counter emissions to stay within the global carbon budget. Please explain the DFC's justification for financing this fossil fuel project given the administration's shortfall in renewable energy projects, its climate pledges, and security risks associated with continued reliance on fossil fuels.

*Answer.* The referenced DFC investment in Poland is a guaranty covering derivative obligations that represents an important contribution to broader U.S. government support for Ukraine and European energy security and is in line with the U.S.-EU Task Force on Energy Security. By helping European countries meet their energy needs and reduce dependence on Russian energy, DFC is supporting a needed alternative to Russian supplied energy sources.

While DFC is supporting energy supply diversification projects for strategic foreign policy reasons, the Corporation is committed to supporting mitigation, resilience, and adaptation efforts. In FY22, DFC committed significant financing to investments that respond to the climate crisis (more than \$2.3 billion).

*Question 2.* There has been concern that the DFC's emissions accounting fails to assess the emissions of DFC projects over their entire life cycle, thereby underestimating the real climate impact of DFC investments. How would you evaluate the DFC's current emissions accounting, and what measures could the DFC take to more fully account for its carbon footprint?

*Answer.* DFC and the Overseas Private Investment Corporation, DFC's predecessor organization, have been tracking and reporting direct emissions from its carbon intensive investment portfolio since 2010. That accounting approach follows the methodology established by the industry standard Greenhouse Gas (GHG) Protocol.

As noted, in the GHG inventory reports published on the DFC website, the accounting approach adheres to statutory obligations.

*2a.* Does the DFC contract third party monitors to objectively assess DFC's carbon footprint and lifecycle emissions?

*Answer.* Yes, DFC currently retains an independent firm to verify portfolio carbon emissions. The firm's GHG inventory certification letters are publicly posted on the DFC website.

*2b.* Does DFC's life cycle analysis take into consideration not only the gas that is burned downstream but the leakage that occurs throughout the supply chain? How is DFC dealing with new science that is finding that methane leakage is significantly higher than previously thought?

*Answer.* Yes, as part of the due diligence process, DFC conducts Environmental and Social Impact Assessments of all infrastructure investments. The Corporation follows current industry guidance in assessing potential GHG impact.

*2c.* How are Inflation Reduction Act (IRA)-driven opportunities around US clean energy development and deployment being leveraged by DFC to support a diversified, global clean energy economy?

*Answer.* One area where DFC can support Inflation Reduction Act goals is in critical minerals. DFC's tools can support efforts to diversify and secure critical minerals supply chains, which are important to meet increasing global demand. For example, DFC provided a \$30 million equity investment in TechMet Limited, building upon existing DFC support for the development of critical minerals and bolstering of supply chain security for the renewable energy transition.

DFC is collaborating with other U.S. government agencies to identify opportunities to leverage investments for greater impact.

*Question 3.* A leaked diplomatic cable suggests that there is interim guidance in place for climate policy on international public finance for energy. While the cable appears to rule out U.S. bilateral support for unabated and partially abated coal and other carbon-intensive projects, there appears to be loopholes that could facilitate continued large-scale support for fossil fuels, particularly for gas.

*3a.* Is that guidance going to be published, and if not, why not?

*3b.* Does the guidance include a prohibition on indirect support, such as lending through financial intermediaries that finance fossil fuel projects?

*3c.* Does the guidance prohibit U.S. support to natural gas projects?

*Answer.* We refer you to the Department of State for questions related to its cables and other internal communications.

*Question 4.* How does DFC conduct due diligence with partners and engage in local consultation processes to obtain the free, prior, and informed consent of Indigenous communities before approving any projects affecting their lands and territories?

*4a.* How has the establishment of an independent Office of Accountability improved transparency and addressed concerns about environmental and social issues that arise around DFC-supported projects?

*Answer.* DFC's Environmental and Social Policy and Procedures incorporates the International Finance Corporation (IFC) Performance Standards, which in turn define client responsibilities for managing environmental and social risks. IFC Performance Standard 7 focuses directly on Indigenous Peoples and outlines specific engagement responsibilities when there are potential adverse impacts to Indigenous populations. DFC specialists assess and monitor the process as the client implements the requirements under Performance Standard 7.

The DFC Office of Accountability can further provide affected communities an opportunity to have concerns related to the project independently reviewed and addressed.

*Question 5.* How is DFC prioritizing projects to address forest loss in the Amazon region, and what are regional DFC staff doing to source and develop these kinds of deals? We are aware of a new Brazilian representative of DFC and would like to know how they will be charged to focus on nature-based deals.

*5a.* President Biden announced during the Major Economies Forum on Energy and Climate Change potential DFC financing of \$50 million to help mobilize \$1 billion for the BTG Pactual Timberland Investment Group's (TIG) Latin American re-

forestation investment policy milestones are satisfactory—and how can DFC scale more sustainable forestry and conservation projects like this one?

*Answer.* The Regional Managing Director based in Sao Paolo, Brazil will support DFC business development activities generally across Latin America and the Caribbean with a focus on nature-based solutions. The Brazil-based officer will work closely with counterparts in Washington, DC, including an investment officer focused on nature-based solutions.

DFC is conducting ongoing due diligence of the BTG Pactual TIG project and structuring the commercial terms for the loan. DFC hopes to be able to reach commitment on the investment this year.

DFC is now evaluating its approach to overseas staffing and working closely with interagency partners to develop and implement a strategic plan for placing officers abroad where DFC can achieve the greatest impact. Part of DFC's strategic vision is to expand its on-the-ground presence so that DFC can be closer to potential clients.

#### CONCLUSION OF HEARINGS

Senator COONS. This hearing is adjourned.

[Whereupon, at 11:24 a.m., Wednesday, June 14, the subcommittee was recessed, to reconvene subject to the call of the Chair.]

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