

**STATE, FOREIGN OPERATIONS, AND RELATED  
PROGRAMS APPROPRIATIONS FOR FISCAL  
YEAR 2011**

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**HEARING**  
BEFORE A  
SUBCOMMITTEE OF THE  
COMMITTEE ON APPROPRIATIONS  
UNITED STATES SENATE  
ONE HUNDRED ELEVENTH CONGRESS  
SECOND SESSION

ON

**S. 3676**

AN ACT MAKING APPROPRIATIONS FOR FOREIGN OPERATIONS, EXPORT  
FINANCING, AND RELATED PROGRAMS FOR THE FISCAL YEAR END-  
ING SEPTEMBER 30, 2011, AND FOR OTHER PURPOSES

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**Department of State**  
**United States Agency for International Development**

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Printed for the use of the Committee on Appropriations



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U.S. GOVERNMENT PRINTING OFFICE

54-986 PDF

WASHINGTON : 2011

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**STATE, FOREIGN OPERATIONS, AND RELATED  
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**WEDNESDAY, FEBRUARY 24, 2010**

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

The subcommittee met at 10:30 a.m., in room SD-192, Dirksen Senate Office Building, Hon. Patrick J. Leahy (chairman) presiding.

Present: Senators Leahy, Mikulski, Landrieu, Specter, Gregg, Bennett, Bond, Brownback, and Voinovich.

**DEPARTMENT OF STATE**

**SECRETARY OF STATE**

**STATEMENT OF THE HONORABLE HILLARY RODHAM CLINTON, SEC-  
RETARY OF STATE**

**STATEMENT OF SENATOR PATRICK J. LEAHY**

Senator LEAHY. Secretary Clinton, I commend you for your unbelievable energy, not only in the work you do at the State Department but around the world in representing the United States. I understand this is one of four times you're going to be testifying here on Capitol Hill and we appreciate it very much, Madam Secretary.

The President's fiscal year 2011 budget request for the Department of State and foreign operations totals \$56.6 billion. It's a 10.6 percent increase over last year. Most of the increase is for three countries: Afghanistan, Pakistan, and Iraq.

For the remainder of the world, the increase is about the rate of inflation and, as the President has pointed out, the total request for foreign operations is about 1 percent of the entire Federal budget.

If we cut all these programs, it wouldn't make a dent in our deficit but it would cause many other problems around the world, especially as it would affect America's leadership position.

The funds are all we have, besides the U.S. military, to protect the security and other interests of the American people in an increasingly dangerous and divisive world.

That is not to say we can't do more to get full value for our tax dollars, that's always been mine and Senator Gregg's goal on this subcommittee. If there are programs that are not effective or no longer necessary, then we will eliminate them. As we listen to the

complaints about broken Government or paralysis in Washington, this is a bill that, over the past number of years, has had overwhelming bipartisan support.

If anybody wants to see whether bipartisanship still exists in Congress, they do not have to look any further than this subcommittee. Every member of this panel, Republican and Democrat alike, has a stake in what's in here. We work together. For example, our global health programs help to prevent outbreaks of deadly viruses and other infectious diseases that are only a plane ride away. If such viruses spread and become pandemics, they could kill millions of people, including Americans.

Funding provided in this bill also addresses the continuing need to stop terrorism, organized crime, and other transnational crime that are growing threats to Americans and the citizens and governments of other nations, especially governments whose institutions are prone to corruption. There are many other examples.

We know this budget is not going to solve every problem in the world but at least it ensures that the United States is equipped to play a leadership role.

The Secretary has done her part and, Madam Secretary, I must say I appreciate the fact that you have been the face of America around the world. I know that it is physically strenuous, both for you and your staff, but it is important that you are there.

Today, more than ever, we appreciate the need for fully staffed and secure embassies, effective diplomacy, and strong alliances. I want to commend the dedicated men and women of the State Department and the U.S. Agency for International Development (USAID), who are serving America here at home and at posts around the world and, I should note, often at great personal risk.

After Senator Gregg makes his opening remarks and the Secretary testifies, we'll have 7-minute rounds for questions. The Senators will be recognized in order of arrival, alternating back and forth.

Senator Gregg.

#### STATEMENT OF SENATOR JUDD GREGG

Senator GREGG. Thank you, Mr. Chairman, and I want to second your opening comments. I especially want to pick up where you left off which is saying thank you to not only yourself, Madam Secretary, but the extraordinary staff that works for you at the State Department.

Those of us who've had a chance to travel to some more severe regions in this world, such as Afghanistan, Syria, Pakistan, of course Iraq, recognize that the men and women who serve us in the State Department are on the frontlines and doing an extraordinary job of trying to carry out American policy and assist those nations in moving toward more democratic forms of government and to be constructive citizens in the world. They put their lives at risk as our military people do, and we very much appreciate their service.

I also want to thank you personally for what you're doing. Your presentation around the world has been extraordinary and it's been very positive for us, for our Nation, to have you out there as our spokesperson, along with the President, of course.

There are so many areas of concern that come to mind that rather than taking them all up in my opening statement, I'd rather hear your thoughts on them.

So I will turn to you, but I just want to highlight one that doesn't get a lot of attention and that is an issue I've had interest in for almost 15 years now which is to make sure that you have the best technology and the best capability so that the support is there for the people who do such wonderful things for us in the field. I'd be interested in your thoughts on where we stand in that area and also in the area of facilities.

I'd like to spend some time on that. I'm especially concerned about the cost of the Iraqi mission and the new building and the complex there and how that's going to drain away funds from other initiatives.

I'd rather hear from you than talk myself. So I'll turn it over to you, Madam Secretary.

Senator LEAHY. Thank you. Secretary Clinton, please go ahead.

#### SUMMARY STATEMENT OF HILLARY RODHAM CLINTON

Secretary CLINTON. Thank you very much, Chairman Leahy, and Senator Gregg, and members of the subcommittee. It really is a pleasure to be back here in the Senate and to be with all of you today.

When I was last here to discuss our budget, I emphasized my commitment to elevating diplomacy and development as core pillars of American power. Since then, I have been heartened by the bipartisan support of this subcommittee and the rest of Congress and I want to take this opportunity to thank you on behalf of the men and women who work every day around the world at the State Department and USAID who put our foreign policy into action, and I will certainly convey the very kind words of both the chairman and the ranking member to them.

The budget we're presenting today is designed to protect America and Americans and to advance our interests and values. Our fiscal year 2011 request for the State Department and USAID totals \$52.8 billion. That's a \$4.9 billion increase over 2010. Of that increase, \$3.6 billion will go to supporting efforts in frontline states, Afghanistan, Pakistan, and Iraq.

Other funding will grow by \$1.3 billion and that is a 2.7 percent increase and with that money, we will address global challenges, strengthen partnerships, and ensure that the State Department and USAID are equipped with the right people, the right technology, and the right resources.

Over the past 6 weeks in Haiti, I've been reminded again of the importance of American leadership. I'm very proud of what our country has done. We will continue to work with our Haitian and international partners to address ongoing suffering and transition from relief to recovery.

I'm also well aware that this is a time of great economic strain for many Americans here at home. As a former Senator, I know what this means for the people you represent. For every dollar we spend, we have to show results. That is why this budget must support programs vital to our national security, our national interests, and our leadership in the world, while guarding against and root-

ing out waste, redundancy, and irrelevancy. I believe this budget achieves those goals.

These figures are more than numbers on a page. They tell the story of the challenges we face and the resources we need to overcome them. We are fighting two wars that call on the skill and sacrifice of our civilians as well as our dedicated military troops.

We've pursued a dual-track approach to Iran that has exposed its refusal to live up to its responsibilities and helped us achieve a new unity with our international partners. Iran has left the international community little choice but to impose greater costs and pressure in the face of its provocative steps. We're not working actively with our partners to prepare and implement new measures to pressure Iran to change its course.

We have achieved unprecedented unity in our response to North Korea's provocative actions, even as we leave the door open for a restart of the Six Party Talks, and we're moving closer to a fresh nuclear agreement with Russia, one that advances our security while furthering President Obama's long-term vision of a world without nuclear weapons.

With China, we are seeking areas of common purpose while standing firm where we differ. We're making concrete our new beginning with the Muslim world. We're strengthening partnerships with allies in Europe and Asia, with our friends here in the hemisphere, with countries from those that are rising and emerging powers to those who have challenges, and we're working hard every day to end the impasse and the conflict between Israelis and Palestinians.

At the same time, we're developing a new architecture of cooperation to meet transnational global challenges, like climate change, the use of our planet's oceans, proliferation of weapons of mass destruction, health problems which, as the chairman said, are no respecter of boundaries.

In so many instances, our national interests and the common interests converge and so from our hemisphere across the world we are promoting human rights, the rule of law, democracy, Internet freedom. We're fighting poverty, hunger, disease, and we're working to ensure that economic growth is broadly and inclusively shared.

Now our agenda is ambitious, I admit that, but I think the times demand it. America is called to lead and we need the tools and resources to exercise our leadership wisely and effectively. We can bury our heads in the sand and pay the consequences later or we can make hard-nosed targeted investments now, addressing the security challenges of today while building a more lasting foundation for the future.

Let me just highlight three areas where we're making significant new investments. First, the security of frontline states. In Afghanistan this past year, we've tripled the number of civilians on the ground and this presence will grow by hundreds more with the \$5 billion in this budget. Our diplomats and development experts are helping institutions, expand economic opportunities and provide meaningful alternatives for insurgents ready to renounce violence and Al Qaeda and join their fellow Afghans in the pursuit of peace.



In Pakistan, our request includes \$3.2 billion to combat extremism, promote economic development, strengthen democratic institutions, and build a long-term relationship with the Pakistani people. This includes funding of the Kerry-Lugar-Berman initiative. Our request also includes a 59 percent increase in funding for Yemen to help counter the extremist threat and build institutions there, as well.

In Iraq, we're winding down our military presence and establishing a more normal civilian mission. Our civilian efforts will not and cannot mirror the scale of the military presence, but they, rather, should provide assistance consistent with the priorities of the Iraqi Government and the United States. So our request includes \$2.6 billion for Iraq.

These are resources that will allow us to support the democratic process, ensure a smooth transition to civilian-led security training, and operational support. These funds will allow civilians to take full responsibility for programs and the Defense budget for Iraq will be decreasing by about \$16 billion and that's a powerful illustration of the return on civilian investment.

We are blessed, as we all in this room know, with the best troops in the world and we've seen that time and time again in today's wars, but we also need to give our civilian experts the resources to do the jobs we're asking them to do and this budget takes a step in the right direction.

It includes \$100 million for a State Department Complex Crisis Fund, replacing the 1207 Fund which the Defense Department used to direct money toward crisis response. It also includes support for the Pakistan Counterinsurgency Capability Fund which previously fell under the Defense Department, as well.

The second major area is investing in development. So we're making targeted investments in fragile societies which, in our interconnected world, bear heavily on our own security and prosperity. These investments are a key part of our effort to get ahead of crises rather than just responding to them.

The first of these is in health. Building on our progress treating HIV, malaria, and tuberculosis, our Global Health Initiative will invest \$63 billion over 6 years, starting with \$8.5 billion in fiscal year 2011, to help our partners address specific diseases and build strong sustainable health systems.

The administration has also pledged to invest at least \$3.5 billion in food security over 3 years and this budget includes a request for \$1.6 billion, of which \$1.2 billion is funded through the State Department. This will focus on countries that have developed effective, comprehensive strategies where agriculture remains central to prosperity and hunger is widespread.

On climate change, we've requested \$646 million to promote the United States as a leader in green technology and to leverage other countries' cooperation, including through the Copenhagen Accord, which for the first time brings developed and developing countries together. This is part of the administration's total request of \$1.4 billion to support core climate change activities in developing nations.

Our request also includes \$4.2 billion for humanitarian assistance. Our efforts in Haiti have made clear that State and USAID

must be able to respond quickly and effectively, but we believe these initiatives will enhance American security and they will help people in need and they will give the American people a strong return on this investment.

Our aim is not to create dependency but, rather, to help countries learn to fish, as the old Proverb tells it, and what we want to do is focus on equality and opportunity for women and girls because we know that is the key driver of economic and social progress.

And then, finally, our third area of investment. None of what we intend to do can be accomplished if we don't recruit, train, and empower the right people for the job.

The State Department and USAID are full of talented and committed public servants, but we have too often neglected to give them the tools they need to carry out their missions on the ground and rather than building our own expertise, we have too often relied on contractors, sometimes with little oversight and often at greater cost.

This budget will allow us to expand the Foreign Service by over 600 positions, including an additional 410 for the State Department and 200 for USAID. It will also allow us to staff the standby element of the Civilian Reserve Corps which is a crucial tool in our efforts to respond to crises.

Now while deploying these personnel generates new expenses in some accounts, it will reduce costs by changing the way we do business. As we are ending our over-reliance on contractors, we're actually showing we can save money, plus bringing these functions inside and improving oversight and accountability.

So, Mr. Chairman and ranking member and members, one thing should be clear from this budget, the State Department and USAID are taking a lead in carrying out the United States' foreign policy and national security agenda.

As we finish the first-ever Quadrennial Diplomacy and Development Review (QDDR), we have a unique opportunity to define the capabilities we need and to match resources with priorities. This budget aligns our investments with the strategic imperatives of our time.

The QDDR will also help ensure we are more effective and accountable. As I have reported to you before, filling the first-ever Deputy Secretary of State for Management and Resources with Jack Lew, a former OMB Director, has given us an extra advantage in developing this budget and reviewing it to make sure that every item is economical and effective.

#### PREPARED STATEMENT

Now at this time of change and challenge around the world, we need to make these investments and I believe that this subcommittee understands why. I look forward to your questions, but even more so I look forward to working with you in partnership in the months and years ahead.

Thank you, Mr. Chairman.

[The statement follows:]

## PREPARED STATEMENT OF HILLARY RODHAM CLINTON

Thank you very much, Chairman Leahy and Senator Gregg and members of the subcommittee. It really is a pleasure to be back here in the Senate and to be with all of you today. When I was last here to discuss our budget, I emphasized my commitment to elevating diplomacy and development as core pillars of American power. Since then, I have been heartened by the bipartisan support of this committee and the rest of Congress. And I want to take this opportunity to thank you, on behalf of the men and women who work every day around the world at the State Department and USAID who put our foreign policy into action. And I will certainly convey the very kind words of both the Chairman and the Ranking Member to them.

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But even more so, I look forward to working with you in partnership in the months and years ahead.

Thank you, Mr. Chairman.

#### IRAN

Senator LEAHY. Thank you, Madam Secretary. Let me first ask you about a country that concerns all of us: Iran.

We know that the Iranian people have relied on the Internet and satellites to get news, often of the outside world, but sometimes even of what's going on in their own country.

The Iranian Government has spent millions of dollars to block Internet and social media connections inside of Iran. To me that's a sign of a regime that is afraid of its own people and that wants to hide its actions from the rest of the world.

In an earlier time, oppressive regimes trapped their people behind an Iron Curtain. The Iranian Government is trying to muzzle its people behind an electronic curtain, and I'm troubled by what they're doing, not just to their own people but also stopping the programs of other countries.

You made a recent speech, which I thought was superb, at the Newseum spelling out principles of global Internet freedom for the benefit of people everywhere and that was well received around the globe.

It appears that Iran has broken international agreements by doing this, is that correct?

Secretary CLINTON. Yes.

Senator LEAHY. We have worked with the State Department and others on this issue. Beginning in fiscal year 2008, we provided funds to facilitate Internet communication by people around the world in closed societies.

I noticed an article in the Washington Post on February 18 that mentioned the National Security Council discouraged the Broadcasting Board of Governors, the Board that oversees the Voice of America (VOA) and other U.S. international broadcasters, from signing a statement with the BBC and Deutsche Welle denouncing Iranian jamming of their broadcasts. In the end, VOA ended up signing that statement.

Is there disagreement in the administration of the need to strongly protest internationally this violation of international agreements by Iran?

Secretary CLINTON. Mr. Chairman, there is no disagreement. As I said in my Internet Freedom speech, the development of new tools that enables citizens to exercise their rights of free expression and virtual assembly, because I think it's rooted in both, needs to be protected and advanced, and we need these new tools, particularly in Iran but not only in Iran.

So the State Department is looking very closely at what more we can do to try to work with the private sector in partnership to unblock the Internet, to get information flowing, to speak out against the kinds of abuses that we see going on out of Internet.

We are providing funds to groups around the world to make sure that these new tools get to the people who need them. We are—we have been assisting in those areas for some time and thanks to this subcommittee, which has helped to pioneer the funding for these efforts, but there's so much more that we can and should do and inside the State Department, I've created a group of young tech-savvy diplomats.

We're doing what we call "21st Century Statecraft" and they are working, again as I say, with the private sector, this is not all just American government efforts, in order to be able to unjam and circumvent with our technologies the kind of blockades that the Iranians are using.

There's still a lot to be done and I think that the discussion inside the administration is what are the most effective ways of doing it. Some of the technology, for example, that we would very much like to see used to unblock Iran is very valuable technology. We have to be careful about how it is utilized so it doesn't get into the wrong hands.

Senator LEAHY. Sure.

Secretary CLINTON. We're focused on this, Mr. Chairman.

Senator LEAHY. But we also have to be working, I would assume, with other countries if there's a violation of a bilateral agreement.

I've heard that some of their blocking efforts not only block satellite transmission into neighboring countries but in one instance as far away as Italy.

Secretary CLINTON. Well, when they bring down the cellphone networks, that has broad ramifications.

Senator LEAHY. The satellite is not just Voice of America. I know we've tried to tighten bilateral sanctions against Iran, targeting the Revolutionary Guard. We're seeking the support of Russia, China, and other countries for U.N. sanctions.

Are there other things we should be doing? I know the House and Senate have passed legislation imposing sanctions on petroleum companies that do business with Iran. What about that?

Secretary CLINTON. Well, Mr. Chairman, we support the purpose and the principles of the bills, both the bill in the House and the sanctions bill that recently was passed by unanimous consent here in the Senate.

We want to have as strong a partnership with the Congress as possible. We need to enlist every possible tool that we can bring to bear on this, and we look forward to working with the Congress. What we're hoping for is that whatever sanctions emerge from the conference committee have some flexibility that will support our ongoing efforts because you rightly pointed out, we are working very hard with our partners in the Security Council.

We've already made it clear that we stand ready to do both unilateral and multilateral sanctions on top of whatever comes out of the Security Council, but while we're in the midst of these negotiations, it would be very useful for us to be in close consultation with

the Congress so that whatever is done here supplements and supports what we're trying to get done in the Security Council.

#### ECONOMIC SUPPORT FUNDS

Senator LEAHY. Let us follow up on that in another discussion. The administration has requested increases in Economic Support Fund assistance for Afghanistan, Pakistan, and Iraq. I worry about the billions that were wasted in the years past because there seemed to be an emphasis on burn rates more than on results. I think you and I should discuss that more as we go forward with the bill.

#### TRAVEL TO CUBA

I will also be talking to you about a group of Vermont high school students who wanted to travel to Cuba to set up a sister school relationship with Cuban students. After doing their own research, and getting ready for the trip, they ran into U.S. travel restrictions.

It seems so beneath a nation as powerful as ours to tell kids they can't go back and forth and talk to students in Cuba. They can go to Russia, they can go to China, they can go everywhere else. Then there's Cuba. It makes no sense. You don't have to answer, but we'll talk further about that.

Senator Gregg.

Secretary CLINTON. Thank you, Mr. Chairman.

#### JORDAN

Senator GREGG. Thank you, Mr. Chairman. First, one of our closest allies in the Middle East is Jordan and they've really borne the brunt of a lot of our policies in the forms of cost of refugees and border security issues. They requested \$300 billion additional assistance in the supplemental.

I was wondering if the administration supports this request.

Secretary CLINTON. Well, Senator Gregg, as you know, Jordan is a stalwart ally and their work with us over the years has been extraordinarily helpful.

We, in this budget, hit the targets that were set in the memorandum of understanding that we—we certainly abide by which gives us about over \$600 million. The supplemental amount is something that we are considering and looking at.

Obviously in this time of real budget constraints, it's—it's a challenge, but we know how much Jordan has done. We just have to try to see whether it's—it's doable within the confines of the budget.

Senator GREGG. Well, considering what we're spending in Iraq and Afghanistan, Pakistan, it would seem to me to be dollars well spent and probably have a much better impact in the area of stabilization in the region.

Let me ask you two specific areas that I'd be interested in getting your thoughts on because they appear to be energizers of most of our problems.

The first is the issue of where you think the Palestinian issue is going and where you think Israel is going in relationship to Palestine, and, second, the issue of the India-Pakistan relationship

and what we're doing to try to create some comity there so that we can take advantage of our friendships or participate with the friendships in both countries.

Secretary CLINTON. Well, Senator Gregg, those are two issues that we spent a lot of time working on.

#### MIDDLE EAST

First, with respect to the Palestinians, there are really two aspects of our engagement with the Palestinian Authority. The first is our continuing effort under the leadership of former Senator Mitchell for the Israelis and the Palestinians to resume negotiations.

We hope that that will commence shortly. We think it's absolutely essential that they begin to talk about the final status issues that divide them, that have perpetuated the conflict over all of these years, but we're well aware of the difficulties that confront us on this.

At the same time, we continue to work with the Palestinian Authority to support their efforts to build their capacity, particularly in security. General Dayton has done a superb job working with Prime Minister Fayed in creating a Palestinian Security Force that is respected by the Israelis, that demonstrates a capacity to perform under difficult circumstances.

We have encouraged other countries to provide funding directly to the Palestinian Authority so that they can help build their judicial system, their prosecutorial system, their corrections system. It's not enough just to have a good security force, you've got to have the rest of the law enforcement, judicial apparatus functioning, and we're getting support to do that given directly to the Palestinian Authority.

So on both of those tracks, there are certainly challenges ahead, particularly on the first, the political negotiation track, but the progress that is being made on the second track actually increases the leverage and the credibility of the Palestinians in negotiations with the Israelis.

#### INDIA AND PAKISTAN

Second, with respect to India and Pakistan, we've encouraged the resumption of the direct talks which were suspended when President Musharraf left office. Those talks between President Musharraf and Prime Minister Singh had actually been quite productive, particularly in producing results on the ground in Kashmir, but they've been in abeyance now for I think slightly more than 2 years.

So we've encouraged both countries to begin a dialogue. They are going to be doing so. There will be a meeting within days, as I recall the date, and we are sensitive to the concerns that they each have that it's—it's their issues that they have to address, but we continue to raise it and make the case to each separately as to why it's in their mutual interests to proceed.

What's going on in Pakistan right now is very significant. The increasing efforts by the Pakistani Military and Intelligence Services to capture Taliban leaders, which they've done, to work with the United States, both on the civilian and the military side, better to



assist in what they're doing to reclaim territory from Swat to North Waziristan.

We're trying to create a new relationship with Pakistan that is of longer duration and—and making the Pakistanis know that we're in it for the long term.

With India, we've had a very successful start to this administration building on, frankly, the success and the investment of the prior two administrations in working with India, creating more opportunities for investment, more relationship-building between our two governments.

So I think that in these two areas, which are two of the most significant areas for America's long-term security, we are working very hard and, you know, trying to make even, you know, very small but significant progress in any way we can.

#### SYRIA

Senator GREGG. Thank you. I noticed we just appointed an Ambassador to Syria. There has been some slight opening, very slight opening of dialogue there.

Can you tell us where you see that going?

Secretary CLINTON. Senator, we have. We decided to return an Ambassador. We've been without one since 2005. We have a very experienced diplomat, Robert Ford, who has served in Iraq as the political director, is fluent in Arabic, lots of experience in the region.

I agree with your characterization that there's a slight, a slight opening for us to build on. We've had high-level visits, highly ranking Members of Congress have also gone to Syria in the last year, but there are a lot of issues between our Government and the Syrian Government, and we've been absolutely clear about those issues.

Just recently Under Secretary Bill Byrnes had very intense substantive talks in Damascus and we have laid out for the Syrians the need for greater cooperation with respect to Iraq, the end to interference in Lebanon, and the transport or provision of weapons to Hezbollah, a resumption of the Israeli-Syrian track on the peace process which had been proceeding through the auspices of the Turks the last years, and generally to begin to move away from the relationship with Iran which is so deeply troubling to the region as well as to the United States.

There are many specifics under each of those big ticket items that we have discussed with the Syrians and, you know, we are going to resume ambassadorial level representation, but these issues have to be addressed continually.

Senator GREGG. Thank you, Madam Secretary.

Senator LEAHY. Thank you. Senator Mikulski.

Senator MIKULSKI. Madam Secretary, it's so great to welcome you back to the Senate. We miss you, and we know today you've really presented an appropriations request representing your role as the CEO of the State Department as well as America's top diplomat.

Reading the budget, I see where the President, with your advice and to us, meets compelling human need around the world. It's in our strategic interest. It re-establishes relationships with treasured

allies, and I know I speak in a heartfelt way that the focus on women and girls in development.

Also, I note the—your desire to reinvigorate and re-establish the professionalism that once was the hallmark of AID. So we appreciate that.

#### IRAN

Let me get right to my questions. One—one, I want to associate myself with the remarks of Senator Leahy about Iran and we would hope to discuss after this hearing how we could follow up on that close alignment, but do you—I'm concerned that there is a lack of intensity in the international arena as we push or advocate for sanctions.

My concern is that Russia and China are slow walking us. You might or might not want to comment on that, but is it your view and the administration's view that we'll move with our own sanctions after the international community acts or are we not going to wait for them or is that yet to be determined?

Secretary CLINTON. Thank you, Senator, and thank you for your encouragement and support of our initiatives, particularly around women and girls. I—I appreciate that very much.

With respect to Iran, I feel the intensity of our efforts very personally because I have been out there engaged in bilateral and multilateral diplomacy with countries that we are moving toward an acceptance of the need for greater pressure on Iran.

You know, when President Obama came to office, he very clearly, and I think correctly, laid out what we needed to do. He said, look, we'll extend our hand, but you have to unclench your fist, and from the very beginning he said we will have a two-track process. We will engage, but it's a two-way street. There has to be something coming back and we will pursue pressure and sanctions in order to change behavior and to send as clear an international signal as possible that Iran's pursuit of nuclear weapons will not be allowed.

Now, I believe that because of the President's policy of engagement, we are in a much stronger position today than we would have been in the absence of all of our efforts. We have kept the so-called P5+1, which is the United Kingdom, France, Germany, China, Russia, and us, united until now. We have issued very strong statements, with both Russia and China signing on, endorsing this dual track approach.

We have demonstrated to countries that are somewhat ambivalent, to say the least, about going against Iran what it is we are trying to achieve and pointing out the problems that Iran poses to them.

So just in the last, you know, month, I've attended a London conference on Afghanistan and Pakistan but spent an enormous amount of time in bilateral negotiations with all of the major parties about Iran. I went to Saudi Arabia and Qatar last week. I'm on my way to Latin America next week, and Iran is at the top of my agenda, and in the Security Council our negotiations are very intensely under way.

There's been an enormous amount of work done by the Treasury Department and the State Department to design sanctions that will be aimed at the Revolutionary Guard. I think we've made tre-

mendous progress with Russia and I believe it is due to the President's engagement with Medvedev and our very clear, consistent message over this past year about the way we see Iran which the Russians now are endorsing.

With China, because of their dependence on Iranian oil, our arguments to them are somewhat different, that because of their dependence, they, above all, should be supporting a sanctions pressure track because an arms race in the gulf that would further destabilize the major oil producers is not in China's interests and I think we've made a lot of progress.

Now we don't come out and do a press conference every time we have these meetings, but I have seen over the past year the attitudes about Iran evolve. So even countries that are still not sure they want to sign up to sanctions, they're not sure they want to oppose them, they now understand why the United States views Iran's behavior as a threat.

And, finally, Senator, I want us to work in tandem as a United States Government. The administration and the Congress together focused on what are the smartest, toughest sanctions that can be legislated that will assist our efforts because we want to make sure that we don't send wrong messages before we get everybody signed up to whatever we can achieve internationally.

Senator MIKULSKI. Well, thank you very much, Madam Secretary. It's very clear we appreciate your personal hands-on robust involvement in moving this agenda forward and we salute you for identifying the risk of a lackluster response to Iran that would not only endanger our security, treasured allies', but also the rest of the world. So we thank you for that.

We also want to thank you for your speech on China and the cyber world. Senator Bond and I are on the Intelligence Committee. I'm on a task force on the—on the cyber terrorism issue. We want to work—today, this is not the environment to have this conversation. A more classified one would be appropriate.

But I believe that cyber terrorism, cyber intrusion is really one of the biggest threats facing the United States and the free world. If the terrorists can attack and steal our ideas or place our critical assets into jeopardy, it is—has the potency that I believe is far more dangerous than even nuclear and other weapons of mass destruction. So that's a topic for other discussion.

#### HAITI

But I'd like to just shift in my time left to a compassion issue which is Haiti. We really want to salute the administration and work with the Congress on our response to Haiti as well as President Bill Clinton's Global Initiative.

I worry about compassion fatigue, not of our country but of allies, and I wonder how you see that and, number 2, what do you see are the future sustained efforts?

I represent a substantial number of NGOs that are headquartered in Maryland, like Catholic Relief, and then there's another issue that I'd like you to consider and follow up with your staff. That is the issue of amputees.

Secretary CLINTON. Yes.

Senator MIKULSKI. In all of the terrible tragedy, so much of the population has suffered amputation. My colleague, Senator Leahy, has been one of the leaders. I had the great honor of being with him in Mozambique where he had created a low-tech but highly effective industry where people who had been victims of land mines, children, adults, the elderly, and I saw where they could make their own products that could help them sustain themselves in a very rugged environment.

I was so proud of what Senator Leahy did, and I really bring this to the attention that Senator Leahy, with his leadership as the Chair, your work in Haiti, that we take special attention to that.

I've reached out to the Bloomberg School of Public Health. I have a list of people who've done this around the world where there are models and lessons learned, but again it was the Leahy leadership in Africa and your work here because what I fear is, after the TV cameras leave and we want to go rebuild a country that's 80 percent agriculture, they won't be able to do the work and also could that also be another source of employment right there in country.

So you might not have the answer today, but I'd like to lay that out as a policy direction that perhaps we could pursue.

Secretary CLINTON. Could I take a little time, Mr. Chairman, to respond because this is—

Senator LEAHY. Sure.

Secretary CLINTON. I was smiling because I had a meeting—

Senator LEAHY. I should note that the Secretary, when she was in—

Senator MIKULSKI. Are you all aware of this?

Senator LEAHY [continuing]. The Senator supported me on every one of these efforts to help with amputees—

Senator MIKULSKI. Well, he's been the leader.

Senator LEAHY [continuing]. As has the Senator from Maryland.

Secretary CLINTON. Well, I was meeting with Dr. Roj Shah, our new USAID Administrator, telling him about this work that Senator Leahy has led and that so many of us supported for exactly the reasons that you're pointing out, Senator Mikulski.

The amputation issue is going to be one we have to address. We're trying to put together a plan now and I would like to come back to all of you who are concerned about this to make sure that you know what we're doing, that we have all the information you have at your fingertips, the experience that resides here on this subcommittee, and that we have adequate funding to address it because I think that is a wonderful compassion initiative for the United States.

But to your other point, Senator, I am very heartened by what I see happening in the international community. Every single country in the Western Hemisphere has contributed something to Haiti and they have made a collective commitment of money, plus individual countries, like Brazil and Mexico, that have more capacity, but even poor countries, like Guatemala. The Dominican Republic has been extraordinary in what it has done for its neighbor.

We're having a conference that is co-hosted by the United States, the United Nations, and major donor countries at the United Nations on March 31 to really nail down these commitments.

The United States is working very closely with the Haitian Government to stand up a development authority that will be supported to fulfill the reconstruction and recovery work now that the relief phase is ending.

But I think this is an opportunity for us. Our military performed admirably and just completely eliminated any of those old canards about the United States military in our hemisphere. We had a very robust public diplomacy effort.

Under Secretary Judith McHale, whom you know, drove this and we basically looked at every press coverage in the world about what we were doing in Haiti. If there was a story that was inaccurate or unfair, we immediately responded and the net result is that I think the United States is seen as the leader that we have been in doing this work.

Senator MIKULSKI. Well, that's fantastic. My time is up. I have—I have a constituent who's in a Burmese prison and I'd like to talk to you. Your staff has been great, but I'd like to talk with you about more, perhaps other avenues for his release.

Secretary CLINTON. Good.

Senator LEAHY. And the Secretary's been wonderful in being accessible to us. I want to make sure everybody gets a chance before she has to leave.

Senator Bond has been one of the hardest-working members of this subcommittee. I want to make sure he gets a chance to be heard.

Senator BOND. Mr. Chairman and I join with you and Senator Gregg in issuing a very warm welcome to the Secretary back to the Senate and I certainly join them in applauding your leadership at the State Department.

I personally am delighted with your active support of the concept of smart power, particularly in nations where we see the threat of extremist violent terrorism in Islamic lands threatening not only their people, our interests, their neighbors, but the United States, and smart power, through the use of diplomatic efforts, personal visits, economic cooperation, two-way trade, investment, and educational exchanges can work.

But one of the things that I have seen as I've traveled around the world is the great need for more of your personnel on the ground and I join with Senator Gregg in supporting—and the chairman—in supporting your budget to rebuild our civilian foreign assistance capacity. That's very important.

#### ASSISTANCE TO INDONESIA

As you may know, as you know, I'm interested in Southeast Asia which the 10 nations comprise our fifth largest two-way trading partner, equal—exports equal almost what we send to China, and the keystone of that whole area is Indonesia.

I thank you for recognizing Indonesia's importance. One of your first official visits was ensuring that the President can go there. No better—no better example of our friendship, and I just visited with President Yudhoyono last month who was interested in far more United States investment and participation.

And I guess the first question is does the administration support any conditionality at all on the foreign military assistance, foreign aid and foreign assistance to Indonesia?

Secretary CLINTON. Senator, thank you for those—those comments, and as you know, President Obama will be going to Indonesia—

Senator BOND. Right.

Secretary CLINTON [continuing]. In March with his family, and we have been working hard with the Indonesian Government to be able to be in a position where we can resume support for vital security functions and we are looking at ensuring that the Indonesian democracy that has taken hold there will make sure that there's no resumption of any human rights abuses or other kinds of behaviors that we, you know, deplore.

This is an area where Chairman Leahy has been a real leader. We hope to be able to come before the President's trip and brief you on how we would like to be able to move into a new era of cooperation because the Indonesians have been very helpful to us on counterterrorism. I think a lot of what they've done in their own—in dealing with their own threats has really been first, you know, first-rate in the sense of the results that they've gotten, but we just have to make sure that we're complying with all the legislative criteria and we think we can do that.

Senator BOND. Well, Madam—Madam Secretary, I believe there's a new era. It's been totally changed.

Secretary CLINTON. I do.

Senator BOND. President Yudhoyono has reformed the military, a former general. He stepped out of the military. He's working to establish—and we need much stronger cooperation to make sure the military leaders understand that they are under civilian rule. We need to fight corruption and—and ensure continued support. They need our active support militarily but they need the support of private businesses and I—as I've visited those countries, I find that American business people abroad are penalized, facing double taxation.

I visited Thailand. The American Chamber of Commerce, there is probably one of the best public diplomacy outreaches we have. They have adopted school programs. They're constructing playgrounds, libraries, water tanks, water filtration, helping children with dental deformities, but the problem is that our system of taxation penalizes the CEOs, so all the American companies that could be leading for America have to be Australians, Brits, or Kiwis because of our extra-territorial taxation.

I just—I know that's a sensitive subject. I've been fighting it, but what's your view of the role that private American businesses' investment and participation in developing countries can do to strengthen our relationship?

Secretary CLINTON. Well, I believe very strongly that American business is critical to American interests and American security and prosperity.

I met this morning with two of our leading company CEOs, Indra Nooyi from Pepsico and Jeff Immelt from GE, talking about how the State Department and our commercial diplomacy efforts need

to be more in support of what American businesses are doing because the competition is so rough.

Senator BOND. Right. And we—if we—with the double taxation, the punitive taxation, we penalize them putting American CEOs in—in charge of it.

#### AFGHANISTAN

I have lots more questions, but on—I want to turn to Afghanistan. My staff met with Joann Herring, who's founded the Marshall Fund Charities and during Charlie Wilson's Days in the 1980s, she was working to help the people of Afghanistan. She has some views on a comprehensive approach to reconstruction and development bringing NGOs together, and I would ask, number 1, that you at least give a hearing to them. They would like USAID dollars. I hope you'll consider that.

#### AGRICULTURE

Also, I hope that you will—that the additional funds for USAID will help them take agricultural experts. For 2 years, this subcommittee supported me in putting \$5 million in the budget to send agriculture extension agents several years ago to Afghanistan. They never got one there. The Missouri National Guard has the Agricultural Development Team which is making a tremendous difference in Nangahar Province.

I hope that there can be continued cooperation and providing military—military-civilian support for improving agriculture, teaching them not only to fish but to grow crops.

Secretary CLINTON. Well, Senator, again, I mean, you are singing my song here because we are absolutely committed to agricultural exports.

I don't know if this subcommittee has gotten a copy of the Afghanistan and Pakistan Regional Stabilization Strategy. If not, we will get copies to you. But in the section on Rebuilding Afghanistan's Agricultural Sector, just a few highlights. Eight-ninety agricultural experts, 64 from the U.S. Department of Agriculture (USDA), 25 from USAID, on the ground in Afghanistan, working in the south and the east sectors with our PRTs, our district support teams.

We've got USAID issuing vouchers to farmers in 18 provinces, particularly in Helmand and Kandahar, for inputs offering, you know, better fruits, assistance with irrigation and the like, and, finally, we're doing a high-impact irrigation initiative because all of our agricultural experts have told us that's key.

But there's a lot more, Senator, that I would like you to know about because you have been right about this for years and I think finally we're getting around to implementing it and we are looking for assistance from land grant colleges and asking, as well, that as we embed our civilians in with our military, which is how we're getting into these combat or post-combat zones, that we have the support that is needed to be able to get out there and deliver these services to farmers and we're doing that.

Senator BOND. I look forward to talking with the appropriate staffers on your team about that because there's much that we can.

Thank you.

Secretary CLINTON. Thank you.

Senator LEAHY. Thank you very much. Senator Landrieu.

Senator LANDRIEU. Thank you, Mr. Chairman, and welcome, Madam Secretary. It's wonderful to see you back, and let me just begin by thanking you for the very admirable way that you have represented our country. Many of us are extremely proud. I know it's a very, very difficult job that you have and you do it very well on our behalf.

I also want to follow up with what Senator Bond said, that I specifically appreciate your partnership with Secretary Gates to marry the hard power of our military with the smart power of our diplomacy over the long run. I believe that is going to pay huge dividends and it's been missing in the last several years and you have really filled the bill there.

I also want to acknowledge, as Senator Mikulski said, thank you for always putting women in the forefront of this debate because, as you know, women can be the drivers of economic growth and social stability around the world. They're often left out at our peril because no plans really work without them being at the table and I think often they're left out, but with your leadership, they have not been.

#### ORPHANS

In one particular area, Madam Secretary, I wanted to ask you some questions about something you and I have worked on for many years together and that is the rights of the world's children, particularly orphans. This has been in the news from day one in Haiti, but it really should be news all over the world because conservative estimates have about the number pegged at somewhere about a 163 million orphans. We don't know the real number. We know that there are some issues with those definitions. UNICEF's definition is a little bit different than other definitions.

But my point is this or my question is this. Senator Inhofe and I and other members in a bipartisan way have introduced a bill called The Families for Orphans Act which is pending before the Foreign Relations Committee of the Senate now. This bill would establish in the State Department an opportunity to focus on the plight of orphans and to promote the simple but profound concept that children belong in families. They don't belong in institutions. They can't raise themselves on the streets. If we want to stop trafficking, if we want to stop exploitation of children, prostitution of children, the best thing to do would be to put them under the watchful eye and care of a family. So that's what our bill attempts to do.

Could you give us your views about our efforts there, if you're familiar with the specific aspects of this bill, please comment, but what are your general views about what we could do to focus our efforts and the world's efforts to really connect orphans to families that need them or children that need families?

Secretary CLINTON. Well, Senator, let me start by acknowledging and thanking you for your passion about this. You and I have both worked together on this and talked over many years about it, but you've been the leader. You have really demonstrated a heartfelt commitment to the world's children in so many different aspects.



I share that commitment and I am looking for the best way forward, how we can realize the positive results that we both see, because I share your conviction that, you know, the best place for a child is in a family and it may not be a family with a mother and a father, it might be grandparents, it might be older siblings, it might be aunts or uncles or even in some societies extended families, and so there are three areas that I think we have to focus on.

One, there is in many parts of the world no capacity for absorbing orphans and no real sense of adoption or fostering in any organized institutional way. So I think we need to up our outreach to provide education, technical capacity, to help countries because in some countries adoption is really against the culture and so if they're not some blood connection, the child has nowhere to go, and I think there's a slow change in this but we have to do more in a public diplomacy outreach way and I'd like to work with you on that.

Second, in times of crisis, we have to have our systems in place, we certainly saw that in Haiti, because there's a lot of misunderstanding, there's confusion in any disaster. So we're working on kind of a lessons learned from—from disasters, from conflict situations about what more can be done, and we need high-level advocacy.

We have a Children's Office in the State Department. It would be, you know, my preference that we sort of build that up because I want it embedded. I don't want it to be—I don't want this to be an add-on. I want it to be permeate what I'm trying to do with women, is to permeate the Department so that women are part of the policy. If you're serving in Europe or Africa are part of the policy. If you're doing outreach in Angola, we are just going to try to permeate.

I want the same attitude about children. So we need—we need better education, more technical capacity, more direction and support, and I'd like to work with you to make sure that what we're doing will actually have the results that we both seek.

Senator LANDRIEU. And I appreciate that, and I thank you for pointing out that in many countries of the world there isn't the same urgency or appreciation for the strength of families that exists in America, but just because people can't appreciate that doesn't necessarily mean that it's not the right thing and I appreciate your commitment.

One figure that I want to throw out today because these figures are hard to come by and some people throw up their hands and say the problem is overwhelming, we can't address it, but I want to leave you with these numbers. If you just took 50 percent of the estimated orphans, Senator, Secretary Clinton, that would be roughly 70 million children.

There are 2.5 billion families in the world. So if only 2½ percent of families in the world, only 2½ percent opened up their homes and their hearts, there would be no orphans left in the world. So while these numbers seem overwhelming, when you put them in perspective to how many parents would adopt, how many families want to open up their homes, how many churches, synagogues and mosques are willing to step up, it's just the government enterprises have to get themselves better organized.

So I know you're a great leader in this area. I look forward to working with you, and I know that your position is generally against institutional care and for care in families.

So thank you very much and thank you, Mr. Chairman, for your leadership on this issue, as well.

Senator LEAHY. Thank you very much, Senator. We all know the amount of time and effort you have spent on this issue and I applaud you for it.

Senator Voinovich.

Senator VOINOVICH. Thank you, Mr. Chairman. Madam Secretary, I've got three areas that I'm going to mention and I'm hopeful that you'll be able to respond to at least one of them and if we don't get a second round, Mr. Chairman, I would hope that the people that are here would respond to them to me in writing.

First of all, I want to congratulate you on putting together a great team. I don't know of any Secretary of State that's had more on their plate than you have and I do understand that you can't do it alone.

I also applaud the fact that you have created two Deputy Secretaries, one for management and one for policy. As you know, I've been critical of the former administration because they didn't pay enough attention to management.

I want to tell you that the most important—one of the most important things you've done for your people is the issue of location pay——

Secretary CLINTON. Yes.

Senator VOINOVICH [continuing]. And I hope that that is reflected in this budget. The Foreign Relations Committee hasn't yet set out their vision, I guess, for the next 5 years, but that's important.

Second of all, I'd like to say that where the Visa Waiver Program has worked, they have less work than they had before because of that program.

And last but not least, the Embassies. I visited a couple of countries and they're really pleased with those Embassies and I think it's important to the countries because it indicates to them that the United States is really interested in them and their future.

#### ASSISTANCE FOR EUROPE, EASTERN EUROPE AND CENTRAL ASIA

Last week I was in Slovenia, Croatia, Bosnia, Macedonia, Kosovo, and Serbia with Senator Shaheen, and I know you're focused on Iraq and Iran and Afghanistan, but probably more than maybe some other Secretary of State, I know that you're interested in that region. We have spent a lot of time, a lot of money, and I'm concerned that if we don't pay attention to it, all of the progress that we have made may be—may be for naught.

The good news, when I visited these countries, they didn't mention the FMA or IMET, but what they did mention was the State partnership that they have with our states. This wasn't in this trip but when I was in Latvia the last time, the Latvian group going to Afghanistan had the Michigan National Guard serving under it and I know that the Ohio Guard is doing a fantastic job in Serbia today. Just to hear their Defense Minister talk about that partnership, it just gives me goose bumps.

Second of all, you know that their budgets are not very good. They've got the same problems we have, but they're helping us, many of them, in Afghanistan and Kosovo, and they care about the regions.

It's interesting. Each of these countries, you know, they're concerned about themselves, but they realize they have a symbiotic relationship with the other countries that—that are there and their vision is my vision, that they all get in the European Union (EU), they become part of the North Atlantic Treaty Organization (NATO), and then become part of the EuroAtlantic Alliance, and a couple of things they're concerned about.

One is EU membership. They know that there's fatigue today in the European Union and many of them were using it as an incentive to get them to do some things they wanted to do but they're afraid that they'll never in the European Union.

Most of them were concerned about Bosnia. Put in a nutshell, the Butmir Process has not worked. No progress will be made on that, they think, and this is the consensus, till after the election, but what they're worried about is that in the election, they'll poison the well so that after the election, the issue of changing the Constitution to give it more flexibility is not going to occur and they argue strenuously for Bosnia getting into the European Visa Waiver Program and they also think it's very important that some indication of their getting IPMAP is—is—or MAP is going to—is going to happen.

And their concern is that Dodik right now and his president, one of the three presidents is in favor of—of NATO membership, but after the election, they think possibly this thing would just blow up and then we'll have a black hole there in that part of the world.

In addition to that, they're all concerned about Kosovo because you know the court's going to decide one way or the other on Kosovo and when I talked with Prime Minister Thaci, I said, "You ought to be thinking about what's going to happen here," and I talked to the Serbs. "You've got to think about what's going to happen on the ground," and I think it's real important that the State Department encourage them to do that.

#### AFGHANISTAN

The last part of this deals with—with Afghanistan. I had—I was honored that Holbrook spent a couple hours. I went over there and spent—I was absolutely impressed with what they're doing, but I don't think that we have been candid enough with the American people about the commitment that we're going to have to make in Afghanistan if we intend to be successful.

Now you've mentioned some of the things that you're doing, but this is not going to be next year or the year after. This is maybe 5 to 10 years. It could even be more than that if we're going to create an environment where the Taliban, who—you know, it's with them, you know, it's Alakbat, okay. That's what you're dealing with and so you're going to have to really do a lot of work there to counter that and get people to feel good about it and you're also going to have to make—and you should level with the American people. Okay?

The last time around, if you remember, we were there is that we did not level with the American people about the commitment that we're going to have to make. We're just kind of—and we need to put it out. This is a commitment we're going to have to make. The Europeans, by the way, also want to know about the commitment in terms of military and in terms of their—what do you call them—P——

Secretary CLINTON. PRTs.

Senator VOINOVICH. PRTs, and I congratulate you on getting them all together. They don't feel like we're just telling them what to do. There's a consensus and you've got to keep doing it, but I think it's really important that—that we level with the American people and the world about what kind of commitment we're going to have to make to be successful in Afghanistan.

And last but not least, I'm concerned about whether Karzai's going to do his thing and if you recall in terms of Iraq, we laid out a whole list of things they promised to do and then we used metrics to see whether or not they did them or not, and I would think that, rather than having it come from Congress, that you'd give some serious consideration to saying here's what they did, we're going to monitor their progress so that you can keep us informed and the American people that they're doing what they're supposed to do because if they don't do what they're supposed to do, we're in—we're in big trouble.

#### ASSISTANCE FOR EUROPE, EASTERN EUROPE AND CENTRAL ASIA

Secretary CLINTON. Well, Senator, I don't think there's a thing you said that I disagree with and I thank you for your interest and focus on southern Europe.

We are very concerned, as well, about the direction we see Bosnia heading. We need to have more attention paid. We need to partner with the Europeans so that they are committed. We are obviously a strong supporter of the countries in southern Europe going into the EU. We think it has a lot of benefits for the countries but also the broader effort for integration in Europe and the TransAtlantic Alliance. But we also think, with respect to NATO, that we have to make clear what it would take to get MAP and then move Bosnia forward.

I think, you know, Senator, that your attention to these issues is something that I'd like to take more advantage of because you have been consistently concerned and involved. I share your wariness about what happens after the court decision in Kosovo and I think I'd like to follow up with you to make sure that we convey to our Serbian friends and our Kosovar friends that this has to be managed in the right way.

#### AFGHANISTAN

And, finally on Afghanistan, I agree that we have to be as candid as possible. We can't lay down a clear path forward and say this is the way it's exactly going to be, but we can certainly set the general direction and we have said consistently that our, you know, our goal is to transition military security to the Afghans and we've seen some real progress under General McChrystal and General Caldwell in improvements in Afghan security, both Army and po-

lice recruitment and retention and performance, but we are going to have a long-term civilian relationship and we think we need that. We think that's going to be in America's interests, and I agree with you that we need to make that as clear as we can, and we want also to use the metrics that we've developed that I would hope have been shared with you, but if not, we will, as to how we're going to try to hold the Karzai Government accountable.

Senator VOINOVICH. Thank you.

Senator LEAHY. Senator Specter.

Senator SPECTER. Thank you, Mr. Chairman. Madam Secretary, thank you for taking on the job and the hard work and successful work you're doing. We miss you in the Senate but we like to see you where you are.

#### SYRIA

Thank you for the call from your Deputy Bill Burns about his trip to Syria.

The question on my mind that I alerted him to this yesterday as to whether the stalemate might be broken between Syria and Israel on negotiations if the President were to invite them to the Oval Office.

Back in 1995, Senator Hank Brown and I were in India and Prime Minister Rao brought up the subject of his interest in having the subcontinent nuclear-free and asked us to convey that message to Prime Minister Bhutto whom we saw the next day and we made a recommendation to President Clinton to consider calling them in.

I had recalled the tremendous success that President Clinton had with Yassir Arafat and Shimon Peres and Rabin that memorable day on the White House Lawn.

Would you give consideration to that process? I have gotten to know the Assads, both the father and the current president, and I think the right nudge could push them to the table. We came very close in 1995, came very close in 2000. The Turks have been in the process of mediating, but would you consider that?

Secretary CLINTON. Well, Senator, I certainly will look at anything that might break the stalemate. I'm not sure that that would be acceptable or doable to all of the parties involved, but certainly our goal is to help facilitate a resumption of talks between Israel and Syria. We think it's absolutely necessary for Israel's security and future to try to move the whole region toward a more peaceful state. So we'll certainly take—take any idea you have under consideration because you have been—I don't know how many times you've been to Syria by now.

Senator SPECTER. Eighteen.

Secretary CLINTON. Eighteen. It's more than anybody else that I personally know. So we take what you say and that's why Under Secretary Burns called to report to you. We take what you say, you know, very seriously and we'll certainly consider it.

Senator SPECTER. I have been concerned about the gridlock in Congress for many reasons, but from what I have read and heard, it has had an impact on our stature internationally.

The President came on with a great promise and, I think, did materially change the world's view of the United States for a number of reasons and I think not only has President Obama been di-

minished but so has the presidency and for that matter so has the ability of governance by the Congress of the United States, very, very problem-some, and we ought to be backing up the President on matters that he has to deal with of such gigantic importance.

I read your statement across the board, Iran and North Korea and the Mid East and Afghanistan and everywhere.

May the record show an affirmative nod? We trial lawyers use that procedure sometimes not being sure what the answer will be.

What do you—what do you think?

Secretary CLINTON. Well, Senator, I have great affection and admiration for the Senate. The 8 years I was privileged to serve here were extraordinarily meaningful to me, but unfortunately I have to agree with you.

#### SENATE CONFIRMATION PROCESS

The gridlock over nominations is particularly troubling. We're now, you know, what, more than 1 year into a new administration and whether you agree or disagree with a particular policy, a president deserves to have the people that he nominates serving him and I would earnestly request the attention of this committee to filling the USAID appointments. We finally got Dr. Shah nominated and confirmed. There was no delay on that, and I thank you for it, but he has no team and we've got to get that moving as quickly as possible.

But I—I have to confess that when it came to some Assistant Secretary positions, some ambassadorial positions, it became harder and harder to explain to countries, particularly countries of significance, why we had nobody in position for them to interact with.

So I—I think that, as we move forward, there are many things to argue about and I am the strongest advocate of people, you know, arguing out positions in a civil way that hopefully sheds more, you know, light than smoke, but on the question of nominations, I hope that we all can move more quickly and particularly on the AID front and the ambassadorial front.

Senator SPECTER. Well, I will help you with that, but, Madam Secretary, beyond the confirmations, is my perception right or wrong that what has happened on gridlock goes beyond that? The weakening of the President? Everybody reads the public opinion polls. He's not able to project the same kind of stature and power that he did a year ago because we're—because he's being hamstrung by—by the Congress and it has an impact on foreign policy which we really ought to do everything we can not to have partisanship influence.

Secretary CLINTON. Well, Senator, I think there is certainly a perception that I encounter in representing our country around the world that supports your characterization. People don't understand the way our system operates. They just don't get it, and their view is—does color whether the United States is in a position, not just this President but our country is in a position going forward to demonstrate the kind of unity and strength and effectiveness that I think we have to in this very complex and dangerous world, and, you know, we're always going to have differences between the executive and the legislative branch.

Having served on both ends of Pennsylvania Avenue, that's par for the course. That's democracy. You know, we're not going to do anything that will undermine that, but I do think we have to be attuned to how the rest of the world sees the functioning of our Government because it's an asset. It may be an intangible asset but it's an asset of great importance and as we sell democracy and we're the lead democracy in the world, I want people to know that we have checks and balances, but we also have the capacity to move, too.

So it is—it is a concern of mine, and I—I hope that we can figure out a better way to address it.

Senator SPECTER. No more questions, Mr. Chairman, but a comment.

#### IRAN

On Iran, I hope you will figure out something that we can get the Chinese to go along with, which is tough enough, to get some sense out of Iran because that boiling pot is not going to simply boil forever.

And the final comment is I know you've done a great deal on the three hikers in Iran, one of whom lives in the Philadelphia suburbs, Joshua Fattal, but whatever in addition can be done, it would be greatly appreciated in many quarters.

Secretary CLINTON. Thank you, sir.

Senator SPECTER. Thank you, Madam Secretary. Thank you, Mr. Chairman.

Senator LEAHY. Thank you. I'm going to yield back to Senator Bennett, but on Iran, I'm going to leave with you and your staff an op-ed in the New York Times by Roger Cohen about what we prevent from going to Iran. One of the things he suggests we shouldn't be preventing is the equipment they might need to get on the Internet. That's kind of a layman's description of it.

I would look at that especially as they're working so hard to block the Internet, anything we can do there which will get around the government's censorship would be helpful.

Secretary CLINTON. If I could, Mr. Chairman, I just want to respond to Mr. Cohen's column. It references a pending license that was held up in the Treasury Department. That has now been moved, perhaps there's a cause and effect there, and it is now in the State Department and we intend to act on it expeditiously.

Senator LEAHY. As the old serials on radio would say, my work here is done.

Senator Bennett.

Senator BENNETT. Thank you very much, Mr. Chairman, and I join, Madam Secretary, my colleagues in welcoming you back to your old stomping grounds. Seeing you on the other side of the table is a different kind of reaction, but we're always happy to see you, regardless of the circumstance.

Coming as late in the questioning as I do, I won't rehash many of the things that have been said by my colleagues, but I will not let the opportunity to mention Iran and the Iran Sanctions Act go unchosen. I won't have to add anything to the things that have been said, but I believe that's extremely important, whatever you can do to see to it that the Russians and the Chinese are helpful

to us here. I won't go into territory about what I think may be happening with both Russia and China because I don't want to say anything that makes any particular headlines.

But I understand from reading history that Ronald Reagan used to drive Mikhail Gorbachev crazy by quoting the old Russian aphorism "Trust but verify," and Gorbachev finally said to Reagan in an outburst, "You keep saying that," and I think he did keep saying that and we should keep saying that.

So with respect to Iran and what the Russians and the Chinese are doing, just remember the Russian proverb that an American president enjoyed so much.

So I will turn to two subjects that have not been raised, both of which are enthusiasms of mine that I've been involved with in the subcommittee while I've been on it. The first one is the Millennium Challenge Corporation and the second one is micro lending and micro enterprise.

#### MICROLENDING AND MICROENTERPRISE

If I can start with the second first, just I'm very proud of the fact that as long as I've been on this subcommittee, the pressure for micro lending has always been strong and the number has always gone up and I don't think there's anything we can do that makes more sense in the poor parts of the world than encourage micro lending.

I have some of the articles that have been produced by women who have received micro loans. They offered to make me a deal. I said no, I don't want a discount, I'll pay the full price for this because it's still very low and I want you to be as encouraged as you can.

Would you talk to Secretary Geithner to talk about increasing U.S. support at the World Bank? I've talked to the World Bank about this and I get lots of encouraging words back, but I'm not sure there's been as much movement at the World Bank as perhaps there should be and I hope that the State Department will continue to be as supportive and increase as much as they possibly can in these budgetary times support for micro lending.

Do you have a comment on that before we turn to the Millennium Challenge Corporation?

Secretary CLINTON. Well, Senator, I share your enthusiasm. I've worked in micro enterprise since 1983 in Arkansas. I championed it when I was First Lady and I supported programs, along with you and others, when I was a Senator and we are very focused on micro enterprise and we're also looking at some new ways of accomplishing the goals of the Micro Enterprise Results and Accountability Act of 2004.

We are looking at how we can fund institutions more effectively, leverage the money, and the World Bank is a big—has a big role in this. So I will gladly pass on your comments to Secretary Geithner.

Senator BENNETT. Yeah. My own experience with the World Bank, as I say, is they talk a good fight but they get carried away with, well, we can do this, we can do that, and all these other things with respect to financial services, and—and that's wonderful, but in the meantime make the loans.



Secretary CLINTON. Right.

Senator BENNETT. Don't study this thing to death—

Secretary CLINTON. Right.

Senator BENNETT [continuing]. And look at possibilities. I want the possibilities to come true, but in the meantime let's make the loans.

#### MILLENNIUM CHALLENGE CORPORATION

All right. The Millennium Challenge Corporation (MCC), I met with the new CEO whom I find very impressive, and the concern that many of us have with respect to the Millennium Challenge Corporation is that the current administration might take steps to curb its independence and one of its values, I think, has been that it is an independent agency with strong guidance from a board of directors which you chair.

But can it maintain its independence or is there still conversation about folding it into something else that would make it more part of the State Department bureaucracy or the AID bureaucracy, and the budget is the lowest request that we've had since it began. I'd like you to address those two issues.

Secretary CLINTON. Well, Senator, I do chair the board and I'm very, very proud and happy to do so and I have publicly applauded the Bush administration for both MCC and PEPFAR which I think were significant advances in how we think about and do development.

There have been no conversations that I have been part of or that I'm aware of about curbing the independence of the MCC. I think that there are, as you know, some legislative fixes that need to be done so that compacts can be extended, so that money can be rolled over, and that the mission of the MCC really focused on the kind of conditions-based aid that will change behaviors and increase capacity can be supported more effectively.

So I—I am a strong advocate of the MCC. I think actually some of the lessons that we have learned from the MCC are part of our QDDR process and will be influencing how we do aid elsewhere, but, you know, it won't surprise you, I'm not telling you anything you don't know, that there is a division of opinion within the Congress concerning the MCC. There are very strong supporters and there are very strong detractors.

But I think that on balance the MCC has proven itself. I think its—independence has been beneficial, but I do want it to be seen as part of our overall efforts, not that it's going to be in any way undermined, but that it is part of how we deliver aid. It's not, you know, some add-on that is stuck out in left field. It is something that is integral to what the United States Government is doing and it's a model that I happen to hold in high regard.

Senator BENNETT. Well, I recognize there are some strong supporters and some strong opponents. Put me down as a strong supporter, and my—my goal is—is not to fund monuments overseas. We go overseas and we see U.S. money going to create something which then isn't maintained or doesn't provide any long term. I want to fund movement, movements toward the kinds of developments that are long term and become sustaining, and I think the MCC has that particular vision.

So I applaud your support and if you need any support on this side in this subcommittee, why, put me down as one who's available.

Secretary CLINTON. Well, Senator, I just want to make sure that the record accurately reflects, thanks to the good information from my team here, we're actually increasing the MCC budget. We have a 15 percent increase over fiscal year 2010. We've asked for \$1.279 billion. That's a \$174 million over fiscal year 2010. So we're increasing the MCC budget by 15 percent.

Senator BENNETT. Oh, I'll get back into that then. Thank you. I appreciate that.

Secretary CLINTON. If you have any questions, please call us.

Senator BENNETT. I will.

Secretary CLINTON. We'll walk through them with you.

Senator BENNETT. Thank you.

Senator LEAHY. Thank you, Senator Bennett. Senator Brownback.

Senator BROWNBAC. Thank you, Mr. Chairman. Thank you, Madam Secretary. Appreciate you being here, appreciate the way you represent us around the world and your high energy levels. I'm sure it takes every bit of it.

Secretary CLINTON. Yes, it does, Senator.

Senator BROWNBAC. I've got a couple of items I want to run through with you, all of which you're familiar with, but a couple really need your action.

#### INTERNET FREEDOM

We've appropriated to the State Department I think it's \$20 million for Internet firewall, getting through the Internet firewall. I was at your speech that you gave on this recently over at the Newseum. Congressman Wolf and I wrote you about this in 2009. Senators Specter, Casey, Kauffman, Kyl, and I wrote you about this.

We've allocated the money to the State Department but State Department hasn't given any of it to the Global Internet Freedom Consortium. This is the group I found the most effective in doing this. They believe they could get a capacity in the anti-firewall area from 1.5 million now people that can get through these firewalls to 50 million users a day with the amount of money we put forward.

I got two letters here to you from basically Chinese dissident groups and Iranian dissident groups saying would you please allocate this money to the Global Internet Freedom Group?

There's a recent Washington Post report from an unnamed senior administration spokesman saying the reason they're not going to the Global Internet Freedom Consortium is because the Chinese Government would "go ballistic" if this were done. These are—a number of these are Chinese dissidents that are operating in these firewall items but they've been very successful on rudimentary, no help from the U.S. Government and with it, they can smash through the Iranian firewall and probably the Chinese firewall, as well, and I just would really urge you to look at it.

I'm going to give you these two letters—

Secretary CLINTON. Good. Thank you, sir.

Senator BROWNBACK [continuing]. From those groups because that's in your wheelhouse already. You've spoken about it. You've got the money. We need to get it to a good group.

#### DEMOCRATIC REPUBLIC OF THE CONGO

Second, I know you've been to Congo a few months back. That's been a personal interest of mine and Senator Durbin's, as well. I think we have the chance here to defund the militias that are—that are really just wreaking havoc all over Eastern Congo but the key is the—the minerals, conflict commodities. It's the—it's—it's the blood diamonds issue, only got four commodities you're dealing with, and I think at the core of the issue is that—that we require companies that are going to sell products into the United States, they've got to have a license on the products, a license on the minerals coming out.

We want you to sell the minerals, Congo. We want you to be able to get the income, but on an item like coltan that's in cellphones that Congo has 80 percent of the African coltan and then it comes out and these militias, this is the way they fund themselves is they kind of operate the concessions or let people come and go, and then that funds the soldiers.

If we could just require licensing on minerals that come out of Congo, I really think—and this by the big companies, I really think it would defund the militias and much of this goes away, not all of it but a lot of it. In the blood diamonds case in West Africa, this thing mostly defunded the militias which is what we got to do. We got to get the money away from the militias and there's a bill in both the House and the Senate. We have companion bills in each House that would do this.

We've worked for several years to work with the companies, with the government, you know, that—that this is a way that could do this without hurting Congo and without hurting the businesses. So I think we've found how to do it, but we really need your backing and support and I don't know of anything that could—could help that war-weary place and it's—it's probably—it's hard to say, but this probably is the worst suffering in the world right now, is in—is in Eastern Congo and it's big, it's big. I mean, it's 60 million people in Congo.

#### SUDAN

The third item is Sudan. I was pleased to see this recent agreement signed on Darfur. I'm going to watch and see if it—if it actually holds, but Southern Sudan, as you know, is going to be voting fairly soon on whether to move out of the Union with Northern Sudan. They've been—you know they've had a conflict for a long period of time.

I would really hope that State Department and the White House could start working with Southern Sudan more like a country and helping them get established and visible. I've thrown out, you know, that if the President or if you could meet with the leadership of Southern Sudan, the President could meet in the White House with them as a statement of support for them.

They've got—I've been urging them, saying why don't you get a basketball team together and start traveling in America with the

Southern Sudanese. They've got—you know, the Dinka Tribe dominated and they're very tall. They've got 10 guys, Mr. Chairman, over seven feet tall playing basketball in Southern Sudan.

So I'm saying just show up. You may get beat up by 40 points but everybody's going to say where did these guys come from and I thought—I told them, I said, "I don't know of a better way to get on the view screen in America faster than showing up with four guys over seven feet tall playing basketball."

#### MIDDLE EAST

Anyway, just if you could work with them, I think it's really an important phase, and I want to finish my comments with you on this. This is—this is a really tough one, I know, but I think it's time for us to review our Embassies in Israel and review again with the depth of review moving it from Tel Aviv to Jerusalem. Long issue, old issue. I know all of the thorns that are around it, but it seems to me that now is a good time to do this, that we're starting to talk about a two-state solution, have for a couple years.

Another key issue is the final status of Jerusalem. This is a negotiation just between us and the Israeli Government. I think it would be a very strong statement. It's the only capital in the world where we don't put our Embassy in the capital city. It would be obviously well received by the Israelis. It might irritate the Iranians. I'm okay with irritating the Iranians right now with everything that they're doing. I realize it has broader impact, but I think, you know, these things have timings to them, as you know better than anybody, and I think this is ripe now for a discussion to begin, particularly when we've had now a couple years of discussion about a two-state solution.

I think we need to be clear that we believe Jerusalem's the capital of Israel and we're going to—we're going to act that way.

So I thank you for considering these comments and would love to work with you on any of them.

Secretary CLINTON. Well, we will get back to you on all of them, Senator, because each and every one of them is very important. I appreciate your concerns about them.

#### ADDITIONAL COMMITTEE QUESTIONS

Senator LEAHY. The hearing record will remain open until Monday, March 1, for the submission of any written questions for the Secretary. I know we've gone beyond the time that was allocated for the hearing.

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

#### QUESTIONS SUBMITTED BY SENATOR PATRICK J. LEAHY

*Question.* I was surprised that the budget recommends a cut of \$87 million from the fiscal year 2010 level for aid for refugees. Given what we know about the pressures on this account, aren't you essentially forcing us to rob funds from other accounts to be sure that the most vulnerable people are not disproportionately hurt?

*Answer.* Supporting humanitarian assistance to and the protection of refugees, internally displaced populations, other conflict victims, stateless people, and vulnerable migrants remains a top Administration priority. While the President's fiscal year 2011 MRA request of \$1.605 billion is lower than the fiscal year 2010 appro-

appropriated level of \$1.693 billion, it represents a 9 percent increase over the fiscal year 2010 MRA request of \$1.48 billion. To assist in meeting humanitarian requirements in fiscal year 2011, the Administration also requested \$45 million in the Emergency Refugee and Migration Assistance (ERMA) Fund to meet urgent and unexpected needs. The Administration will continue to monitor worldwide humanitarian needs closely.

*Question.* You have requested another \$25 million to support Jewish migrants to Israel, which is the only instance in which we carve out an amount of funds for a designated group of refugees. The Congress has consistently supported this. Would you support similar carve outs for other designated groups of migrants, for example, Somalis who seek refuge in Yemen, and if not why not?

*Answer.* The Humanitarian Migrants to Israel program provides a critical service to Jewish migrants to Israel. While the Administration appreciates congressional support for this program, we would not support similar carve outs for other populations that we assist. The Migration and Refugee Assistance (MRA) account is a humanitarian contingency account that serves the needs of refugees and conflict victims worldwide. Given the fluid and ever-changing nature of humanitarian situations, the flexibility provided within the MRA account to respond to needs as they arise is critical to ensuring the effectiveness of this assistance.

*Question.* You are requesting a \$25 million cut in aid for Europe, Eurasia and Central Asia. These include the former Soviet republics, where democracy is being threatened every day. Given the importance of strengthening our relationships with the people of these countries, why does cutting these programs make sense?

*Answer.* We agree with you that strengthening our relationships with the people of the countries of Eurasia and Central Asia is critically important to the people of the United States. We recognize the backsliding that has occurred in the establishment of democracy in these countries—from flawed elections to stifling of media outlets.

We believe that the Administration's request for AEECA funding is appropriate and reflects the needs of this region relative to critical priorities in other parts of the world. The fiscal year 2011 request of total assistance (all accounts) for Europe, Eurasia, and Central Asia reflects only a 2.5 percent reduction (compared to the fiscal year 2010 estimate). The proposed allocations for fiscal year 2011 programs in the democracy and governance area in the Assistance to Europe, Eurasia, and Central Asia (AEECA) account represent only a 2.3 percent reduction from the fiscal year 2010 estimate—slightly less than the overall 3.4 percent reduction in the account as a whole.

Though some needs in the region have increased, other areas require fewer resources. Some nations in the region are beginning to make real progress on economic and political reform. In addition, other nations have significant energy wealth which they are applying to support their own development, and which require our continued diplomatic efforts—but not much more money—in order to try to bring human rights and other important issues to the fore. Thanks to prior U.S. investment some non-governmental organizations and legacy institutions are now a sustained presence supporting democratic and economic reform in many countries.

Finally, past investments in building the capacity of local organizations have allowed us to utilize indigenous expertise for program implementation, thereby permitting some cost savings within the fiscal year 2011 level. Moreover, we are using our experience to be more strategic in selecting the most cost-effective interventions and are leveraging more sources of other USG and donor funding to complement our assistance. In short, we believe that the levels of funding in the fiscal year 2011 AEECA request will permit us to continue to promote the transformation of these countries into market-based democracies respectful of human rights and committed to the rule of law.

#### AFGHANISTAN-PAKISTAN CIVILIAN SURGE

*Question.* You are requesting an increase of \$1.4 billion for the Economic Support Fund. The bulk of it is for Afghanistan, Pakistan, and Iraq, which is separate from the \$1.8 billion you have requested for Afghanistan, \$344 million for Pakistan, and \$517 million for Iraq in the supplemental.

I understand the motivation to increase aid to these countries given what is at stake, but we have seen how difficult it is to spend money effectively. The previous Administration wasted billions in top-down programs, and measured results by the so-called “burn rate”—how fast money was spent, often through big contractors and corrupt governments. You are asking for a lot more money, and that means spending bigger and faster. Shouldn't we spend less, go slower, work from the ground

up—in other words, fundamentally change the way we spend money in these countries?

How much are we spending through Afghanistan's central government, and given press reports that top Afghan officials, including President Karzai's family, are getting rich and buying mansions in Dubai, are these the people we should be working with?

Answer. We have provided over \$700 million to the Karzai government between fiscal year 2002–2009. We are using this assistance to build Afghan government capacity, which will help the Afghan government gain the trust of its people through the delivery services. This direct assistance is also transferring ownership and responsibility of our assistance to Afghanistan to the Afghan people.

The Afghanistan Reconstruction Trust Fund (ARTF) is our primary vehicle for channeling resources through the Government of the Islamic Republic of Afghanistan's (GIROA) budget. This mechanism, which we monitor carefully, strengthens GIROA's capacity to prioritize, direct and allocate resources. The ARTF also improves aid effectiveness by serving as a collective platform for donor funding, reducing the need to deal with all donors bilaterally. The governance and fiduciary framework for the ARTF has strict systems in place to increase accountability, transparency, and safeguards to ensure proper oversight of U.S. taxpayer (and donor) resources.

We review the financial management, procurement and expenditure systems of key ministries to help them increase their capacity to accept U.S. direct assistance. Assessments (financial and procurement) to determine Ministries' ability to account for and manage funds and execute services are conducted at Ministries we intend to fund with direct assistance. Ministries are recertified every 3 years. The USAID controller leads this effort.

At the same time, we are taking a multi-pronged approach to tackling corruption in Afghanistan. The U.S. government, with the broader international community, is prepared to help the Afghan government implement its strategy with programs designed to: (1) improve the transparency and accountability of Afghan government institutions to reduce corrupt practices; (2) improve financial oversight; (3) build Afghan capacity to investigate, prosecute, sanction and/or remove corrupt officials from power; and, (4) help Afghans educate the public about efforts to reduce corruption and improve the resources available for the public to demand and participate in transparent and accountable governance. Initiatives already underway include the Major Crimes Task Force, the Anti-Corruption Unit at the Attorney General's office, and new programmatic support for the High Office of Oversight. We are also working with the Afghan Parliament to ensure ethics training is part of orientation for new members of parliament, and oversight assistance training is provided for members working on the national budget.

Strengthening the Government accountability and service delivery is a key component of our larger strategy for stabilizing Afghanistan. Along with our diverse counter corruption initiatives, our programs to provide qualified civilian technical advisors and put in place sound auditing and payment transmission systems will be an important step toward stemming corruption and achieving our larger national security goals in Afghanistan.

*Question.* Talking about ground up approaches to development, you have probably read or at least heard of Greg Mortenson's book "Three Cups of Tea" about building schools in Pakistan and Afghanistan. His schools, with the support of local villagers, cost a fraction of the schools we build and they are not destroyed by the Taliban. His approach may not be the answer for everything we are trying to do, but what have we learned from Mortenson's experience and how are we applying those lessons?

Answer. Two key components of Greg Mortenson's approach to building schools in Pakistan and Afghanistan are community buy-in and long term investment. Both concepts continue to ground USAID education programming in Afghanistan and Pakistan as we move forward implementing USG strategy in this politically strategic region. The involvement of the community is a critical aspect of sustainable development in the education sector; USAID provincial programs in education incorporate input of local leadership and provide support for school management committees and parent teacher councils. In addition to fostering community involvement, USAID/Afghanistan and USAID/Pakistan demonstrate a long-term commitment to education by building capacity of government agencies on the district, provincial, and Federal levels and of nongovernmental organizations. These combined efforts to improve access to, quality, and governance in education throughout both countries, particularly in underserved areas and those vulnerable to extremism.

I would also like to provide you with a bit of background on USAID's construction of schools in both Afghanistan and Pakistan. Since 2002, USAID, in conjunction

with the Ministry of Education (MoE), has built or refurbished over 680 schools throughout Afghanistan, at a total cost of \$58 million. The preferred school design of the MoE is an eight-classroom school. As a Government agency, USAID follows the direction of the host government's MoE.

The MoE estimates that an eight-classroom primary school costs approximately \$160,000, while the cost of high schools differs greatly based on their size and the equipment to be provided. Construction costs can vary significantly depending on a number of factors, including remoteness of location, difficulty of terrain, land availability and the security environment.

Without knowing the particulars—including size and location—of Greg Mortenson's schools, it is difficult to compare construction costs. One of the key factors could be that Mortenson may be using local materials, such as mud or brick, and that the school may not be earthquake-resistant. Indeed, traditional Afghan construction is very inexpensive but does not produce the types of buildings that will last over time nor stand up to earthquakes. To the extent possible, USAID uses local materials if they meet International Building Code (IBC) standards, however, some traditional materials are often not long-lasting and not of a high quality.

As of 2008, all USAID-funded buildings must be constructed to IBC standards. We are not aware of any other donor in Afghanistan requires these higher standards, but we believe it is essential that U.S. Government funded buildings adhere to these international standards in areas that are prone to earthquakes, and so we accept the higher costs and longer timeframes necessary to construct high quality buildings for school children and their teachers.

The cost of construction for USAID-funded schools in Pakistan ranges from 2,100–5,600 Pakistani Rupees per Square foot (U.S. \$25–\$66). USAID-constructed schools are built to the Zone Four Earthquake Rating (the highest possible) and apply the internationally accepted Uniform Building Code.

*Question.* There have been articles in the New York Times and Washington Post about secret prisons in North Korea. It described horrific conditions, where prisoners—mostly critics of the regime or their relatives—are worked and tortured to death. That was disturbing enough, but the article also said that U.S. policy is focused on the nuclear issue, and that human rights and specifically the treatment of political prisoners is not a significant part of the discussion. Is that correct?

*Answer.* The United States remains deeply concerned about the human rights situation in North Korea, including its labor and political prison camps. Human rights are a top priority and addressing human rights issues will have a significant impact on the prospect for closer U.S.-DPRK ties.

The State Department's annual Human Rights Report reports that an estimated 150,000 to 200,000 persons, many of whom die from torture, starvation, disease, and exposure, are held in a type of political prisoner camp known as the kwan li so. As noted in both the Department's Human Rights Report and Trafficking in Persons Report, the North Korean regime reportedly continues to use forced labor as part of an established system of political repression.

The Department currently funds a number of programs which seek to increase the free flow of information into and out of North Korea, document human rights abuses, including those occurring in political prisoner camps, and build the capacity of defector-led organizations to protect the human rights of all North Koreans. Additionally, the Department of State will allocate approximately \$3.5 million in fiscal year 2010 for programming to promote democracy, rule of law, and human rights in North Korea.

We also continue to work through multilateral organizations, such as the U.N. Human Rights Council (HRC), and bilaterally with other governments, including our regional partners, to improve human rights in North Korea. We are currently cosponsoring a resolution at the U.N. HRC, which specifically censures the use of torture and political prisoner camps. We see human rights as an integral part of the United States' North Korea policy, and will raise our concerns at every appropriate opportunity in the Six-Party Talks framework.

Ambassador Robert King, the Special Envoy for North Korean Human Rights Issues, oversees North Korean human rights issues as a part of the Office of the Special Representative for North Korea Policy and participates in all relevant discussions in accordance with congressional intent.

*Question.* I think there is a lot of concern that despite Senator Mitchell's efforts, negotiations on a peace agreement between Israel and the Palestinians have not produced the results we had hoped for. A year has passed, and Israel continues to expand settlements in the West Bank and the Palestinians continue to fight among themselves.

Are those of us who believe a peace agreement is necessary to the success of our broader foreign policy goals in the region overstating its importance? If real progress is not made this year, do you think we should rethink our approach?

Answer. Comprehensive Middle East peace remains important to broader American foreign policy goals in the region. When Prime Minister Netanyahu and President Abbas met in Washington on September 2, 2010 to launch direct talks, they agreed to pursue a framework agreement within twelve months. That remains the goal.

Unfortunately, we have not made as much progress as we or the parties would have liked. We knew this effort would be difficult and that we would hit hurdles; and we are always assessing the merits of our approach and seeking ways to promote progress toward the two state solution in the most realistic way possible, knowing the risks and constraints of the environment in which we operate. Both parties have asked for continued U.S. engagement with the parties and that is what we intend. Moving forward we will engage both on the core issues of the conflict and with a deepened commitment to Palestinian state-building, and step up the American approach including by offering new ideas and bridging proposals as necessary.

*Question.* The Administration is putting together a supplemental request for relief and reconstruction in Haiti. A lot of people here will want to support that. The American people have shown tremendous generosity in helping the Haitian people during this disaster, and we want to help Haiti rebuild—hopefully to a better place than they were before the earthquake.

But money, without effective leadership, will not solve Haiti's problems. While the current government is an improvement over the past, it was barely functional before the earthquake and will be unable to play a leadership role for the foreseeable future. There is a need for effective leadership, whether by the United Nations, United States, or some coalition of international donors and agencies. Given the amount of foreign aid wasted or stolen in Haiti, any long term reconstruction strategy, for Congress to support it, needs to be credible. The Haitian Government obviously needs to be consulted and involved, but a strategy whose success depends on the performance of the government would not be credible.

Do you agree or disagree, who is in charge of rebuilding Haiti, is there a strategy, and how do we avoid the mistakes of the past?

Answer. A key guiding principle of the USG strategy in Haiti is that the ultimate responsibility for rebuilding the country rests in the hands of the sovereign nation of Haiti and the Haitian people. It is our responsibility to see that U.S. Government resources spent toward accomplishing the reconstruction of Haiti are effectively managed, and transparently administered with proper oversight while we are helping Haiti to rebuild. There are a number of proposed mechanisms being discussed among Government of Haiti officials, multilateral institutions and bilateral donors for the management of reconstruction resources that would entail Haitian leadership along with credible systems of transparency and accountability. The United States strongly supports the development of mechanisms for oversight and management of the reconstruction program that will promote the effective, transparent and accountable use of resources.

*Question.* There have been reports that funds have been cut from other disaster relief programs in order to support the Haiti relief operation. Is this correct, are funds for Sudan or other humanitarian crises being cut?

Answer. Since IDA is a contingency account used to respond to natural and complex disasters world-wide, its flexibility allows OFDA to program funds as necessary to meet emergencies. While a significant amount of IDA funding is being directed to respond to the devastation from Haiti earthquake, the impact to other OFDA programs can be minimized if a supplemental is approved in a timely fashion (no later than the third quarter of the fiscal year).

Humanitarian needs in Haiti can be met with current IDA resources, but funding availabilities for other programs world-wide may be temporarily reduced. USAID is hopeful that the IDA account will be replenished by a supplemental, which will allow OFDA to restore other programs to originally planned levels. In the mean time, OFDA will work with partners to meet critical needs with currently available funding and avoid programming gaps.

However it should be noted that if a supplemental does not materialize, or is not available until late in the fiscal year, there will unfortunately be major impacts to OFDA's programs world-wide.

*Question.* The \$1.4 billion Merida Initiative, which Congress funded, was to be for 3 years. But for fiscal year 2011 you are requesting another \$292 million for Mexico for the same purposes. Is this part of a longer term strategy with Mexico—sort of “Merida Plus”, and if so, where can we get a copy of the strategy, who was consulted



about it, how many years is it for, how much will it cost, and what results do you predict if the demand for illegal drugs in the United States, and the flow of guns from the United States, continues?

Answer. The Merida Initiative was announced in 2007 as a partnership among the governments of the United States, Mexico, and the countries of Central America to confront the violent national and transnational gangs and organized criminal and narcotics trafficking organizations that plague the entire region. To date, Congress has supported this Initiative with \$1.324 billion in funding for Mexico. The fiscal year 2011 budget request includes \$310 million for Mexico—\$292 million in INCLE, \$10 million for ESF, and \$8 million in FMF.

Following extensive Department discussions, including within the interagency community, and especially with Congress, we have now broadened our focus to include the Caribbean under the Caribbean Basin Security Initiative, renamed our Central America efforts as “CARSI” (the Central America Regional Security Initiative), and are refocusing on ways to improve citizen safety—something consistently ranked high among societal concerns in all countries of the region.

Beginning with the Merida Initiative and moving “Beyond Merida” in Mexico, the United States is forging strong partnerships to enhance citizen safety in affected areas by fighting drug trafficking, organized crime, corruption, illicit arms trafficking, money-laundering, and demand for drugs on both sides of the border.

At bilateral working group meetings leading up to the March 23rd Merida U.S.-Mexico High Level Consultative Group, the governments of the United States and Mexico agreed on new goals to broaden and deepen our cooperation to effect lasting change. As a result of these new goals, we are accelerating our efforts to support and strengthen democratic institutions in Mexico (especially police and judicial institutions) and civil society organizations. We are also expanding our border focus beyond interdiction of contraband to include facilitation of legitimate trade and travel; and we are cooperating in building strong communities resistant to the corrupting influence of organized crime. As discussed in recent briefings with congressional staff, future programs to increase Mexican capacity and to institutionalize our partnership will focus on four goals:

- Disrupt Organized Criminal Groups.*—The United States and Mexico will continue to collaborate to disrupt and dismantle organized criminal groups. We will do so by focusing our efforts on intelligence collection and analysis, training and equipping special units, enhancing investigative capacity, conducting targeted work against money laundering, improving interdiction capability, building effective command and control centers across Mexico, and developing effective task forces.
- Institutionalize Reforms to Sustain Rule of Law and Respect for Human Rights.*—The United States will partner with Mexico to help institutionalize justice-sector reforms to sustain the rule of law and respect for human rights. We will continue large-scale institution building projects with security and judicial institutions at the Federal level and expand these efforts to include additional Federal agencies and to State and local institutions. The goal of these efforts is to support sustainable changes in the judiciary to strengthen the rule of law, promote respect for human rights, and engage with civil society.
- Create a 21st Century Border.*—Our goal is to create efficient, economically competitive border crossings along the U.S./Mexican border that ensure “secure two-way flows” of travelers and trade. We will also work to improve enforcement cooperation between ports of entry. Our immediate law enforcement challenge is to greatly reduce the flow of drugs to the north, and guns and bulk cash to the south.
- Build Strong and Resilient Communities.*—Mexico will take the lead to enhance the rule of law, promote respect for human rights, and create a culture of lawfulness by targeting specific areas for building community organizations, reducing demand for drugs, encouraging civil society participation, creating sustainable economic opportunities, and promoting community cohesion and violence reduction strategies. The United States will support specific, geographically focused programs that advance these goals.

The United States and Mexican governments agree in principle to this framework for cooperation and are working together closely to determine the scope of action within each programmatic area. Broadly, and within this context, we are moving away from equipment purchases, such as aviation, and into an engagement that reinforces progress by institutionalizing Mexican capacity to sustain the rule of law and respect for human rights, build more responsive and transparent institutions, promote full civil society participation, transform the nature of our borders, and provide intensive technical assistance and training. We will also encourage enhanced cooperation with regional partners, including along Mexico’s southern border with

Guatemala and Belize. The \$310 million fiscal year 2011 request for Mexico, along with considerable GOM efforts in these areas, complements the comprehensive and balanced USG strategy on our side of the border to reduce drug demand by focusing on prevention, treatment, and enforcement, and expanded efforts stop illegal arms and bulk cash flowing south into Mexico.

We are hopeful that we can strengthen U.S. national security by helping the Calderon Administration break the power of the drug trafficking organizations and institute lasting institutional reforms that will continue into future Mexican Administrations. Assistance under the Merida Initiative, and other regional efforts throughout the Hemisphere, is strategically targeted to make an impact on the need for improved citizen safety and security. As we move forward, we will continue to assess progress and the impact of our assistance. We especially look forward to continued and regular dialogue with Congress as an integral part of this ongoing review.

*Question.* I and other Members of Congress, and the Administration, have urged the Mexican Government to conduct a credible, transparent, and thorough investigation of the murder of American citizen Bradley Will, and the 17 other Mexicans who were killed in Oaxaca in 2006. Instead, the Mexican Government arrested and accused an innocent man of killing Mr. Will, and he languished in prison until a court finally ordered his release. Can you assure me that you will insist that these cases be thoroughly and credibly investigated?

*Answer.* The Department of State has and will continue to raise the case of the death of American citizen Bradley Will with the Government of Mexico. We have made it clear to the Mexican Government that we expect a thorough and credible investigation of all evidence by Mexican authorities with a view to identifying and prosecuting the individual or individuals responsible for this heinous act.

On the issue of other Mexican citizens who were killed in Oaxaca in 2006, we have raised these as part of our regular dialogue regarding human rights issues with the Government of Mexico.

*Question.* For years, there has been talk about the need to reform the foreign aid budget. There has been any number of commissions, studies, reports and countless recommendations, all with little effect. This Administration has its own studies underway, at least one at the NSC and your Quadrennial Diplomatic and Development Review (QDDR). Given the strong views in Congress and the special interests with a stake in the status quo, what do you hope to accomplish this year to make foreign aid more efficient and effective?

Over the years, USAID has seen its autonomy decrease, as it lost control of its budget and no longer has a policy office. Whole pieces of foreign aid have been shifted to the State Department or the Millennium Challenge Corporation. In my opinion, USAID's effectiveness has been weakened as a result. I will also ask USAID Administrator Shah this question when he testifies next month, but what steps do you plan to rebuild USAID and restore some of its autonomy?

*Answer.* To make foreign aid more efficient and effective, State and USAID work closely with other agencies in the field, under the direction of the Chief of Mission, to coordinate our assistance activities. In Washington, we are taking specific steps to ensure close coordination. For example, under our Global Health Initiative, we are working collaboratively with USAID and Health and Human Services to review all of our associated health programs in a number of countries. We will enter into new long-term partnerships building on prior U.S. international health programs and work with our 80 partner countries to strengthen health systems and improve sustainable health outcomes, with a particular focus on women, children and newborns.

The fiscal year 2011 request is critical to helping USAID become the world's premier development agency. The request includes resources for hiring an additional 200 officers at USAID and—under the strong leadership of Administrator Shah—for building a robust policy, planning and evaluation capacity. USAID is playing a leading role in the management of priority development initiatives such as working to improve global health and food security around the world. In each of these areas USAID will show that it can have impact, make tough choices about how resources are used to get the most bang-for-buck, and serve as a whole-of-government platform that invites in other partners to maximize efforts against specific goals and outcomes.

#### CLIMATE CHANGE

*Question.* The Administration committed at Copenhagen to contributing a total of \$1 billion over 3 years in new funds to protect tropical forests, improve forest management, and increase carbon sequestration in tropical forests. I strongly support

this, and it builds on what this subcommittee has been doing for years to protect tropical forests. How do you plan to meet the \$1 billion commitment by fiscal year 2012?

Answer. In Copenhagen, the United States and five other developed countries collectively pledged \$3.5 billion over the 2010–2012 periods for REDD+ (Reducing Emissions from Deforestation and Degradation) activities, with the United States pledging \$1 billion as its share of the total. We are on a path to meet that commitment.

The fiscal year 2010 appropriation included \$233 million in “Sustainable Landscapes” for forest-related climate change funding for State, USAID, and Treasury. This includes a “core” allocation of \$153 million, as well as \$80 million in USAID biodiversity funding that has direct climate benefits. The fiscal year 2011 request for State, USAID, and Treasury includes \$347 million for sustainable landscapes.

In addition to this fiscal year 2010 and 2011 “core” funding from State, USAID, and Treasury, additional USAID activities, as well as assistance activities by MCC and possibly other USG agencies, contribute to our climate change goals. We are currently reviewing those assistance portfolios to identify other existing or planned fiscal year 2010 and 2011 assistance activities that meet the REDD+ criteria and contribute toward our Copenhagen REDD+ pledge.

We are confident the Administration’s fiscal year 2012 budget request, still to be formulated, combined with the fiscal year 2010–11 assistance mentioned above, will allow us to meet the \$1 billion commitment.

*Question.* The budget request proposes adding American Centers, expanding English language programs, increasing public diplomacy programs to Muslim-majority countries, expanding the initiative specifically for Pakistan, and increasing the Department’s efforts with the Internet and other electronic media tools. This subcommittee has been very supportive of the Department’s public diplomacy programs, particularly the educational and cultural exchange programs. What are the Department’s priorities for public diplomacy programs, what gives you confidence that these programs are working and should be expanded, and how can we be sure that educational and cultural exchange programs will continue to grow?

Answer. First of all, thank you and the rest of the committee members for your continued support of public diplomacy.

The core mission of public diplomacy is to support the achievement of U.S. foreign policy goals and objectives, advance national interests and enhance national security by informing and influencing foreign publics and by expanding and strengthening the relationship between the people and government of the United States and citizens of the rest of the world.

To that end the Under Secretary for Public Diplomacy and Public Affairs, Judith McHale, after an 8 month review of the current state of public diplomacy and public affairs, has just recently rolled out a strategic framework for public diplomacy. After consulting with members of the hill, NGOs, representatives from academia, and Public Affairs Officers, Under Secretary McHale found that in significant ways our public diplomacy was working well to advance America’s interests. But the review also revealed a great degree of consensus about what needs to be changed to align it to current priorities and guide our efforts going forward.

As part of this review, we identified five strategic imperatives: to pro-actively shape global narratives; expand and strengthen people-to-people relationships; counter violent extremism; better inform policy-making; and, redeploy resources in strategic alignment with shifting priorities. Moving forward, we are taking steps to ensure that all our activities support these requirements.

Creating or maintaining American Centers, increasing English language training, appropriately using Internet technology and social media and increased engagement in Muslim majority countries are all means by which we can better achieve the strategic imperatives laid out above.

As noted in your question, a great deal of our public diplomacy efforts have been focused on Pakistan. Last summer, Under Secretary McHale, working closely with our Embassy in Islamabad, Special Representative for Afghanistan and Pakistan Richard Holbrooke, USAID and DOD, drafted the Pakistan Communications Plan, a copy of which will accompany this response.

The Pakistan Plan has four broad goals: expand media outreach, counter extremist propaganda, build communications capacity, and strengthen people-to-people ties. Our plan links elements of traditional public diplomacy with innovative new tools. For instance, recognizing that extremist voices dominate in some of Pakistan’s media markets, we instituted a rapid response unit and a 24-hour multilingual hotline for the Embassy to respond to attacks, threats, and propaganda from the Taliban, al Qaeda, and their sympathizers. This approach reversed a previous approach of not actively countering such propaganda. It has been an uphill battle but,

as our voice gets more frequent play, the impact on the discourse in Pakistan's media has been noticeable.

As we strengthen our people-to-people ties with Pakistanis, our aim has been to increase positive American presence on the ground in Pakistan. To do this we are focusing on more exchanges, more presence, more Lincoln Centers, more face-to-face meetings with engaged citizens in Pakistan, and more non-official contacts between Pakistanis and Americans in Pakistan.

A key component of face-to-face engagement is our educational and cultural exchange programs for which I have every confidence that these programs will continue to play an increased role in the success of our foreign policy objectives. Exchange levels have increased significantly in the last couple of years and we are looking to increase that trend while ensuring that resources are being placed strategically and appropriately and that proper oversight and evaluations are being carried out.

Under Secretary McHale and I agree that in this day and age it is critical that we engage with foreign publics like never before. It is the relationships built upon year after year that matter and that ultimately help us to better realize our foreign policy objectives.

#### EFFECTIVE OVERSIGHT OF CONTRACTORS

*Question.* Over the past several years, the Department's Inspector General and the Special Inspectors General for Iraq and Afghanistan have identified systemic problems in the Department's contract management, including inadequate oversight of the contractor's work, overpayments to contractors, and delayed project completion.

What changes, within what timeframe, is the Department implementing to address these problems, which are responsible for the waste of millions of dollars?

*Answer.* The Department of State is committed to strengthening our contract management processes. In the last 2 years, the Office of Acquisitions Management (A/LM/AQM) created a strategy and established a business process for audits of A/LM/AQM contracts. We developed a close and professional working relationship with the Defense Contract Audit Agency (DCAA) and the Defense Contract Management Agency (DCMA) which are the Department's audit agencies for major programs. We also issued an A/LM/AQM operational policy pertaining to audit services to ensure staff is aware of the policy. This strategy ensures that the Department meets contract administration responsibilities required by the Federal Acquisition Regulations (FAR). During fiscal year 2009, the Department initiated 12 external audits of significant programs. In addition to financial audits, we initiated a series of business system audits to review contractor accounting and internal controls, billing systems, estimating systems, labor system controls, subcontractor systems, and property management systems in conjunction with audits of specific contracts on a pre-award and post-award basis. The Quality Assurance Branch works closely and successfully with contracting officers, the Office of Inspector General, and program offices to obtain documentation, provide answers to audit related questions, support negotiations, and reach settlement agreements.

Since 2008, A/LM/AQM has also significantly improved our contract close-out process. A/LM/AQM designed an effective business process and formed a team of close-out specialists, trained to identify contractual and budget issues, perform contract analysis, and to reconcile and document obligations and payments. This team is developing standard operating procedures for all of our contract managers to follow and is training their colleagues in A/LM/AQM on our new business process. In fiscal year 2010, as of February 24, 2010, nearly 500 contracts have been closed out, with \$16.5 million in deobligations of unliquidated funds.

The Department is continuing to examine other improvements to contract oversight through the Quadrennial Diplomacy and Development Review with USAID acquisitions offices.

*Question.* The fiscal year 2011 budget request includes \$3.1 billion for Department of State operations in Pakistan, Afghanistan, and Iraq. This includes a significant increase in civilian staff throughout these countries. Given the severe security constraints on State Department and other U.S. Government civilians in these countries, how are you going to use these people effectively and at the same time ensure their safety?

*Answer.* Achieving progress in Afghanistan, Pakistan, and Iraq will require continued dedication and sacrifice not only by our military personnel, but also by the more than 2,000 U.S. government civilians currently serving in those countries. While security remains a concern in many parts of Afghanistan, Iraq, and Pakistan, the civilian increase can still be used effectively, without compromising civilian safe-

ty or our mission. For example, the increase in Afghanistan, coordinated by the Office of the Special Representative for Afghanistan and Pakistan and the Deputy Secretary of State for Management and Resources, includes top experts from 10 different U.S. government departments and agencies. Many have previous experience in Afghanistan or Iraq. In Afghanistan, these experts contribute to the mission in the field, especially in the East and South where a majority of U.S. combat forces are operating and many of the additional 30,000 forces announced by President Obama are deploying. They work alongside our military forces in critical districts where ISAF is focusing its efforts in 2010, and partner with Afghans to enhance the capacity of national and sub-national government while helping to rehabilitate Afghanistan's key economic sectors.

In Afghanistan, U.S. civilians move into dangerous areas only after ISAF has completed clearing operations, which allows the Afghan government, U.S. civilian experts and ISAF to deliver an integrated package of basic services.

*Question.* I held a hearing in the Judiciary Committee recently about the roles of State Department, the Department of Homeland Security, and Federal Bureau of Investigation in the Christmas Day bombing attempt, and what changes are needed to prevent a similar incident from occurring again. At that time, the Department of State indicated that the visa process was under review to determine what improvements and changes are needed.

What is the status of the Department's efforts to improve the visa process, and what if any improvements are included in the fiscal year 2011 budget request?

*Answer.* We took immediate action to improve the procedures and content requirements for Visas Viper cable reporting that will call attention to the visa application and issuance information that is already part of the data that we share with our national security partners. All officers have been instructed to include complete information about all previous and current U.S. visa(s) when a Visas Viper cable is sent. This instruction includes guidance on specific methods to comprehensively and intensively search the database of visa records by conducting a wide-parameter, "fuzzy search," leveraging an existing search capability, when searching our comprehensive repository of visa records in the Consular Consolidated Database (CCD). Searches conducted in this manner will identify visa records despite variations in the spelling of names as well as in dates of birth, places of birth, and nationality information. Visas Viper cables sent after December 2009 contain this more complete information.

Since the Presidentially ordered Security Review, there have been exigent changes in the thresholds for adding individuals to the Terrorist Screening Database, No Fly, and Selectee lists. The number of revocations has increased substantially as a result. As soon as information is established to support a revocation, an entry showing the visa revocation is added electronically to the Department of State's Consular Lookout and Support System (CLASS) and shared in real time with the DHS lookout systems used for border screening.

The State Department has broad and flexible authority to revoke visas and we use that authority widely to protect our borders. Since 2001, we have revoked more than 57,000 visas for a variety of reasons, including over 2,800 for suspected links to terrorism. Currently, we are reviewing the procedures and criteria used in the field to revoke visas and will issue new instructions to our officers. Revocation recommendations will be added as an element of reporting through the Visas Viper channel. We have provided additional guidance to the field on use of the broad authority of visa officers to deny visas on security and other grounds. Instruction in appropriate use of this authority has already been a fundamental part of officer training for years.

We have been actively using this revocation authority as we perform internal reviews of our data against watchlist information provided by partner agencies. We are reviewing all previous Visas Viper submissions and cases that other agencies are bringing to our attention from the No Fly and Selectee lists, as well as other sources. In these reviews, we have identified cases for revocation and also confirmed that substantial numbers of individuals in these classes hold no visas and, of those few who did, a great many were revoked prior to the current review.

We are implementing a new generation of visa processing systems that will further integrate information gathered from domestic and overseas activities. We have enhanced our automatic check of CLASS entries against the CCD as part of our ongoing process of technology enhancements aimed at optimizing the use of our systems to detect and respond to derogatory information regarding visa applicants and visa bearers. We are accelerating distribution to posts of an upgraded version of the automated search algorithm that runs the names of new visa applicants against the CCD to check for any prior visa records. This enhanced capacity is available currently at 83 overseas posts, with the rest to follow soon.

We are deploying an enhanced and expanded electronic visa application form, which will provide more information to adjudicating officers and facilitate our ability to detect fraud. We are working with our interagency partners on the development and pilot-testing of a new, intelligence-based Security Advisory Opinion (SAO) system that will make full use of the additional application data.

The fiscal year 2011 budget for Consular Affairs includes significant resources to fund ongoing and new activities for the Visa Office. All activities will be funded with fee revenues included in the new schedule of fees. These activities include: Global Visa System creation, advanced biometric search capabilities, datasharing with relevant agencies and other advancements.

*Question.* Do you think that adding Department of Homeland Security Visa Security Units at overseas embassies would improve the security of the consular visa issuance process?

*Answer.* The Department of State has a close and productive partnership with the Department of Homeland Security (DHS), including the Visa Security Program (VSP) of Immigration and Customs Enforcement (ICE). Over the past 7 years both agencies have increased resources significantly, improved procedures and upgraded systems devoted to supporting the visa function. We support the assignment of Visa Security Officers to selected overseas posts where they work together with Consular Officers and Assistant Regional Security Officer-Investigators (ARSO-I) to advance the nation's border security initiatives in the following areas: extending the border overseas; capitalizing on the visa process to identify national security threats; identifying unknown threats; sharing information and conducting liaison activities; providing training and advice; and investigating terrorism, human trafficking, alien smuggling, marriage fraud.

We work closely with the ICE Visa Security Units (VSUs) established abroad and with domestically based Visa Security Program supporting those units. VSUs currently operate at 14 visa adjudicating posts in 12 countries. Since January 19, 2010, we have received requests from ICE to open four additional VSUs and to augment staff at two existing VSUs. The Chiefs of Mission have approved the four new VSUs and one request for expansion with one request for expansion pending.

*Question.* An article in the February 23rd Washington Post describes problems in moving forward with the planned Security Training Facility in Maryland. The most troubling issues mentioned in the article include missteps by Federal officials, poor communication with the local communities affected by the Training Facility operations, and the State Department's acknowledgement that there hasn't been adequate analysis on whether building a single facility is more cost-effective than the current leasing of various different sites.

The article also questions the economic impact of the project for the local community and States that the Department acknowledges that there may be delays due to the public opposition and possible legal challenges.

What is the State Department doing to address these problems and have you determined whether building a single facility is the most cost-effective approach to providing security training to its employees? If not, shouldn't that have been done well before this point?

*Answer.* The Department of State (DoS) and General Services Administration (GSA) recognize and understand the concerns of Queen Anne's County residents regarding this proposed project. It is our goal to work in conjunction with the citizens of this community to ensure that the proposed facility benefits the surrounding area and any adverse impacts are minimal.

To that end, project overview and public scoping meetings were held in early January, marking the beginning of the public participation process. Additional public meetings were conducted on February 16 and February 23, and the public comment period was extended from January 15, 2010 until March 12, 2010. In those meetings, we shared the evaluation criteria guiding the selection of a preferred site, provided general background information about the purpose and need of the project, and requested feedback from local residents and community groups about what issues should be studied and what areas may need to receive a greater level of attention during the National Environmental Policy Act (NEPA) process.

The NEPA process is the tool by which the public is invited to comment and identify impacts that they believe may result from the proposed development. The comments will be part of the NEPA analysis that will be published in the draft Environmental Assessment (EA). Upon publication of the EA, the public will have another opportunity to participate in a 30-day comment period. The findings will be used to modify the plans and operations for the facility to avoid or mitigate any impact. Development of the site cannot, and will not, begin until the NEPA process is completed.

Additionally, the DoS and GSA accepted numerous invitations from local organizations and community groups for open discussions, and are also working to establish community liaison positions that will strengthen the dialogue with the local community and continue it on a more regular basis. We also invited the public to submit feedback on the proposed training center at any time, by calling the dedicated phone line at (215) 446-4815 or emailing FASTC.info@gsa.gov.

According to a 2007 DoS Office of the Inspector General report, the Bureau of Diplomatic Security's (DS) training facilities are not adequate to accommodate the Bureau's training. The dispersal of instructors and students among different facilities throughout the greater Washington, DC, metropolitan and surrounding areas is a barrier to effective team building, communication, and operational efficiency. The operating cost to conduct training at the current patchwork of 19 facilities exceeds \$19 million annually. Students and instructors shuttle between facilities that extend from West Virginia to the Maryland suburbs at a significant productivity cost to employees. Several off-site annexes used for training are sub-standard facilities.

The Department, over a 15-year period, has pursued possible locations for a consolidated training facility in Maryland, Virginia, and Washington, DC. DS collaborated extensively with other agencies (Drug Enforcement Agency, Customs and Border Protection, Federal Law Enforcement Training Center, Federal Bureau of Investigation, Department of Defense and others) to discuss facility sharing and opportunities for co-location. During this process, DS learned that these agencies were training at maximum capacity, and could not offer exclusive scheduling opportunities. Furthermore, they could not accommodate our highly specialized programs or our diverse and voluminous student population (Foreign Service Officers, Foreign Service Nationals, etc.) and unique curriculum (i.e., aggressive driving/ambush/kidnap scenarios, weapons of mass destruction and medical courses, explosives, heavy firearms, etc.).

DS also vigorously explored expanding existing facilities. DS concluded that existing facilities have been expanded to capacity and unable to meet the demands of an increase in Foreign Service and other personnel who will serve in high/critical threat environments based on an expected augmentation of U.S. foreign affairs reconstruction and stabilization efforts in failing or transitioning states/regions.

*Question.* Were existing sites, including local military facilities with excess space capacity, considered and evaluated as part of the decisionmaking process? If so, which sites were considered and what were the reasons for deciding to instead build a new site? If existing sites were not considered, why not?

*Answer.* The Bureau of Diplomatic Security (DS) has been pursuing space for a consolidated training facility for more than 15 years. This search has included seeking available land for purchase or exclusive use from other Federal agencies, operating military bases, and military bases scheduled to close as a result of the 2005 Base Realignment and Closure (BRAC) recommendations, as well as facility sharing and opportunities for co-location. Other agencies with whom DoS has approached over the years to share their facilities include the Drug Enforcement Administration, Customs and Border Protection, the Federal Law Enforcement Training Center, Federal Bureau of Investigation, Department of Defense, and others.

In addition to seeking new land, DS also vigorously explored expansion of existing facilities, but concluded that those facilities are already at full capacity. Over the past several years, some of the following Federal/military/or commercial facilities have been investigated as potential sites for a consolidated DS hard skills training center:

- Camp Dawson, WV;
- National Conservation Training Center, WV;
- Summit Point Raceway Associates, WV (Privately owned land-lease with DoS-owned buildings);
- Aberdeen Proving Ground, MD;
- Agricultural Research Center, Beltsville, MD;
- Indian Head Naval Surface Weapons Center, MD;
- Fort AP Hill, VA;
- Quantico Marine Base, VA;
- Federal Law Enforcement Training Center, Cheltenham, MD;
- Fort Pickett, VA; and
- U.S. Army Research Facility, Blossom Point, MD.

None of the agencies or locations listed above were able to accommodate the highly specialized programs (i.e., driving tracks, firing ranges and mock-urban environments), student populations (Foreign Service Officers, Locally Employed Staff, etc.), and relatively unique curriculum and mission needs of DS.

Therefore, during the summer of 2009, a search for other available land was initiated by the General Services Administration (GSA), Region 3/Philadelphia, on behalf of the Department. Following a search of declared excess Federal property and commercially listed private lands, both GSA and the Department concurred additional site options were needed. GSA posted an announcement seeking interested parties on the Federal Business Opportunities website ([www.fbo.gov](http://www.fbo.gov)) on June 29, 2009.

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QUESTIONS SUBMITTED BY SENATOR DANIEL K. INOUE

*Question.* Madame Secretary, as briefly mentioned, Hawaii will have the great honor of hosting the Asian-Pacific Economic Cooperation (APEC) 2011 Leader's Meeting. My constituents have expressed some concerns about anticipated security-related expenses that will be associated with this event. It is my understanding that last year's Group of Twenty Summit, which was hosted by Pittsburgh, Pennsylvania, resulted in cost overruns incurred by the State and local governments. The APEC 2011 Leader's Meeting will be quite an undertaking, and it is my hope that the State of Hawaii can look forward to the full cooperation of the Department of State and all the other coordinating Federal agencies. Would you please speak to the interagency cooperation, coordination, and cost-sharing anticipated between the various Federal agencies and Hawaii's local government?

*Answer.* The Department of State is the lead coordinating agency for U.S. participation in the Asia Pacific Economic Cooperation forum (APEC), and will work with a strong interagency team to arrange the hosting of APEC in 2011. Of the \$89 million anticipated spending by State in fiscal year 2011, we expect that over one-half will be spent in Hawaii. The majority of the APEC 2011 meetings will take place during fiscal year 2011, and much of the Hawaii costs will also be incurred in fiscal year 2011. However, Leaders Week security costs will fall in the fiscal year 2012 budget period. Diplomatic Security officers have briefed officials in Hawaii on obtaining National Security Special Event Status and have requested that Hawaii prepare a budget of anticipated costs. Governor Lingle has also discussed the matter with Secretary Napolitano, and the Departments of State and Homeland Security will coordinate closely in this matter. The State Department looks forward to working closely with Congress, the interagency team and officials in Hawaii to ensure successful meetings in 2011.

*Question.* The East-West Center was created by Congress 50 years ago to promote the relationship between the United States and its neighbors throughout and across the Pacific Ocean. I appreciate the support the Department has expressed for public diplomacy, and a commitment to promoting the concept of citizen diplomacy. These are key concepts promoted by the East-West Center and facilitated by its exchanges and educational programs. The Center is a key stakeholder and participant planning and preparing for the APEC 2011 Leader's Meeting. As the Center looks forward to its next 50 years, how do you see the Center's extensive alumni network throughout Asia and the Pacific region, exchange programs, capacities, and partnerships complementing efforts by the Department, and how might its tremendous resources be further utilized?

*Answer.* The Department of State greatly values the East-West Center's achievements in strengthening relationships between the United States and the Asia-Pacific region, and in addressing global issues. The Center is providing important support to our efforts to prepare for the United States' hosting of APEC in 2011, particularly preparations for the 2011 APEC Economic Leaders' Meeting.

For 50 years, the East-West Center has played a vital part in bridging cultural, educational, political, economic and social distances between the United States and the Asia-Pacific region. I appreciated the opportunity to speak at the Center as part of its anniversary celebrations, and to engage with students who will be among the next generation of leaders in promoting stronger U.S.-Asia-Pacific relations.

The East-West Center has served as an important forum for meetings between senior U.S. officials and leaders from the Asia-Pacific region, including the Heads of State of many Pacific islands nations. It also brings together journalists, security experts, educators and other professionals in many fields that are important to our relationship. Its 58,000 alumni, organized into 50 chapters, form a significant international network of influence, and our Embassies help to support the efforts of these alumni overseas.

As the United States further develops our partnerships in the Asia-Pacific region, the East-West Center offers a unique venue and expertise to foster cooperation and encourage the sharing of ideas. The Center's efforts to promote broader systemic and globalized thinking in the Asia-Pacific region helps build a common under-



standing of issues and values among publics and professionals, facilitating the State Department's work. We anticipate that the Center will become an even more valuable part of the overall U.S. public diplomacy effort in East, South, and Southeast Asia and the Pacific in the coming years, and we look forward to continued collaboration with this important institution.

*Question.* The Asia-Pacific region continues to gain more attention in the media, whether due to economic, trade, or security matters. With the benefit of having a year in your position as the Secretary, I am curious how you see the U.S. role in the region growing, adapting, and changing in the next few years?

*Answer.* The United States' revitalized relationship with the Asia-Pacific region will continue to grow in the next few years. We have a strong interest in continuing our economic and strategic leadership, and Asia has a strong interest in the United States remaining a dynamic economic partner and a stabilizing influence.

We will remain a resident power in the region contributing to the stability that makes economic progress possible. Our economies will remain inextricably linked. American companies export \$320 billion in goods and services to the Asia-Pacific region every year, creating millions of jobs. We will continue to work through APEC with other regional economies to foster free and open trade and investment and growth that is more inclusive, balanced, and secure.

We will enhance our partnerships with our friends in the Asia-Pacific region to meet global security and humanitarian needs. We will continue to work together to help prevent nuclear proliferation, support our common interests in Afghanistan, combat piracy off the Horn of Africa and more.

Our people-to-people links will continue to grow with more than 13 million Americans tracing their ancestry to that part of the world. Hundreds of thousands of students from the Asia-Pacific region study in the United States, and the number of American students is increasing at universities in Asia.

The next few years will present the possibility for greater regional cooperation. We are building the architecture to meet the challenges faced by the region. Our alliance relationships with Japan, South Korea, Australia, Thailand, and the Philippines are among the most successful bilateral partnerships in modern history and will remain the cornerstone of our regional involvement. We are building toward launching a Comprehensive Partnership with Indonesia and will continue to strengthen relationships with other key players, including China. We are also exploring strengthened multilateral cooperation across the region.

*Question.* Last April I shared with you my concerns regarding the Western and Central Pacific Fisheries Commission (WCPFC) and specifically, the importance of bigeye tuna (BET) to Hawaii's economy.

The Hawaii longline fleet has been under limited entry regulation for 15 years while other nations (including China and Taiwan) have increased their number of boats by 50 percent and increased their fishing exponentially by entering into multiple charter agreements with other nations—which are not closely tracked. The WCPFC established a BET quota of 4,200 metric tons for the U.S. longline fleet for 2006–2008. For 2009–2011 that quota was reduced to 3,750 metric tons. The purse seine industry in the United States also catches BET, often taking more as unwanted bycatch than the longline industry takes as a target species.

Our longline industry has informed us repeatedly about the challenges associated with operating within this quota, particularly in light of the fact that China and Taiwan do not appear to be honoring the quota limits. To that end, the fishermen in Hawaii have taken the initiative to map out potential charter agreements with Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands in order to legally take additional catch and ensure a steady supply to the American market. However, the WCPFC has not adopted mutually agreed upon parameters for charter agreements, and there is currently no governing mechanism for how they are entered into or agreed upon, which is something we encourage the WCPFC to take up at future meetings.

Our challenges are twofold: How do we secure meaningful enforcement measures to ensure that all WCPFC signatories abide by their quota while supporting the efforts of our domestic industry to provide a high quality, reliable supply of fresh seafood to the American market? Even though the Regional Fishery Management Organizations such as the WCPFC focus on international issues, I urge State to work with the National Oceanic and Atmospheric Administration to take into account the effect of international negotiations on domestic industry. How can State assist with moving this forward?

*Answer.* The Department of State works closely with NOAA on issues related to the Western and Central Pacific Fisheries Commission (WCPFC). Both agencies take seriously the responsibility of making decisions that affect U.S. economic interests, and our negotiators work diligently to balance those interests with the con-

servation imperatives and priorities in the most equitable manner possible. In particular, in recognition of the special circumstances surrounding the operation of the Hawaii-based U.S. longline fleet, our negotiators, on two separate occasions, fought for and secured special accommodations for that sector of the industry, which were described in detail in a May 4, 2009 letter to you from Assistant Secretary Verma. Together, these provisions ensure that reductions in the quota for the U.S. Hawaii-based fleet are significantly less than the cuts faced by the fleets of other developed States.

Even so, we fully recognize the challenge in working to ensure that all WCPFC participants abide by the quotas for bigeye tuna pursuant to WCPFC Conservation and Management Measure 2008–01. At this time, we have no evidence to indicate or to suggest that other WCPFC members, including those mentioned in your question, are exceeding their established quotas. At the same time, we recognize that the process for monitoring of catches and collection of information is still under development and the information available to us to assess the current situation is imperfect. A large part of our response to the challenges you have identified must be to continue to strengthen the programs within the WCPFC for monitoring, control and surveillance of fishing activities to ensure a greater level of transparency in fishing operations in the region.

The WCPFC took an important step in this direction at its December 2009 meeting with the adoption of a measure to monitor and regulate the transshipment of fish caught in the WCPFC Convention Area. Under this measure, all transshipments of fish by longline vessels will be observed and recorded by an observer on board either the fishing vessel or the carrier vessel receiving the fish. (Similar provisions apply to other fleets.) In our view, this measure closes a significant gap in our ability to monitor catches and ensure compliance with agreed measures. Unreported transshipment of fish is one way that vessels can avoid having catches counted against their national quotas. We will also continue to push for higher levels of observer coverage on foreign longline fleets, recognizing the U.S. fleet operates with the highest level of coverage of any fleet in the region.

The issue of charter operations is one that we are considering carefully. Under certain circumstances, charter operations can provide an effective and legitimate means for small island developing States and territories to develop their domestic fisheries without incurring large capital expenditures. At the same time, we are concerned that, without clear rules and guidance on the nature and extent of allowable charter operations, such operations could allow some fishing States to increase their catches without having that catch count against their national quota, but instead against the quota of a small island developing State or territory, with little direct link to the development of the domestic fishery in the State or territory in question. Under this latter scenario, the catch limits for some distant water fishing nations would have little meaning and the conservation benefits of CMM 2008–01 would be significantly diminished.

Finally, another way to address concerns about the status of bigeye tuna, is to explore ways to reduce catches of juvenile bigeye tuna in the tuna purse seine fishery, especially the fishery associated with fish aggregating devices or “FADs.” At present, different groups are exploring various options with respect to the development of different fishing gear and techniques to reduce catches of juvenile bigeye tuna. WCPFC members are looking to the United States for leadership in this endeavor. In our view, although this work is expensive and would require a multi-year funding commitment, the United States should seek to join these ongoing efforts and contribute to them in a material way.

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#### QUESTIONS SUBMITTED BY SENATOR MARY L. LANDRIEU

*Question.* Madame Secretary, as you are aware, on April 1, 2008, the Hague Convention on Intercountry Adoption went into full force in the United States. Since that time, the number of intercountry adoptions has decreased dramatically from over 22,000 in 2004 to just over 13,000 last year. For the most part, this is because countries of origin have shut adoption processes down due to concerns of fraud and abuse. It has been my experience that governments in these countries are both willing and wanting to receive guidance from the United States in building a system of intercountry adoption that is both safe and effective. What is the State Department currently doing to meet this need?

*Answer.* The reasons for the decline in numbers of intercountry adoptions vary from country to country. The United States is only one of several receiving countries experiencing such a trend. However, since the United States adopts on a greater scale than all other countries, the decline in raw numbers is larger. The majority

of intercountry adoptions into the United States occur from a handful of countries of origin. When those few countries of origin alter their intercountry adoption practices and requirements, the impact on our overall numbers is disproportionately large.

Over 70 percent of the reduction in fiscal year 2009 was in the number of children adopted from Guatemala, where the Guatemalan National Council on Adoption announced in September 2008, that it would not accept any additional adoption cases, because, among other things, the Government of Guatemala has not yet met its obligations under the Hague Convention on Intercountry Adoption (the Convention) and has not yet put into place the required safeguards. This year, due to our strong interest in encouraging Guatemala's efforts to reform its adoption system, and pending a determination about whether the program is consistent with Convention standards, the United States has asked to participate in a limited 2 year Guatemalan pilot program to allow for the adoption of a number of special needs children.

Nearly 20 percent of the fiscal year 2009 reduction in intercountry adoptions was from China, which is making fewer children eligible for intercountry adoption, while the numbers of prospective adoptive parents from traditional receiving countries has been increasing. As a result the wait time for healthy young children is increasing. However, the wait time for older children and those with special needs remains low. Russia and Vietnam also registered notable declines. The Department remains in close contact with the governments of Russia and Vietnam on adoption matters.

The United States takes a multi-faceted approach in working with other countries on adoption issues. The Convention is an important tool in helping the United States promote intercountry adoption practices that focus on the best interests of each child. The accreditation process for adoption service providers who wish to operate in Convention countries establishes clear, strong, enforceable standards. Although the accreditation process is only a few years old, it is our judgment that U.S. efforts in accreditation have "raised the performance bar," and helped to improve the standard for services provided in non-Convention as well as Convention adoptions.

As the U.S. Central Authority for the Convention, the Department of State encourages and supports implementation of best practices in child protection and welfare in order to achieve Convention goals of incorporating intercountry adoption in an integrated child protection and child care system. As a matter of policy, we take every opportunity to encourage all countries to take the necessary steps toward joining and properly implementing the Convention. For example, the Kyrgyz Republic, which is not party to the Convention, halted intercountry adoptions in 2008 over concerns of corruption and fraud in the adoption process. The Department has engaged the Kyrgyz government at the highest levels on numerous occasions to encourage the strengthening of safeguards in the adoption process and accession to the Convention. In addition to these efforts, we have advanced the issue through outreach programs that included sending a U.S. adoption expert to the Kyrgyz Republic last year, and sponsoring an adoption-themed study tour to the United States for senior Kyrgyz officials.

Another country not party to the Convention is Vietnam. Adoptions from Vietnam were suspended in 2008. However, the United States remains in frequent contact with the government of Vietnam on adoption matters. Discussions have focused on the broad range of child welfare responsibilities encompassed by the Hague Adoption Convention, the principles underlying the Convention, and the practical requirements for implementing procedures that the Convention requires.

Cambodia is a member of the Hague Adoption Convention, but due to fraud, irregularities, and an insufficient legal framework to provide safeguards for the protection of children, the former Immigration and Naturalization Service (INS) suspended adoptions from Cambodia on December 21, 2001. Despite accession to the Convention in 2007, the Royal Government of Cambodia (RGC) has been unable to implement Hague-compliant procedures necessary to meet its treaty obligations. Working in cooperation with the Hague Permanent Bureau (HPB), as well as with several receiving countries, the United States has sought to provide assistance for Cambodia's establishment of implementing legislation necessary for an ethical and transparent adoption program that meets Convention standards. The United States has supported efforts by the HPB and joined a receiving country Working Group comprised of Convention states to provide coordinated input on Hague law and procedures to the RGC. The United States also supports UNICEF's continuing work with the RGC to implement law, as well as improve and strengthen the child welfare system in Cambodia. As part of a multi-country assistance grant to UNICEF, the USAID Displaced Orphan's and Children's Fund (DCOF) is providing approximately \$1 million for this purpose.

Finally, the United States supports the work of the Hague Permanent Bureau as it responds to inquiries from countries on intercountry adoption issues. The Department has an ongoing and active record of sponsoring and participating in the work of the Hague Conference on Private International Law's Inter-Country Adoption Training and Technical Assistance Program (ICATAP). Created in 2007, ICATAP provides assistance directly to governments that are planning to ratify or accede to the Convention, or have already done so but are experiencing difficulties with implementation. The United States contributed \$200,000 in 2008 to the Hague Permanent Bureau's Supplementary Budget, which funds ICATAP and other child welfare programs.

*Question.* As you know, one of the founding principles of the Hague is that children are best served in a family. Under what is called its principle of subsidiarity, convention countries agree to pursue family reunification and domestic adoption before allowing a child to be adopted by a family in another country. Convention countries also agree that institutionalization and long term foster care are not considered permanent and should therefore not be used as long term solutions. Madam Secretary, I am concerned that while it appears to be U.S. policy that intercountry adoption should take precedence over long term foster care and institutions, our practice appears to be quite the opposite.

Can you confirm that it is in fact the U.S. policy that long term foster care and institutionalization are not long term solutions and should therefore not be given preference over intercountry adoption?

*Answer.* Yes, that core Convention principle reflects our policy as well. In situations where children will not be reunited with their families, permanency planning should be undertaken as quickly as possible. Long-term foster care or institutionalization is not in the best interests of children. The principle of subsidiarity as expressed in the Convention stands for the principle that national adoption be given precedence over intercountry adoption. However, the practice of stopping intercountry adoptions pending the development of a viable national adoption system or enactment of long-term child care reform, in most cases runs contrary to the core "best interests of the child" principle of the Convention.

*Question.* As you know, one of the many challenges in addressing the needs of orphan children in Haiti is the lack of a universally accepted definition of what is an orphan. In fact, the often cited estimate that there were 380,000 orphans in Haiti prior to the earthquake include children who had one living parent and/or extended family. What can the United States do to assist the Government of Haiti in developing the data necessary to better understand what children's precise needs are?

*Answer.* The United States is actively assisting the development of the data necessary to better understand children's precise needs by providing expert technical assistance to the U.S. mission child protection team, technical assistance and transport for GOH/UNICEF assessments of the needs of children in hundreds of orphanages in the Port au Prince area, and by supporting nationally representative surveys such as periodic Demographic and Health Surveys (DHS) and a recent survey of child trafficking, restaveks, and child victims of violence.

The figure of 380,000 is the UNICEF estimate of the number of children under 18, before the earthquake, who had lost one or both parents. Of this number, 330,000 children had lost one parent and 50,000 had lost both parents. The great majority of these children were living with the surviving parent (if a single orphan) or with extended family members, usually a grandparent or aunt or uncle.

Prior to the earthquake, only 67 of an estimated 600 residential care centers (referred to as "orphanages," though many of the children have one or both parents living) had been registered with the Government of Haiti (GoH). Because a majority of these centers were unregistered, there is little official data or statistics on children living in these conditions. Approximately 300 of these centers were located in Port-au-Prince and the surrounding earthquake-affected area.

The USG is supporting the GoH and UNICEF to map and build a database of children's residential care centers to facilitate stronger oversight through registration and monitoring in the future. As of March 1st, the UNICEF-led Child Protection Sub-cluster (CPSC) had completed assessments in 280 residential care centers. More than 17,000 children were residing in 205 of the assessed centers. The remaining assessed centers were found to be no longer hosting children.

With USAID support, Haiti carried out Demographic and Health Surveys in 1994–1995, 2000, and 2005–2006. The 2005/6 survey included information for children under 18 about whether the parents are alive, whether the children live with their parents and the relationship to other members of the household. The United States can assist the Government of Haiti to conduct another such survey as soon as possible, preferably with additional questions about the changes in these rela-

tionships following the earthquake. If possible, the survey should be accompanied by special data collection on children who live in residential care centers.

*Question.* The UNHCR stipulates 2 years as a “reasonable period” for the tracing of and reunification with parents or other surviving family members. Understanding the detrimental effects of prolonged institutionalization, particularly for children ages 0 to 5, what is the United States plan for ensuring that children are not placed in institutions for significant portions of those 2 years?

*Answer.* The duration of the tracing process varies per child and is largely influenced by prospects for success, as well as the age and specific needs of the child and the circumstances of the child’s interim care placement. It is the USG’s view that it would be inappropriate to mandate 2 years of tracing before decisions about long-term placement and care are made, particularly for young children. With adequate resources, we believe that the GOH capacity could be developed so that, when a child is identified as currently not living with a family, a “best interests of the child” determination (BID) could be made for each child. Once a BID is completed, then placement decisions about short and long-term care could be made concurrently.

The following are priorities that USAID aims to address for child protection in Haiti:

- Assist reunited families to remain intact and viable through social and economic support;
- Reduce the number of children abandoned (as measured by new admissions to orphanages);
- Increase the number of children in family-based interim and long-term care in communities (e.g. family reunification, kinship care, foster care, small group homes, supervised independent living for older children, adoption);
- Reduce the number of children living in orphanages; and, improve the quality of care for children living in orphanages awaiting a family placement; and
- Strengthen the capacity of the Government of Haiti to build and lead a national child protection program based on international standards, robust monitoring and evaluation, an expanded cadre of professional social and child welfare workers.

*Question.* As you are well aware, U.S. Federal law requires that State and local officials who place children in foster care are to pursue the primary goal of family reunification, while at the same time, developing an alternative permanency plan for the child. If the family reunification efforts fail, then the alternate plan will already be in place and well on its way to completion. This practice, which is called concurrent planning, is intended to reduce the total period of time a child will remain in out of home care before being permanently placed with a family. Is this an approach that the United States might encourage its international partners to consider adopting so that children in Haiti are not spending unnecessary time in non-permanent situations?

*Answer.* Yes, we are aware of and support the concept of concurrent planning for children in care. We note that the main problem in Haiti before and after the earthquake is that the GOH does not have a functioning child welfare system, including the sophisticated social work capacity required to engage in case-by-case analysis of each child’s situation and needs so that, if needed, a concurrent plan could be written, approved, and executed. Now that so many children are in need of emergency care, such as food and shelter, the immediate priority has been to focus on those needs first.

*Question.* Long term solutions to the issues facing Haiti’s orphan children will undoubtedly require the mobilization and coordination of both traditional and non-traditional partners. Have you given any thought about how you might mobilize faith based, corporate and professional partners around the goal of providing families for orphan children?

*Answer.* Yes, a great deal of thought has been given to the mobilization of such partners. Faith-based partners in particular have long played a central and seminal role in assisting children and are well positioned to scale-up such services. USG agencies are currently working with a variety of faith-based partners in Haiti to address the needs of orphans and vulnerable children.

*Question.* This year will mark the third year of the 10-year memorandum of understanding between Israel and the United States on important military assistance to Israel. The President’s budget request for FMF to Israel—\$3 billion—is the amount noted in the MOU and we are appreciative of the President’s ongoing commitment to ensure Israel has the tools it needs to defend itself. What do you perceive to be the security threats Israel faces today? How will this assistance help to enhance security and stability in Israel and throughout the region?

Answer. Support for Israel's security is a cornerstone of our Middle East policy. Israel faces potential threats from a number of sources, including terrorist organizations such as Hizballah and Hamas, as well as states including Iran. Our Foreign Military Financing (FMF) memorandum of understanding is intended to contribute to Israel's ability to defend itself from these regional threats by committing the Administration to seek congressional approval to provide Israel \$30 billion in FMF over a 10-year period, beginning in fiscal year 2009. The United States provided Israel with \$2.55 billion for fiscal year 2009, and forward-funded \$555 million of Israel's \$2.775 billion fiscal year 2010 FMF allocation via the fiscal year 2009 Supplemental Appropriations Act.

Israel uses this assistance both to procure U.S.-origin defense articles, ranging from ammunition to advanced weapons systems and training, and to develop and support its own defense industry. U.S. assistance will help ensure that Israel maintains its qualitative military edge over potential threats, preventing a shift in the security balance of the region, and safeguarding U.S. interests. Our assistance is also aimed at building Israel's confidence to make historic concessions necessary for comprehensive regional peace.

*Question.* The President's request included \$400.4 million in economic assistance for the West Bank and Gaza "to strengthen the Palestinian Authority as a credible partner in Middle Eastern peace and continue to respond to humanitarian needs in Gaza." The request also states that this assistance "will provide significant resources to support the stability of the PA, economic development of the West Bank, and increase the capacity of the PA to meet the needs of its people." Can you tell us how these funds will be disbursed? What specific projects will be funded and through what specific mechanisms? What portion of these funds will be used for humanitarian assistance in Gaza? Are you confident that there are safeguards in place to ensure this assistance reaches its intended recipients and does not land in the hands of Hamas or benefit Hamas? If yes, can you please provide an explanation of the safeguards in place?

Answer. The Department's \$400.4 million request in fiscal year 2011 for the West Bank and Gaza Economic Support Funds (ESF) program supports the Palestinian Authority's (PA) development and institution-building priorities through the following bilateral economic support:

- Up to \$200 million in direct budget support to the PA.
- \$72.5 million for the delivery of basic education, health, and water services.
- \$81.4 million in programs to help develop the environment for growth in the Palestinian private sector.
- \$15.5 million in food, medical, and other humanitarian assistance for Palestinians in the West Bank and Gaza.
- \$31 million to enhance democratic reform, respect for human rights and the rule of law, and increase civic engagement.

The more than \$400 million ESF requested in fiscal year 2011 will continue support for priority reform and institution-building priorities identified by the PA, and will be disbursed primarily through either new or existing USAID and MEPI contracts or grants with international organizations, U.S. non-governmental organizations, and local vetted organizations. As noted above, the Administration has requested \$15.5 million for humanitarian assistance in the West Bank and Gaza for fiscal year 2011. At this stage, USAID cannot predict the exact amount that will be spent on humanitarian assistance in Gaza versus the West Bank. The decision on funding for Gaza will be based on the changes in the situation and the evolving needs.

The United States has installed safeguards that will ensure that our funding is only used where, and for whom, it is intended, and does not end up in the wrong hands. USAID and MEPI provide all project assistance through International organizations, U.S. non-governmental organizations and local vetted organizations. Before making an award of either a contract or a grant to a local NGO, USAID or MEPI, as appropriate, checks the organization against information in U.S. government databases. USAID and MEPI also check these organizations and the organization's principal officer, directors, and other key individuals through law enforcement and other systems accessed by USAID's Office of Security. All NGOs applying for grants from USAID and MEPI are required to certify, before award of the grant will be made, that they do not provide material support to terrorists. These organizations also work with local organizations through sub-grants. All local sub-grantees are likewise vetted to ensure no terrorist connections.

Once an award has been made, USAID and MEPI have established procedures to safeguard U.S. investments and ensure the transparency and integrity of U.S. assistance. In order to ensure that funding through local and U.S. NGOs is used only for agreed upon purposes, all NGOs are required to submit quarterly financial re-

ports on how funds are spent. Also, all direct USAID grantees, contractors, and significant sub-grantees and subcontractors' local costs are audited by USAID's Inspector General on an annual basis. In addition, the Mission's vetting procedures are the subject of regular GAO audits.

Before transferring U.S. taxpayer dollars to the PA as budget support, the Secretary of State certifies that the PA maintains a Single Treasury Account; has eliminated all parallel financing mechanisms outside of the treasury account; and established a single comprehensive civil service roster and payroll. The PA is only authorized to use budget support funds for purposes approved by USAID. In 2008 and 2009, U.S. budget support was tied to specific PA expenditures, i.e., payment of debt to Israeli energy or utility companies and private sector financial institutions providing credit for purchases from these companies. Vetting of specific private sector creditors is a prerequisite to disbursements of funds. Funds are transferred into a separate local currency sub-account of the PA's Single Treasury Account, and USAID had access to all information pertaining to the separate sub-account in order to monitor funds. The PA must notify USAID in writing when disbursements are made from the separate sub-account, including the amount disbursed and the recipient. The Regional Inspector General also audits each cash transfer. We anticipate using the same process for fiscal year 2011 budget support.

In addition to tight USG procedures and controls, the PA, under Prime Minister Fayyad, has undertaken substantial economic and fiscal reforms that have increased transparency and accountability. The PA's budget, including revenue sources and actual expenses and commitments, is publicly available on the Ministry of Finance's website. In addition, the Ministry of Finance (MOF) has taken a number of additional steps to increase fiscal oversight and streamline budget execution, including by establishing a General Accounting Department and a Computerized Accounting System to link the MOF to line ministries and ensure that funds are used for their intended purpose.

*Question.* The President also requested \$150 million for security assistance for the Palestinian Authority, indicating these funds will support reform of the Palestinian security sector. This is an increase of \$50 million over last year's funds. Please explain the reason for this increase.

*Answer.* The Bureau of International Narcotics and Law Enforcement (INL) will use most of the \$50 million increase in funding over fiscal year 2010 levels to train, equip and garrison an additional Special Battalion of the Palestinian Authority's (PA) National Security Force (NSF). The total fiscal year 2011 request of \$150 million provides enough funds to train, equip, and garrison three Special Battalions. This level of funding will bring us to our goal of training and equipping a total of 10 battalions (including one in reserve) and garrisoning nine.

INL will direct a portion of this additional request to provide training, equipment, infrastructure, and technical assistance to prosecutors, investigative police, and prison officials in the Justice and Corrections Sectors to complement our security force programs.

*Question.* In December, you acknowledged that efforts to engage Iran in negotiations on its nuclear program had not had the desired results, saying, "I don't think anyone can doubt that our outreach has produced very little in terms of any kind of positive response from the Iranians." Iran continues to enrich uranium, test missiles and work on its heavy water reactor. The global community cannot sit idly by as Iran continues to build a nuclear weapons capability. Can you provide us with an overview of the Administration's strategy to prevent Iran from obtaining and using a nuclear weapon?

*Answer.* The Administration remains committed to its dual-track strategy to address Iran's pursuit of a nuclear weapons capability, which ultimately presents Iran with two choices: It can fulfill its international obligations under the Nuclear Non-Proliferation Treaty and to the U.N. Security Council and International Atomic Energy Agency, or it can face increasing international pressure and condemnation for its activities.

At the moment, our focus is on getting the international community to consider new multilateral sanctions, while also implementing all existing U.N. Security Council resolutions through national measures. We believe that these kinds of multilateral pressures can most effectively underscore to the Iranian government the cost of defying the international community. They are also the most difficult for Iran to evade.

We also continue to work independently and with our allies to take measures to deny Iran access to the technology and know-how it needs to develop further its nuclear program, while underscoring our continued support for a peaceful nuclear energy program in Iran. We are also working with our partners to prevent Iran from abusing the international financial system to facilitate its proliferation activities.

Finally, we are working with our counterparts on the IAEA Board of Governors to support the IAEA's investigation into Iran's nuclear program and compliance with its obligations. Through the IAEA's investigation, we have learned much concerning Iran's activities and many questions have been raised that reinforce our concern regarding the nature of Iran's nuclear intentions. We support fully the IAEA's efforts to address those questions.

*Question.* As part of the administration's sanctions effort, will the State Department begin to implement the Iran Sanctions Act (ISA) by making determinations about companies investing in the Iranian petroleum sector?

*Answer.* The Department of State takes its obligations under the Iran Sanctions Act (ISA) very seriously and we have reviewed many reports of potentially sanctionable activity under the Act. In addition to this ongoing process, we recently conducted a preliminary review of a number of reported activities that were mentioned in a letter sent from 50 Members of the House to President Obama in October and a letter sent to me by Senator Kyl and 10 other Senators in November. During the course of this review, we found the activities of some companies to be problematic and therefore warranting more thorough consideration under the standards delineated in the ISA. We are continuing to collect and assess information on these cases.

We work aggressively on three fronts to ensure that our review of such reports is serious and thorough and that we have a rigorous process in place for implementation of the ISA. First, we raise in our bilateral engagement with numerous countries the need to strengthen our cooperation in promoting a united front for restricting investment in Iran's energy sector. Second, we supplement our efforts by working with our Embassies overseas to collect information on potentially sanctionable activity. Finally, we review with the intelligence community reports of activities of some companies that warrant further scrutiny under the ISA. Through these mechanisms we ensure that credible reports are examined fully while reports with no substance are put to rest. It is worth noting that the Iranian government, in its efforts to deny its increasing international isolation, promotes and publicizes all manner of transactions and purported investments that may or may not have any truth to them.

If the Secretary makes a final determination that sanctionable activity has occurred, Congress will be notified promptly.

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#### QUESTIONS SUBMITTED BY SENATOR FRANK R. LAUTENBERG

*Question.* We saw with the *Sean Goldman* case that international parental abduction is a major problem. Although we were able to secure a positive outcome in that case with your help, many other parents are still struggling to bring their children home and it is clear that the current system falls short. What are you doing to improve the Department's ability to locate and help safely return American children who are victims of international parental abduction?

*Answer.* The Department has designated the Office of Children's Issues (CI) in the Bureau of Consular Affairs as the U.S. Central Authority for the Hague Convention on the Civil Aspects of International Child Abduction (Hague Abduction Convention) and to work with parents and our posts abroad on cases of international parental abduction to countries that are not Hague partners. CI works to reunite parents with abducted children and has expanded in size as the number of international parental child abductions has grown. In the last year alone, the Department has hired 21 new employees in the Office of Children's Issues to work exclusively on abduction cases, bringing total staff for the issue of abduction to over 70 employees spread among five issue-specific and geographic branches. In addition, the management structure of CI has been expanded and a number of new higher-graded positions have been introduced. The CI Director is a member of the Senior Foreign Service. A Senior Advisor will also be added to provide senior management with analysis and policy recommendations. Additionally, in the fall of 2009, CI added a Diplomatic Security officer to its staff to strengthen its cooperation with law enforcement authorities. These additional resources will enable CI to continue to broaden its prevention-related activities, improve its ability to locate abducted children abroad, ensure consistently high levels of service among case workers, improve training, and carry out more vigorous bilateral and multilateral engagement with countries that are parties to the Hague Abduction Convention, and those that are not.

These bilateral and multilateral efforts are critical to resolving cases of international parental child abduction. As the *Goldman* case with Brazil demonstrated, complying with the Hague Abduction Convention and returning children remains an ongoing challenge for some countries. When countries fail to comply with the Hague



Abduction Convention, the Department, in coordination with other treaty party countries and the Hague Conference on Private International Law, offers technical assistance and guidance. The Department participates in and helps to sponsor judicial seminars on the Convention in party countries across the globe. In the last few years alone, the Department has participated in judicial conferences or training in Argentina, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, El Salvador, France, Israel, Mexico, Panama, Paraguay, and Spain.

The Department has seen how its diplomatic efforts can produce positive results. As recently as 2007, for example, Germany was one of the most difficult countries from which to recover an abducted child. But active engagement with Germany through quarterly bilateral meetings has resulted in consistent and prompt action by German courts. Germany has returned 17 children to the United States over the past 2 years.

Intensive cooperation with other Convention countries has also been critical to enhancing our ability to stop abductions before they happen. When the Department becomes aware that a parent may be in the process of abducting a child from the United States to another country, it works with U.S. law enforcement to stop the departure from the United States. Once the abductor is on the way to another country, the Department works with officials in other Convention countries to intercept the taking parent, if possible. In 2009, these efforts resulted in the prevention of 147 abductions from the United States to 61 different countries.

The Department is engaged in multilateral efforts to obtain better cooperation from countries that are not parties to the Convention. In Japan, for instance, our ambassador has recently joined his counterparts from Australia, Canada, France, Italy, New Zealand, Spain, and the United Kingdom in a persistent effort both to encourage Japan to recognize foreign custody orders and to adjust its laws so that Japan can join the Hague Abduction Convention. The Department will continue and increase these efforts with Japan and around the world in the coming months.

The Department's abduction staff is expert in the field, speaks 21 different languages, and works closely with embassies and consulates around the world to do everything the Department legally can to assist parents in preventing abduction and recovering their children. CI has developed resources for left-behind parents that are easily accessible, regardless of a parent's immigration status, English-language capability, or financial situation. These include: information on our website at [travel.state.gov](http://travel.state.gov); a 24-hour toll-free number for parents; lists of attorneys abroad and in the United States; a language line for parents who do not speak English; law enforcement liaison; and victim assistance resources. The CI Staff are available to assist 24 hours a day, 7 days a week, worldwide. An improved website focused on international child abduction and intensified outreach programs in domestic and international fora are contributing to public awareness of both the problem and of resources to combat it.

The Department assisted in the return of 422 children to the United States from other countries during fiscal year 2009. During the same period, 132 children were returned from the United States to their countries of habitual residence. More detailed information about international parental child abduction cases and the Department's work to resolve longstanding cases will appear in the Department's upcoming 2010 Report to Congress on Compliance with the Hague Convention on the Civil Aspects of International Child Abduction. Previous reports can be found online at [www.travel.state.gov/childabduction](http://www.travel.state.gov/childabduction).

*Question.* Eighty-five years ago, Haiti's tropical forest covered 60 percent of the country. Today, that number has fallen to less than 2 percent. As we work to fight global warming, this environmental degradation has serious implications for Haiti and the world. What role will environmental issues such as reforestation play in the long-term recovery plan for Haiti?

*Answer.* Root causes of environmental disaster in Haiti include acute poverty, rapid population growth and unplanned urbanization. In the short term, it is critical to convert hillsides to tree-based perennial agriculture to improve soil conservation. Lessons learned from decades of reforestation programs demonstrate that, if a tree has value, a farmer is likely to maintain and manage it; if not, it will likely disappear. Therefore, strengthening tree crop value chains is an approach with proven ability to restore degraded landscapes.

USAID/Haiti's Watershed Initiative for National Natural Environmental Resources (WINNER) Project, an agricultural and watershed management program, applies best practices such as this. WINNER is already active in the Cul-de-Sac watershed where Port-au-Prince is located, as well as the Cabaret, Mirebalais, Archaie and Gonaives regions of Haiti. Prior to the January 12, 2010 Haiti earthquake disaster, the United States planned to invest \$126 million in the project over the next 5 years. WINNER is strengthening the value chains for tree crops and focusing on

tree crops with high value (such as mango) as these are effective incentive to hillside farmers to plant and manage perennial crops.

In addition to tree crops, the USG strategy in Haiti also includes plans to promote cleaner and more efficient cooking technologies, such as liquid petroleum gas (LPG), to decrease charcoal consumption and reduce the rate of deforestation and environmental degradation. After completing a rigorous assessment of the potential market for improved cooking technologies, the USG will implement a program that will address market barriers such as high upfront costs or lack of awareness and achieve large-scale reduction of charcoal consumption over a 5-year period. Beneficiaries are likely to include households, food vendors and energy-intensive businesses such as laundries and bakeries.

Finally, a Programmatic Environmental Assessment will be conducted for proposed earthquake reconstruction activities, which will pay close attention to addressing these issues across the mission's portfolio of projects.

*Question.* I applaud President Obama's immediate rescission of the Mexico City Policy, also known as the Global Gag Rule, upon taking office. What impact did the previous 8 years of this policy have on women's health? What impact does uncertainty surrounding this policy have on organizations' ability to address these critical health challenges?

*Answer.* During the period in which the Mexico City Policy (MCP) was in place, all family planning funds were successfully programmed with an emphasis on the countries with the greatest need. This included funds that might have otherwise gone to international non-governmental organizations (NGOs) that chose not to work with USAID while the policy was in place.

More than 450 foreign NGOs elected to accept assistance subject to the MCP and received USAID funding. USAID programs demonstrated continued success during this period—shown by an increase in modern family planning use among married women from 33 to 39 percent between 2001 and 2008 in 38 countries with USAID-assisted family planning programs which have data over this period. Since the rescission of the MCP, the USG has had the opportunity to reengage with additional experienced and qualified family planning providers working at the grassroots level, furthering our work to meet the growing demand for voluntary, safe family planning and other critical health services. We expect that should this situation change, these organizations would reassess their decision to work with USAID.

*Question.* Aid programs too frequently focus on one problem and fail to provide the integrated approach necessary for successful development. What is the Administration doing to better integrate U.S. development programs on food security, health, the environment, and family planning?

*Answer.* USAID has made great strides in establishing mechanisms to ensure that its development activities are undertaken within the framework of a comprehensive and integrated development approach, which employs strategic multi-sector synergies for improving performance and producing greater results. For example, the Agency's new USG Global Hunger and Food Security Initiative (GHFSI) is multi-disciplinary and being developed and undertaken with a cross-cutting sector approach that includes the direct participation of development experts from a wide variety of sectors—including agriculture, environment, nutrition, maternal and child health, education, infrastructure, gender, and family planning and reproductive health. Similarly, one of the principles of President Obama's new Global Health Initiative (GHI) is integration with other sectors to ensure a cross-cutting sector approach that will benefit from the development linkages within USAID and across the USG. In addition, USAID's Global Climate Change Agency Policy Coordinating Committee (APCC) is working closely with the GHFSI APCC, the GHI Interagency Team and the Agency's Extended Water Team to identify integrated approaches to the four programs. Designed to address the unique settings of each development and humanitarian challenge, this comprehensive integrated management structure strengthens USAID's development efforts, and particularly, the Agency's new initiatives both in Washington and the field.

Under the GHI and in the Agency approach generally, USAID is engaging in smart integration to maximize gains from development funds. Using an increasingly integrated and coordinated approach, several principles derived from experience serve as a guide. These principles focus on:

- Country-led coordination and strategic decisionmaking on integration of services is required for the sustainability of development;
- All partners—public and private—are important in maximizing achievement of outcomes in limited resource settings;
- Integration of U.S. programs must be based on specific country circumstances;

- Integration and coordination have a cost—they add a level of complexity and administrative burden to programs that must be weighed against the urgency of rapid results;
- Resources are required to research, monitor and evaluate the expected causal relationship between increased integration and outcomes;
- In order to build country capacity for integration, systems and structures (such as the health system) should be a deliberate focus of U.S. assistance with documentation on the impact on outcomes; and
- Critical assessment of other multilateral and bilateral investments and increased coordination will be essential to the achievement of ultimate success.

*Question.* I was pleased to see the increase in funding for the Clean Technology Fund and the Strategic Climate Fund. How will these two programs address the national security threats caused by global warming?

*Answer.* Climate change poses a significant threat to the national security of nations around the globe. Variations in weather patterns caused by rising temperatures threaten to create dangerous changes in the climate system, increasing floods and droughts, altering natural resource availability, and creating conditions likely to cause regional conflict and destabilize security situations throughout the world. Given the urgency of the climate challenge and the threats it poses to national security, it is essential to be able to mobilize and disburse climate assistance quickly and effectively. The CIFs, which were launched just 2 years ago as a partnership of developed and developing countries, are doing just that.

The Clean Technology Fund and the Strategic Climate Fund (together, the Climate Investment Funds or “CIFs”) have become an essential pillar of the international community’s effort to mobilize funding to help developing countries mitigate their greenhouse gas emissions and adapt to the effects of climate change. With \$6.3 billion pledged so far, the CIFs constitute the largest multilateral fund dedicated to climate assistance. Funds mobilized under the CIFs are being utilized to help those countries which are most vulnerable to the effects of climate change increase their resilience and capacity to adapt to its effects which will in turn reduce national security concerns caused by effects like changes in natural resource availability. Those funds mobilized to mitigate greenhouse gas emissions are working to directly address climate change by limiting the increase in temperature rise and reducing the source of the problem which poses such extensive national security concerns throughout the world.

*Question.* As you have stated, the Middle East Peace process has effectively stalled. How do you plan to reestablish the trust of the parties and move the peace process forward?

*Answer.* We are pursuing a two-pronged approach toward comprehensive peace based on the two-state solution: first, to encourage the parties to enter direct negotiations to reach an agreement on all permanent status issues; and second, to help the Palestinians build their economy and the institutions that will be necessary when a Palestinian state is established. The two objectives are mutually reinforcing. Our goal is to re-launch direct, bilateral negotiations between Israel and the Palestinians as soon as possible with a 24-month timeline for their successful conclusion. We expect that all concerned will demonstrate the leadership to make bold commitments and take bold actions to make peace possible.

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*Question.* According to the Justice Department, Teodoro Nguema Obiang, the forest and agriculture minister of Equatorial Guinea and the son of its president, has accumulated most if not all of his wealth through corruption while the people of Equatorial Guinea live in severe poverty. Nonetheless, Mr. Obiang has been granted multiple visas to enter the United States in violation of U.S. law and reportedly purchased a \$35 million home in Malibu. Why has Mr. Obiang continued to receive visas despite U.S. anti-kleptocracy laws? What are you doing to enforce those laws and commitments?

*Answer.* The Department of State is committed to combating kleptocracy and corruption internationally and to use Presidential Proclamation 7750 and other provi-

sions to deny entry to corrupt foreign government officials. We are aware of the concerns you raise and of ongoing congressional interest in Mr. Obiang. Under Section 222(f) of the Immigration and Nationality Act visa records are considered confidential, and therefore I cannot comment on any individual case. The Department would be happy to share such relevant information in a closed setting.

Combating corruption is a foreign policy priority for the Department. We coordinate and cooperate with other Departments to foster a comprehensive approach including by law enforcement and other agencies. In our overall international anticrime strategy we recognize the central role of corruption, as the “grease” that facilitates virtually all transnational illicit activities, from drug trafficking to terrorist financing. We take the role of Presidential Proclamation 7750, which allows for denial and revocation of corruption foreign government officials and their families, very seriously. However, it is only one part of our Anti-Corruption Policy Framework.

The United States has been a leader on anticorruption issues globally:

- With the passage of the Foreign Corrupt Practices Act in 1977, the United States was the first country to criminalize foreign bribery.
- In 1999 the USG developed and launched the premier government-to-government event, the Global Forum, the first-ever international conference on corruption and how to combat it.
- The first multilateral enunciation of the No Safe Haven policy for kleptocrats and their ill-gotten assets occurred at Evian in 2003. Each G-8 summit since then has sought to deepen political commitment and foster concrete action. The G-20 has also undertaken similar anticorruption commitments.
- The U.S. International Anti-Kleptocracy Strategy was promulgated in 2006, in part to spur greater interagency cooperation in taking concrete action against kleptocrats and their assets.
- Denial and revocation of the visas of kleptocrats continues to play an important role in both of the preceding initiatives.
- The United States supported the negotiation and implementation of the United Nations Convention against Corruption (UNCAC), which entered into force in December 2005, and was ratified by the Senate in 2006. It now has 143 States Parties.
- The United States supported the UNCAC as the first truly global anticorruption treaty and the most comprehensive anticorruption instrument. It has chapters on criminalization and law enforcement, prevention, recovery of stolen assets, international legal cooperation, and technical assistance. In November 2009, the United States helped lead its Conference of Parties to establish a comprehensive review mechanism, a significant and rare accomplishment for a United Nations instrument.
- Another key treaty is the OECD Anti-Bribery Convention. The United States was a leader in the OECD’s push to tackle foreign bribery. The OECD Convention has many similarities with the U.S. Foreign Corrupt Practices Act (FCPA) and targets the supply side of the corruption equation. The United States is an active participant in the treaty’s peer review process and the Working Group on Bribery.
- The United States also supports and participates in regional treaties or initiatives in the Americas (Inter-American Convention), Western and Eastern Europe (Council of Europe/GRECO), Middle East/North Africa, and the Asia-Pacific region. These are useful to bring together countries to press each other on progress and to share good practices.
- The USG is one of the largest donors of technical assistance in anticorruption and good governance. In fiscal year 2009, the Department of State and USAID provided a total of over \$1 billion in anticorruption and related good governance assistance.

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#### QUESTIONS SUBMITTED BY SENATOR MITCH MCCONNELL

*Question.* Last September, Secretary Clinton announced the administration’s new strategy of engagement with the Burmese regime. We are now 6 months into the new strategy, what tangible benefits have come about as a result of the new approach? Has the denial of Aung San Suu Kyi’s appeal led to a reevaluation of the engagement policy?

*Answer.* Last year the Administration launched a review of Burma policy, acknowledging that neither sanctions nor engagement alone had succeeded in influencing Burma’s generals to adopt a course of reform. The conclusions of the policy review reaffirmed our fundamental goals in Burma. We want a democratic, pros-

perous Burma that respects the rights of its people. To achieve that end, the administration decided to engage Burmese authorities in a senior-level dialogue while maintaining the existing sanctions regime and expanding humanitarian assistance.

We understood at the outset that this process would be long and difficult, in particular given the regime's focus on this year's planned elections. We have not yet achieved concrete progress on our core concerns and with respect to the electoral process, the regime has taken a step backwards. However, our new approach has helped advance the interests of the United States, both in Burma and in the wider region. Through our senior-level dialogue, we have been able to get our message in directly to senior leaders in Nay Pyi Taw and we have had been able to meet with imprisoned democracy leader Aung San Suu Kyi for the first time in years. The channels of communication we developed through our dialogue were instrumental in securing the release of Kyaw Zaw Lwin (aka Nyi Nyi Aung), a U.S. citizen imprisoned on politically motivated charges. More broadly, our outreach to Burma and our determination not to allow Burma to be an obstacle to a strong U.S.-ASEAN relationship has strengthened the position of the United States in Southeast Asia. We were able to hold the first ever meeting between the United States and ASEAN at the leaders' level and to sign on to the Treaty of Amity and Cooperation.

We continue to monitor and evaluate events in Burma carefully and have and will continue to adjust our strategy as necessary to advance our policy goals.

*Question.* What is the Department of State's understanding of Burmese nuclear capabilities and ambitions?

*Answer.* We closely follow Burma's pursuit of nuclear technology, ostensibly for peaceful scientific applications, as well as reports that Burma is pursuing a clandestine nuclear program.

Burma joined the IAEA in 1957, acceded to the NPT in 1992, and signed a Safeguards Agreement with the IAEA in 1995. Burma is also a Party to the 1995 Treaty of Bangkok that established the South-East Asia Nuclear Weapons Free Zone. In 1997, Burma established a Department of Atomic Energy and in 1998 passed an Atomic Energy Law. The IAEA provides training to Burmese nuclear researchers through a number of Technical Cooperation projects, most involving nuclear applications in medical research, food, and agriculture.

After several years of bilateral discussions between Burma and Russia, Moscow agreed in 2007 to provide a small pool-type research reactor to Burma, conditioned on the reactor being under IAEA safeguards. While there has been little or no movement on implementing this agreement, Burmese students have been studying nuclear science at several Russian universities and institutes for several years.

It is incumbent on Burma, as a signatory to the NPT and the Bangkok Treaty and as a member of the IAEA, to be transparent in all its nuclear undertakings and live up to its international obligations. In addition, we urge Burma to modify its Small Quantities Protocol (SQP) with the IAEA and implement the IAEA's Additional Protocol.

*Question.* Please characterize the relationship between North Korea and Burma.

*Answer.* Burma and North Korea have clearly both been subject to substantial international scrutiny for numerous aspects of their behavior, including disregard for human rights and for international standards on nonproliferation. We are concerned, in particular, about the military relationship between North Korea and Burma. U.N. Security Council Resolutions 1718 and 1874 requires all member states to prohibit the procurement by their nationals, or using their flagged vessels or aircraft, of conventional arms and related materiel, nuclear-related, ballistic missile-related, and other WMD-related items from North Korea. The UNSCRs also prohibit any associated technical, training, advice, services, or assistance. The Burmese government has publicly committed to enforcing UNSCR 1874 fully and transparently, and we have reminded the Burmese of their obligations under both UNSCRs 1718 and 1874. We have encouraged all states, including Burma, to be vigilant and transparent in their dealings with North Korea.

#### QUESTIONS SUBMITTED BY SENATOR CHRISTOPHER S. BOND

*Question.* Does the Administration support any conditionality on FMF assistance for Indonesia?

*Answer.* Indonesia is the world's third-largest democracy. Over the last decade, it has undergone a democratic transformation to become a stable and peaceful nation. It is committed to democratic reform and has become an ally in promoting democracy and human rights in the region, including through the Association of Southeast Asian Nations. As part of its transformation, the Indonesian government has taken significant steps to reform its military, emphasizing respect for human

rights, and generally maintained effective civilian control of the military. Indonesia is also an important partner of the USG on a broad range of issues, including combating terrorism and addressing maritime security threats in the region. The Department supports Indonesia's efforts to address these security-related areas that are of mutual concern to both our countries, including by providing FMF assistance.

Given Indonesia's progress in promoting and protecting human rights and our close collaboration on security issues, we believe FMF assistance to Indonesia is warranted without conditionality.

*Question.* Can you describe for us the role our International Affairs programs play in helping spur economic growth here at home and creating American jobs? How do these programs help U.S. businesses and entrepreneurs to remain competitive in the global market place?

*Answer.* The State Department supports the efforts of U.S. companies and farmers to expand their business through exports. As flourishing international trade requires at least two parties, our efforts support U.S. businesses wishing to export and also help our trading partners develop so that those countries will have a healthy demand for those exports. The Department promotes U.S. exports by providing advocacy on behalf of U.S. companies, urging enforcement of intellectual property rights, and helping to develop high-potential overseas markets. State Department officers manage the commercial function at 96 U.S. missions worldwide that have no U.S. Commercial Service presence. State Department officers also provide vital political and economic insight to U.S. companies about foreign countries. U.S. Embassies and Consulates are key advocates for U.S. business overseas. Embassies can offer U.S. exporters critical country-specific insight on markets, assist in commercial and investment disputes, and provide expertise on local judicial systems. Our advocacy efforts are to ensure that exporters of U.S. goods and services get fair and equitable treatment in foreign markets.

On the other side of the trade equation, State and USAID foreign assistance programs help developing country economies grow, resulting in increased demand for U.S. goods and services over time. More directly, some U.S. Trade Capacity Building (TCB) programs help countries streamline customs and other import administration procedures and improve trade-related infrastructure, thereby lowering the cost of U.S. products in those markets and opening up new export and job opportunities for U.S. suppliers. Other TCB programs help countries comply with their trade commitments under bilateral Free Trade Area agreements and the World Trade Organization, such as their commitments to ensure that agriculture and food safety standards are based on sound science.

*Question.* I note with concern that funding overall for Southeast Asia took a \$22 million cut below the fiscal year 2010 enacted level. Can you provide me with an overview of where some of these cuts were made and why a reduction in overall funding?

*Answer.* The United States must have strong relationships and a strong and productive presence in Southeast Asia. This region is vital to the future of not only the United States and each of the ASEAN countries, but to the world's common interests: a significant and trade-oriented regional economy; a critical strategic location; and a set of countries that will be key to any solutions we pursue on climate change, counterterrorism, global health, and so much else. Our fiscal year 2011 request for Southeast Asia increased by \$65 million (11.2 percent) over our fiscal year 2010 request. While there are always more assistance needs in the region than we are able to fund, given current budget realities, this increase strongly reflects the importance of Southeast Asia to the Administration. Not all regions in the Department experienced an increase, or even a straight-line; some were reduced from the fiscal year 2010 request level. The Department faces difficult choices in allocating limited foreign assistance funding, and the ability to fund Frontline States necessarily requires trade-offs in funding in other regions, including Southeast Asia.

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#### QUESTIONS SUBMITTED BY SENATOR SAM BROWNBACK

*Question.* The French government has recently announced its plans to sell several Mistral-class helicopter carriers to Russia and a French company is reportedly negotiating to sell tanks as well. A Russian admiral, Vladimir Vysotsky, stated recently that if Russia had had a Mistral ship during the Georgia war in 2008 it could have won the conflict in 40 minutes. Baltic States such as Estonia are furious over the ship sale and it is a direct threat to Georgia and our national interests, as well as our billion dollars in rebuilding assistance. Do you share the concerns raised by our NATO allies? Most importantly, does the sale violate the Wassenaar Arrangement

on Export Controls as well as the European Union Code of Conduct for Arms Exports?

Answer. We understand that reports of this potential sale have raised concerns among some of Russia's neighbors. Inflammatory comments from a senior Russian military officer added to this anxiety. We would urge all parties to focus on efforts to promote stability in the region and avoid actions that could escalate tensions. I made these points when I met with President Sarkozy in January.

Export control decisions in the Wassenaar Arrangement are left to national discretion. The European Union Code of Conduct for Arms Exports, to which the United States is not a party, sets criteria under which EU countries are obligated to assess arms export licenses. Implementation is an internal matter for each EU party.

*Question.* As of today, Russia is continuing to build military bases and station elite troops in regions of Georgia not under the Georgian government's control. What concerns does the United States have toward the sale of advanced weapons to Russia that could be used in a future conflict against Georgia or a NATO ally?

Answer. The United States supports Georgia's sovereignty and territorial integrity within its internationally recognized borders. We are concerned about recent Russian announcements to introduce additional military facilities and troops into the Georgian regions of Abkhazia and South Ossetia. We would regard such actions to be in violation of the August and September 2008 ceasefire agreements and the principles of sovereignty, territorial integrity, and host nation consent for the stationing of foreign forces. We support the ongoing Geneva talks, which established the Incident Response and Prevention Mechanisms (IPRMs) to increase communication and transparency among the parties to the conflict and decrease the escalation of tension along the ceasefire lines. We continue to emphasize the importance of restarting the South Ossetian IPRM.

Russia's possible procurement of a French Mistral-class helicopter carrier has raised concerns among some of Russia's neighbors. While we recognize that arms sales are a sovereign decision for individual countries to make in keeping with international law and treaty obligations, we continue to follow these developments closely, and we urge all parties to focus on efforts to promote stability in the region and avoid actions that could escalate tensions. These points have been raised at high-levels with the French government.

*Question.* A recent Senate Foreign Relations Committee report determined that the United States should move forward and rearm the Georgian government with the weapons it needs to defend its territory. Do you support this step? If not, why? If so, when will the United States begin the sale of arms to an ally that is deploying 1,000 troops to Afghanistan?

Answer. The Administration remains committed to supporting Georgia's sovereignty and territorial integrity. Our security assistance and military engagement with Georgia is focused on rebuilding Georgia's defense and security architecture. This approach is consistent with Georgia's objectives in its NATO Annual National Program. It also helps Georgia advance toward NATO membership by supporting Georgian defense modernization and reform and improving Georgia's ability to contribute to international security operations. Our focus in the near term is enhancing self-defense capabilities through an emphasis on doctrine, personnel management, education, and training.

Additionally, the United States is assisting the Georgian Armed Forces by training and equipping four infantry battalions for successive deployment to Afghanistan, around twice a year for 2 years. Georgian forces will sustain this rotation without caveats, and will fight alongside the U.S. Marines as part of NATO's International Security Assistance Force in Regional Command—South, Helmand Province, to conduct distributed operations in a counter-insurgency environment. The first Georgian battalion of approximately 750 troops began training September 1, 2009 and will deploy to Afghanistan in April for six months. Three follow-on battalions will be trained and deployed to Afghanistan in 7-month rotations.

*Question.* In a letter exchange between Secretary Clinton and Senators Feingold, Brownback, and Durbin, the State Department stated that it had begun mapping the mineral rich zones controlled by armed militias in the Congo. When will this map be made available to the public and/or Members of Congress? The letter also indicated that the State Department is considering additional efforts to address conflict minerals in the Congo. What are these "additional efforts" that the State Department is exploring to address conflict minerals in the Congo?

Answer. The map of mineral-rich zones and armed groups in the Democratic Republic of the Congo (DRC), which was mandated in Public Law 111-84, will be made available to the appropriate congressional committees and the public shortly.



In terms of additional efforts, we plan to strengthen our public diplomacy to draw attention to the conflict minerals challenge; to enhance diplomatic outreach with the DRC, in the region and with countries in the supply chain; to intensify engagement with the private sector to discourage illegal minerals trade; to continue examining and further expand reporting on the link between illegal exploitation of natural resources, corruption, and human rights abuses in the State Department's annual human rights report on the DRC; and to contribute to the work of the United Nations Security Council's Democratic Republic of the Congo Sanctions Committee's Group of Experts (UNSC DRC Group of Experts) on due diligence guidelines for importers, processing industries and consumers of mineral products.

*Question.* What are the current programs within both the State Department and USAID to improve the livelihood prospects of communities affected by human rights abuses in eastern Congo, particularly victims of sexual and gender based violence?

*Answer.* USAID social protection programs in the Democratic Republic of the Congo (DRC) include economic strengthening activities for survivors of sexual and gender-based violence and their families. Economic assistance is also provided to other highly vulnerable women. Current programs include:

- Program for Psychosocial Support and Reintegration of Survivors of Sexual and Gender-Based Violence in Eastern DRC.*—Implemented by Cooperazione Internazionale (COOPI), operating in Ituri District, Orientale Province and Maniema Province, funded at \$4,945,045 (December 15, 2008, to December 14, 2011). COOPI and its local partners are providing medical, psychosocial, socio-economic, and legal support to 24,000 survivors of sexual and gender-based violence. Through this project, 4,000 survivors benefit from income generating activities each year through self-help groups and women's NGOs.
- ESPOIR: Ending Sexual Violence by Promoting Opportunities and Individual Rights.*—Implemented by International Rescue Committee, operating in North and South Kivu Provinces, funded at \$7,000,000 (September 17, 2009, to September 30, 2012). IRC and its local partners are providing medical, psychosocial, socio-economic, and legal support to 14,500 survivors of sexual and gender-based violence. IRC's sub-grant to Women-for-Women International is supporting more than 6,000 women in income-generating activities and vocational training.
- Program for Assistance and Reintegration of Abducted Girls and Boys and Other Gender-based Violence Survivors.*—In partnership with UNICEF (COOPI is the implementing partner), operating in Ituri District, Orientale Province, funded at \$1,511,644 (July 20, 2006, to December 31, 2009). This program assists girls and boys formerly associated with armed groups, many of whom are affected by sexual and gender-based violence, with social and economic reintegration. Community-based reintegration includes returning to school and engaging in income-generating cooperatives for vulnerable children (children who have been separated directly from armed groups, as well as children who encounter challenges in reintegrating with their families, particularly girls and girl mothers).
- USAID Food for Peace programs in the DRC provide livelihood assistance to displaced and other highly vulnerable people in North and South Kivu, areas most affected by insecurity, human rights abuses, and sexual and gender-based violence. Development food aid programs support individuals and small farmers' associations to increase agricultural productivity through training and food-for-work programs.
- USAID Office of U.S. Foreign Disaster Assistance programs support livelihood activities for vulnerable individuals in eastern DRC. In fiscal year 2009, USAID's Office of U.S. Foreign Disaster Assistance provided \$33 million for agriculture and food security, economic recovery and market systems, humanitarian coordination and information management, health, logistics and relief commodities, nutrition, protection, shelter and settlements, and water and sanitation programs.
- The Department of State Office of Population, Refugees, and Migration provided more than \$45 million in fiscal year 2009 for humanitarian programs for refugees and internally displaced persons from and in DRC. Funding includes programs for agriculture and food security, education, emergency food assistance, health, protection for refugees and internally displaced persons, livelihoods, psychosocial services, refugee integration, sexual and gender-based violence protection and response, shelter, and water and sanitation programs.

*Question.* What resources, including personnel, are dedicated both within the State Department and USAID to the issue of conflict minerals in the Congo?

*Answer.* The United States dedicates significant financial and personnel resources to address illicit mining in the Democratic Republic of the Congo. We have supported incorporation of the mining issue into the mandates of both the U.N. Mission

in the Congo (MONUC) and the U.N. Group of Experts on the DRC. Through USAID, we support livelihoods programs for Congolese artisanal miners who are the great majority of miners nationwide. Through the U.S. Department of Labor, we fund programs to remove child laborers from the mines and enroll them in school. Embassy Kinshasa is working with the DRC Ministry of Mines to support the implementation of the country's 2002 Mining Code, and the Bureau of International Narcotics and Law Enforcement Affairs is training Congolese border and customs police in interdiction techniques.

*Question.* Please explain the decrease in the State Department's budget request for peacekeeping operations in Sudan, an account that among other things is used to professionalize the SPLM and provide communications and other equipment for the military.

*Answer.* The State Department's \$42 million budget request for non-assessed peacekeeping operations in Sudan is the same in fiscal year 2011 as it was in fiscal year 2010. Congress appropriated \$44 million, \$2 million more than the Administration's request, for voluntary peacekeeping operations in Sudan in fiscal year 2010. At this time, the request of \$42 million will be sufficient to advance the Department's fiscal year 2011 programs for supporting the Government of Southern Sudan's (GoSS) goals and objectives to transform its military, the Sudan People's Liberation Army (SPLA), into a professional military body.

*Question.* Can the United States include radar for the SPLM capable of detecting aerial attack within its peacekeeping operations budget request or as part of another State Department funding vehicle?

*Answer.* Section 7070(f)(5) of the fiscal year 2010 Department of State, Foreign Operations, and Related Programs Appropriations Act authorizes the provision of "non-lethal military assistance, military education and training, and defense services controlled under the International Traffic in Arms Regulations" to the Government of Southern Sudan (GoSS), provided that the Secretary of State provides Congress 15-days advance notice of her determination that the provision of such items is in the U.S. national interest. Deputy Secretary Steinberg made this determination on February 3, 2010, with respect to fiscal year 2010 funds. As a general matter, a radar system would be considered non-lethal assistance, although the exact configuration of radar and its integration into a weapons system could change this conclusion.

Currently, the priority use of peacekeeping operations (PKO) funds supporting the development of the SPLA is as outlined in the fiscal year 2010 and fiscal year 2011 congressional budget justifications—namely the transformation of the SPLA into a professional military—and does not include providing a radar system to the SPLA.

*Question.* What resources, including personnel, is the State Department employing to monitor and report on human rights conditions throughout Sudan?

*Answer.* The human rights situation in Sudan is poor, and human rights abuses continue to be wide-ranging. The Obama Administration is committed to improving the situation.

The State Department monitors human rights abuses through a collaborative process that involves personnel both in the field, including at Embassy Khartoum and Consulate Juba, and in the United States. Our staff has regular contact with human rights activists, victims of abuse, and non-governmental organizations in Sudan. Special Envoy Gration also travels extensively in Sudan, and he regularly raises human rights issues with his high-level counterparts in Khartoum and in Southern Sudan. Finally, United States Government (USG) personnel based in Washington, DC, meet regularly with a variety of Sudanese diaspora, civil society, and advocacy groups to discuss human rights issues. We place a high value on these discussions, and we work to ensure that we follow-up on the information and concerns presented to us by these constituencies.

The USG, through the State Department's Bureau of Democracy, Human Rights, and Labor, issues Country Reports on Human Rights Practices and the International Religious Freedom Report. The Department's Office to Monitor and Combat Trafficking in Persons issues the annual Trafficking in Persons Report. Taken together, these reports provide detailed information on human rights issues in Sudan. The State Department also continuously collaborates with the United Nations on its efforts to monitor the human rights situation. We have successfully worked to ensure that the U.N. Human Rights Council maintains a reporting and monitoring mechanism focused on Sudan, through the establishment of the independent expert on the situation of human rights in Sudan. We also continue to closely follow the work of the U.N. Panel of Experts on Sudan.

*Question.* As we've seen in Darfur, many non-Arab Sudanese Muslims have longstanding grievances against the central government in Khartoum that can lead to

conflict. What is the State Department doing to help prevent new crises among marginalized peoples and regions in Sudan?

Answer. The United States government (USG) has a long standing commitment to the people of Sudan. The central Sudanese government in Khartoum has marginalized many groups of non-Arab Muslims throughout various regions within Sudan, and we have long been greatly concerned about the marginalization of these populations. We continue to pursue policies and implement programs that will help to mitigate the effects of marginalization by the government and promote peacebuilding and conflict resolution within marginalized communities. Additionally, the USG continues to work tirelessly to achieve the goals of the Sudan Strategy, including full implementation of the Comprehensive Peace Agreement (CPA) that ended the North-South civil war and a definitive end to violence, gross human rights abuses, and genocide in the Darfur region.

Since the signing of the Comprehensive Peace Agreement (CPA) in 2005, the people of Sudan have made progress in developing a stable political environment where residents can work and live without the overt threat of violence. However, parts of Darfur, Southern Sudan, the Three Areas and Eastern Sudan remain volatile and are flashpoints for destabilization. The U.S. Government is working with international partners to support Sudanese communities to prevent or moderate conflict in these flashpoints so that problems do not escalate and interfere with Sudan's higher political processes. The State Department and USAID will implement complementary programs. USAID efforts focus primarily on supporting state and local governments, organizations, and communities to manage conflict, to provide economic alternatives to raiding and banditry, and to implement reconciliation processes important to a sustainable peace in Sudan. State Department activities focus primarily on building state and local capacity to stabilize the security and political situation.

*Question.* Revenue-sharing from the oil sector is a key element of the CPA. What is the State Department doing to ensure Khartoum lives up to its promises to share oil revenues with the South?

Answer. Over the course of 2009, the United States Government (USG) brought together the National Congress Party (NCP) and the Sudan People's Liberation Movement (SPLM) to address outstanding Comprehensive Peace Agreement (CPA) implementation issues, including issues related to the sharing of oil revenues. Due to this U.S.-led Trilateral initiative, the two parties signed 10 Points of Agreement in August 2009, one of which was devoted to wealth-sharing and oil revenue. Following this agreement, the Government of National Unity (GoNU) returned approximately \$52 million to the Government of Southern Sudan (GoSS), a sum that was incorrectly deducted from monthly oil revenue transfers to finance election activities. While in the past, GoNU payments to the GoSS had been late or partial, as of December 2009, the parties broadly agreed that the GoNU shall transfer the full oil revenue amount allotted to the GoSS. As a result, all agreed-upon arrears have been paid to the GoSS by the GoNU.

During the Trilateral Process, the two parties also agreed to an independent audit of the oil sector, to determine whether the payments made to the GoSS represented the full amount due under the CPA. While progress has been slow in obtaining approval from relevant government bodies for the audit to move forward, it is hoped that the audit can proceed after the formation of new national and regional governments in the wake of April's elections.

*Question.* What is the State Department doing to persuade Khartoum's economic partners, particularly those with major investments in the oil sector such as China, India, and Malaysia, to use their influence to encourage Khartoum to implement the Comprehensive Peace Agreement (CPA) fully and to avoid the resumption of a destructive, and economically disruptive, North-South civil war?

Answer. A key part of the U.S. Sudan strategy is reinvigorating and strengthening international attention to outstanding Comprehensive Peace Agreement (CPA) implementation issues. The United States Government (USG) continues to work with all international stakeholders to bring attention to remaining CPA issues such as demarcation of the North/South border and appointment of commissions for the Southern Sudan and Abyei referenda. Central to this is the promotion of sustainable economic development and stability in both Northern and Southern Sudan. This is an area in which China, other major investors in Sudan, and the United States have the same objectives. We continue to urge all countries, especially those with key interests in the oil sector, to advocate for continued attention to this matter as a central part of CPA implementation. U.S. officials discuss these issues regularly with their foreign counterparts. Additionally, we are engaging with all international stakeholders to coordinate international support for negotiations on post-referendum

arrangements, an important component of which will be oil sector development and continued North/South oil revenue sharing.

*Question.* The State Department's Office of International Religious Freedom has been without an Ambassador for International Religious Freedom for over a year. Given both President Obama's remarks in Turkey and Egypt and Secretary Clinton's remarks in Qatar regarding the importance of addressing religious freedom, when can we expect someone to be nominated for this post?

*Answer.* A candidate for the position of Ambassador at Large for International Religious Freedom has been identified and is in the vetting process. We look forward to the announcement from the White House.

International Religious Freedom remains a top focus for both the President and the Secretary of State. The Office of International Religious Freedom continues to pursue a robust agenda of monitoring and promoting religious freedom under the leadership of a Senior Foreign Service Officer. Religious Freedom issues are regularly raised by the Assistant Secretary of State for Democracy, Human Rights, and Labor, Michael Posner, as well as other State Department principals.

*Question.* There continues to be severe and ongoing religious freedom violations in Vietnam, including the active suppression of independent religious activity and the detention and arrest of members of particular religious organizations for their religious freedom advocacy. As the State Department makes Country of Particular Concern (CPC) designations under the International Religious Freedom Act (IRFA) this year, what criteria, specific to Vietnam, will be used to determine whether Vietnam will be re-designated a CPC?

*Answer.* The State Department applies the statutory standard found in IRFA Sec. (3)(11) to determine whether a country should be designated a CPC, and will consider CPC designations, as warranted, for all countries found to be, in the words of the Act, committing "systematic, ongoing, egregious violations" of religious freedom.

We are concerned about a number of religious freedom violations in Vietnam, including treatment during the past year of Buddhist monks and nuns of the Plum Village Order who were evicted from two pagodas, as well as the use of force against Roman Catholics in property restitution disputes. We are also watching closely whether the Government of Vietnam will fulfill its commitment to register more religious congregations.

After being designated a CPC in 2004, Vietnam addressed its most serious violations (religious prisoners, church closings, forced renunciations, and the lack of a transparent registration system) and instituted policies and practices to protect religious freedom. The State Department removed Vietnam from the list in 2006 because it no longer fit the criteria of a CPC under the IRFA. Each year, we carefully monitor the status of religious freedom in Vietnam and reevaluate whether it merits designation as a CPC. We will report on further developments in Vietnam in our next International Religious Freedom Report, due in September.

*Question.* Secretary of State Clinton has publicly spoken about the importance of freedom of worship. Is the Administration prioritizing the freedom of worship as a matter of diplomacy and if so, in what way? Does the Administration see any distinction between freedom of religion, as defined by international standards such as the ICCPR, and freedom to practice or worship?

*Answer.* International religious freedom remains a central component to our promotion of human rights around the world. Promoting all aspects of freedom of religious belief and expression remains a high priority in our diplomatic efforts, as reflected in President Obama's Cairo speech in June, where he emphasized that "freedom of religion is central to the ability of peoples to live together." In meetings with government leaders around the world, State Department officials consistently raise concerns regarding violations of religious freedom, and the annual International Religious Freedom Report is an important tool in that effort.

As a matter of international human rights law, there is a difference between the terms "freedom of religion" and "freedom of worship," and one encompasses the other. Article 18 of the International Covenant on Civil and Political Rights describes the right to freedom of thought, conscience and religion as including freedom to manifest one's religion or belief "in worship, observance, practice and teaching." Freedom of worship is a component of the broader freedom of religion. As an informal matter, the terms "freedom of religion" and "freedom of worship" have often been used interchangeably through U.S. history, including in this Administration.

*Question.* International NGOs continue to report on periodic violent attacks against Burmese Rohingya refugees in Thailand and Bangladesh. What resources are the State Department and USAID employing to offer assistance to the Rohingya refugees? How is the State Department engaging the governments of Thailand and Bangladesh regarding the protection of Rohingya refugees?

Answer. We are closely following the situation of Burmese Rohingya refugees and asylum seekers in Bangladesh, Thailand and elsewhere in the region. The State Department and USAID are very concerned by credible reports of a growing humanitarian crisis among the unregistered Rohingya population residing outside of Kutupalong refugee camp in Bangladesh and the increased numbers of arrests and push-backs to Burma at the border. We are urging the Royal Thai Government to provide assistance to Rohingya "boat people" distressed at sea who are encountered in international waters near Thailand or within Thai waters, in accordance with international maritime law and practice.

In fiscal year 2009, the State Department provided more than \$2 million in funding to several international humanitarian organizations to provide assistance and protection activities to both the registered and unregistered Rohingya populations in Bangladesh, Malaysia, Indonesia and elsewhere in the region. These organizations include ActionAid, Handicap International, Action Contre La Faim and the International Organization for Migration. Humanitarian assistance includes the provision of healthcare, water and sanitation, education, vocational skills training, conflict resolution, community mobilization, mental health and psychosocial support, gender-based violence prevention and response, and access to essential services for Persons with Disabilities. USAID implements development programs in Southeast Bangladesh on sectors that include population, health, energy, natural resource management, and democracy and governance. PACOM is constructing seven multi-purpose cyclone shelters and schools. Given the sizeable Rohingya population in Southeast Bangladesh, these programs also indirectly benefit the unregistered Rohingya.

We are urging the Government of Bangladesh (GOB) to allow UNHCR to properly document the unregistered Rohingya population to ensure its protection. We also urge the GOB to respect the principle of non-refoulement, to investigate allegations of abuse, and take actions as necessary. UNHCR has also gained agreement with the Government of Burma to expand operational space in Northern Rakhine State. Third-country resettlement remains an important strategic durable solution for some Rohingya refugees in the region. The eventual voluntary repatriation of refugees from Burma in safety and dignity and when conditions allow is also another solution. Both the registered and unregistered Rohingya, recognized as Persons of Concern by UNHCR, need freedom of movement and access to opportunities for work, which would enable them to become self-reliant and improve their chances for voluntary repatriation.

The issue of the Rohingya is complex with a strong international dimension that requires a concerted effort by affected countries in the region. Thailand and Bangladesh have an important role to play in the Bali Process, where the Rohingya situation is being addressed regionally, to help combat people smuggling, trafficking in persons, and related transnational crimes in the Asia-Pacific region and beyond. The State Department continues to urge UNHCR to work in close coordination with IOM through the Bali Process in developing a coordinated regional response and comprehensive plan of action with affected countries to address the plight of the Rohingya.

*Question.* How is the State Department engaging Japan in diplomatic discussions regarding International Child Parental Abduction (IPCA) issues? At what level are these discussions occurring? What has been the outcome of these discussions thus far?

Answer. For several years, IPCA has been a high priority as the number of children abducted to Japan has steadily increased. Japan has consistently opposed signing the 1980 Hague Convention on the Civil Aspects of International Child Abduction. This places United States left-behind parents of abducted children to Japan at a great disadvantage given Japan's family law system and traditions.

The Embassy and the Bureaus of Consular Affairs and East Asian and Pacific Affairs continue to raise this issue during meetings with Japanese officials at all levels. Japanese officials have consistently stated that:

—The Ministries of Foreign Affairs and Justice are studying the Hague Convention.

—Japanese family law is not consistent with the Hague Convention.

—The Diet would have to pass the required legislation to change domestic law.

However, as Japanese officials have recently begun to take IPCA more seriously, we have been more actively engaged on a number of fronts. On October 16, 2009, U.S. Ambassador to Japan Roos, and the Ambassadors of Canada, France, Italy, New Zealand, Spain, the United Kingdom, and the deputy head of mission of Australia, demarched the new Minister of Justice about IPCA. They urged Japan to accede to the Hague Convention and take measures to improve access for parents separated from their children. A joint press statement was issued by the eight embas-

sies following the meeting. On January 22, 2010, American Citizen Services Chief William Christopher and staff from the Office of Children's Issues met with officials from Ministry of Justice to discuss Japan's legal statutes as they relate to IPCA, in particular the legal definition of domestic violence, how courts determine custody in divorce cases, and mechanisms used to enforce court orders.

On January 30, 2010, Ambassador Roos, accompanied by the same six ambassadors and one deputy head of mission from other embassies in Japan, demarched Minister of Foreign Affairs Katsuya Okada about IPCA. The Ambassadors urged Japan to accede to the Hague Convention and to take measures to improve access for parents separated from their children. Minister Okada expressed appreciation for the meeting and stated that the new government must decide how to deal with IPCA. There was good media coverage of the meeting and the statement in both Japan and overseas.

The third annual symposium on IPCA was held from March 17–18 in Tokyo. The symposium brought together key stakeholders and professional counterparts from the co-hosting nations in an expert level forum. The event was in response to Japanese Justice Minister Keiko Chiba's October 2009 expression of interest in learning about the experiences of Hague signatory nations.

Our joint efforts have encouraged Japanese officials to more seriously consider the issue of child abduction and look for ways to address both accession to the Hague Convention and resolution of current cases. We are encouraged by the Ministry of Foreign Affairs' decision to establish the Division for Issues Related to Child Custody, and we expect this to be an avenue for discussion of individual cases.

*Question.* The budget request to combat Trafficking in Persons seems inadequate. If the State Department and USAID were to have more resources devoted to combating trafficking, how would they be used?

*Answer.* The Department of State (DOS) uses foreign assistance funds to stimulate governments to take action to combat trafficking in persons (TIP) through criminal justice sector improvements, trafficking prevention programs, and support for protection and assistance services to victims. Funds for these anti-trafficking programs are critical to fulfilling the mandate of the Trafficking Victims Protection Act (TVPA) of 2000 and our bipartisan policy priorities.

Since 2006, the Office to Monitor and Combat Trafficking in Persons (G/TIP) which manages a portion of the State Department's anti-TIP funds has funded a mere fraction of the requests received, which is approximately \$21 million of the over \$288 million requested. G/TIP has seen a 325 percent increase in requested funds for anti-trafficking projects in a 4 year period from \$45 million in fiscal year 2006 to over \$288 million in fiscal year 2010. G/TIP's most recent solicitation resulted in 531 Statements of Interest for fiscal year 2010 funding, which is a significant increase from the previous year's 372 proposals.

If an increase in funding to combat TIP were appropriated, DOS and USAID would look to:

- Fund a greater percentage of the proposals received for international anti-TIP projects;
- Increase the number of innovative TIP prevention programs, including TIP-specific development projects;
- Increase the number of TIP research projects to promote greater understanding of the scope of the problem and increase efficacy of USG anti-TIP resources;
- Create dedicated training and technical assistance program to include recruitment and deployment of experienced counter-trafficking professionals in areas of victim assistance and protection, rule of law, and investigation and prosecution.

*Question.* How is the Senior Policy Operating Group, which the State Department chairs, ensuring the coordination of anti-trafficking funding across the State Department and United States government per the mandate established in the TVPRA?

*Answer.* The Senior Policy Operating Group (SPOG) coordinates programs and policies at several levels:

- Quarterly SPOG meetings.*—G/TIP chairs quarterly, interagency meetings involving every USG agency involved in anti-trafficking programs—DOS, DOL, DOJ, DHS, and others. The quarterly meetings provide a forum for agencies to coordinate anti-trafficking policies and programs.
- SPOG Committee meetings.*—The SPOG created working-level committees to further its work, one of which is focused on grant-making.
- SPOG Programs Review Process.*—Before issuing anti-trafficking grants or contract funds, all USG agencies submit their proposed anti-trafficking actions for review by the other key SPOG members. Anti-trafficking program proposals are subject to a 7-day comment period, during which SPOG member agencies provide comments on whether the project will duplicate other USG activities,

whether the project presents opportunities for cooperation with other USG activities, and whether the project is consistent with USG anti-trafficking policy. —*Fiscal Year Chart on USG Spending.*—At the end of each fiscal year, SPOG staff gathers and organizes data on USG funds obligated in that fiscal year for TIP projects.

*Question.* India has arguably the world's largest Trafficking in Persons population, with its millions of bonded laborers. Given the importance of our bilateral relationship, is the State Department ensuring that combating trafficking in persons is conveyed as a strategic priority for the United States throughout all diplomatic discussions with the Government of India?

*Answer.* The Department places great importance on the need to build a stronger partnership with the Government of India on addressing shared human trafficking concerns. We encourage the Indian government to research the phenomena of sex trafficking and bonded labor within India. Over the last year, Secretary Clinton and other senior officials have raised the issue of human trafficking with the Indian government and the Department continues to convey the priority the Obama Administration places on this human rights issue. We believe the Government of India is committed to combating human trafficking and in achieving faster progress against this global problem.

*Question.* How is the State Department leveraging U.S. trade to further encourage other nations to actively combat trafficking in persons?

*Answer.* The State Department is committed to expanding trade and market opportunities in developing countries to help create an environment not conducive to trafficking. Economic pressures make more people susceptible to the false promises of traffickers. Embassy employees worldwide provide country-specific data for the annual Trafficking in Persons report, as well as the Department of Labor's Trafficking Victims Protection Reauthorization Act (TVPRA) list of products made by forced labor and child labor in violation of international standards. Products on the TVPRA list are not permitted to be imported into the United States.

*Question.* As Haiti has shown us all too clearly, disasters in general (and Haiti in particular) often necessitate expertise and resources specific to combating trafficking in persons in our protection response. What can the State Department learn from Haiti and how can the U.S. government best ensure preplanning is done such that the United States is ready to meet that need when the next disaster strikes?

*Answer.* As past natural disasters have proved, commandeering the appropriate response on a wide-range of issues takes absolute coordination, communication, resources, and resolve.

Specifically to trafficking in persons, the Department was actively involved in anti-trafficking efforts prior to the January 2010 earthquake in Haiti. The Office to Monitor and Combat Trafficking in Persons funded efforts in fiscal year 2008 by its non-government partners to: increase public awareness; create a whole of community efforts with targeted interventions, economic opportunity, and psychological support; and address the "restavek" issue in country.

We were able to translate our pre-existing efforts into response in the immediate aftermath of the earthquake. The Office to Monitor and Combat Trafficking in Persons was involved with the Child Protection Subcluster and it participated in a host of task forces and working groups to ensure a whole of government response that was both coordinated and concerted against trafficking.

One of the challenges we face in combating human trafficking in post-natural disaster areas is the fact that many of these nations already are facing an uphill battle against modern slavery before the whole new set of post-disaster challenges emerge. We can learn from every experience in disaster response. Perhaps the greatest lesson in post-earthquake Haiti is recognizing that trafficking in persons must be interwoven in the disaster-response in the immediate, interim, and long-term plans. From the beginning, the United States Government must train itself to translate human trafficking and be mindful of the cultural contexts that increase vulnerability to TIP as a subset of the protection pillar of disaster response, whether it is child protection, protection against gender-based violence, or overall security issues. It cannot come days later, or after a news story breaks, but should be in pre-planning efforts across the board.

Fortunately, we were aware of the increased likelihood of human trafficking in the days following the Haiti earthquake and worked around the clock to make sure we could supplement and strengthen our efforts. However, it is vital to ensure that the first boots on the ground are fully aware of the warning signs and the trends of human trafficking and are readily equipped to properly address this issue.

## QUESTIONS SUBMITTED BY SENATOR GEORGE V. VOINOVICH

*Question.* I am concerned about—and would appreciate your thoughts on—the pace of constitutional reform in Bosnia-Herzegovina. I am particularly worried that the Presidential/Parliamentary campaign rhetoric in Bosnia this Fall will “poison the well” for the extension of NATO Membership Action Plan (MAP) to Bosnia. I know you agree that we must continue to push Bosnia towards NATO and the EU, and not allow it to become an economic and political black-hole in Europe. I’m heartened that, in the Republik of Srpska, Prime Minister Dodik has stated his support for Bosnia’s membership in NATO despite great public opposition within his entity.

What is your view on the possible extension of MAP—or a declaration by NATO of an intention to grant MAP—to Bosnia before the Fall elections? Senator Shaheen and I met with the leaders and foreign ministers of Slovenia, Croatia, Bosnia-Herzegovina, Kosovo, Macedonia, and Serbia during our visit to the region last week, who all believed that such a step would be a positive signal to Bosnia’s leaders that NATO is serious about Bosnia’s future.

*Answer.* The United States continues to support Bosnia and Herzegovina’s aspirations for NATO and EU membership and we are working in Sarajevo and Brussels to encourage Bosnia along its Euro-Atlantic integration path.

At the December 2009 NATO Foreign Ministerial, Allies noted that Bosnia and Herzegovina has made substantial progress in cooperation with NATO and urged its leaders to work together to pursue national integration and improve the efficiency and self-reliance of state-level institutions. Allies expressed support for Bosnia and Herzegovina’s participation in MAP once it achieves the necessary progress in its reform efforts, and pledged to keep its progress under active review.

In order to successfully participate in MAP, a country needs to have the institutional structures in place to make timely decisions and implement difficult reforms. We have made clear to the leaders of Bosnia and Herzegovina that they must demonstrate concrete evidence of a sufficient capacity for political decisionmaking and a level of government functionality to meet the commitments under MAP.

The next opportunity to assess Bosnia and Herzegovina’s preparedness for MAP will come at the meeting of NATO Foreign Ministers in Tallinn on April 22. We will continue to encourage Bosnia’s leaders to intensify their reform efforts and to demonstrate their commitment to advancing their aspirations.

*Question.* The Iranian regime remains the single greatest threat to the peace and security of the Middle East. The neighboring nations of the Gulf Cooperation Council (GCC), which include the United Arab Emirates, Bahrain, Saudi Arabia, Oman, Qatar, and Kuwait, are valuable allies for the United States and have forged an important strategic partnership with us. The GCC represents an important bulwark against Iranian aggression.

What other forms of cooperation can the United States pursue with the GCC to further strengthen our partnership and to enhance the regional security?

*Answer.* The United States is actively working to strengthen our partnership with the GCC states via significant engagement on regional security, non-proliferation, alternative energy development (including nuclear energy and renewables), and support for economic diversification.

On the political front, we consult with our Gulf partners to coordinate efforts to manage regional political, diplomatic, and security challenges, including threats posed by Iran. With respect to Iran, these consultations have resulted in Gulf country support for five U.N. Security Resolutions on Iran, increased vigilance and action against Iranian efforts to evade sanctions, active participation in a GCC-plus-3 forum (with Egypt, Jordan, and Iraq), and increased U.S. security and military cooperation throughout the Gulf.

Our political dialogue is complemented by a robust security relationship among the U.S. and Gulf States. Using multilateral exercises, training, and Foreign Military and Direct Commercial Sales, the United States strengthens the GCC nations’ capacity to defend against regional threats, thereby limiting their vulnerability to Iranian pressure.

Similarly, we cooperate with Gulf States on counterproliferation issues. This growing cooperation is best exemplified by our cooperation with the UAE. In 2006, we initiated a senior-level bilateral counterproliferation dialogue (Counterproliferation Task Force or “CTF”). The CTF meets annually in addition to supporting working groups that meet throughout the year. Since 2006, we have seen the UAE make significant progress on counterproliferation issues by actively enforcing United Nations Security Council Resolutions related to Iran and North Korea, participating in the Proliferation Security Initiative and the Global Initiative to Combat Nuclear Terrorism, passing and implementing an export control law, and preventing trans-



shipments of sensitive items from going to countries of proliferation concern such as Iran.

Moreover, the United States is taking active steps, along with our Gulf allies, to provide a counterweight to Iran's energy strategy. We have encouraged our regional partners to help us reduce international reliance on Iranian natural resources as a way to sharpen the choice for Iran—opt to comply with nuclear obligations or face further isolation. On civil nuclear energy issues, we concluded a landmark 123 Agreement on civilian nuclear energy with the UAE in 2009 which includes the highest nonproliferation standards and a commitment by the UAE to forgo enrichment and reprocessing on its soil. This civil nuclear energy agreement represents a powerful countermodel to Iran in demonstrating how a country can pursue civil nuclear energy and still meet its international obligations.

We are also actively engaged in building commercial ties with the GCC nations. Using tools such as our Free Trade Agreements with Bahrain and Oman, proactive commercial advocacy and technical assistance on commercial law development, the United States is encouraging expanded American commercial ties in the region. Not only does this expand U.S. business opportunities, but it also supports Gulf States' efforts to diversify their economies.

*Question.* The Conference Agreement for the fiscal year 2010 Departments of Transportation and Housing and Urban Development, and Related Agencies Appropriations Act includes specific language stating that "The Conferees support the Organization for Security and Cooperation in Europe (OSCE)'s initiatives to combat anti-Semitism in Europe and Eurasia and expect the Coordinator for United States Assistance for Europe and Eurasia to provide adequate funding to ensure continued leadership within the OSCE."

Madam Secretary, can you provide me in writing with specific details of your team's fiscal year 2010 work toward compliance with the expectations of the House and Senate conferees concerning U.S. financial support for OSCE efforts to combat anti-Semitism in Europe and Eurasia—including support for OSCE extra-budgetary programming efforts?

*Answer.* The OSCE is committed to combating all forms of racism, xenophobia, anti-Semitism, and discrimination in the 56 participating States (pS). The United States supports efforts to ensure that OSCE commitments in the fields of tolerance and non-discrimination and freedom of religion or belief are implemented effectively. We believe the Office for Democratic Institutions and Human Rights (ODIHR) projects should focus on those countries where the gap between commitments and practices is the greatest. The United States has successfully insisted that ODIHR treat freedom of religion as a fundamental freedom as well as an issue of promoting mutual respect (as demonstrated during the Supplemental Human Dimension Meeting on Freedom of Religion in July 2009). We have successfully lobbied Chairs-in-Office to appoint or re-confirm the three special representatives on anti-Semitism, anti-Muslim discrimination, and discrimination against people of other religions including Christianity, who track government activity to promote respect for religious differences and ensure the rights of people of all faiths in the OSCE region.

The fiscal year 2010 appropriation levels approved by Congress will enable the State Department will meet all U.S. financial obligations to the OSCE and will also provide voluntary contributions for elections support, U.S. personnel on secondment to the OSCE, and extra-budgetary projects. OSCE funding comes from a combination of the Assistance for Europe, Eurasia and Central Asia (AEECA), and Diplomatic and Consular Affairs Program (D&CP) accounts. We expect to provide significant financial and extra-budgetary contributions to the OSCE in support of the efforts of ODIHR and the OSCE Personal Representatives on tolerance to combat anti-Semitism throughout Europe and Eurasia. We continue to encourage the OSCE and the ODIHR to attach a high priority to combating anti-Semitism and we will continue to support the organization's pioneering efforts in this area. We look forward to sending a delegation to a planned OSCE high-level conference on mutual respect and non-discrimination issues this summer and to engaging on a robust agenda there.

*Question.* I would also appreciate from your team during the next 30 days a written strategic plan outlining the Department of State's policy initiatives to combat anti-Semitism, including milestones, metrics, and expected future financial resource requirements from Congress.

*Answer.* To effectively combat anti-Semitism, we are building strong channels of communication and collaborating with nongovernmental organizations. This includes greater engagement in interfaith efforts, active outreach among Muslim leaders, as well as reaching out to other groups that experience discrimination.

The President has appointed Hannah Rosenthal as the new Special Envoy to Monitor and Combat Anti-Semitism. Special Envoy Rosenthal joined the Depart-

ment of State in late November. Since that time she has traveled extensively both overseas and in the United States to advance her mandate.

One of Special Envoy Rosenthal's goals is to work more closely with the Organization for Security and Cooperation in Europe. Enclosed please find her strategic outline to elevate and increase the visibility of the work that the OSCE does to combat anti-Semitism.

On January 27, Special Envoy Rosenthal was part of the President's delegation to the 65th anniversary of the liberation of Auschwitz commemoration in Poland. Prior to the actual ceremony at Auschwitz-Birkenau, she met with the Education Ministers from 29 countries to learn more about their Holocaust and anti-discrimination education. All 29 countries reported that they are implementing curriculum and activities to educate about the Holocaust and to confront intolerance. However, the Office for Democratic Institutions and Human Rights (ODIHR) was not present at this gathering and none of the countries in attendance mentioned use of the ODIHR curriculum or expertise. Immediately after the ceremony, Special Envoy Rosenthal stayed on in Poland for several more days to better understand this situation. She went to Warsaw and had an excellent meeting with the staff at ODIHR, where she learned that ODIHR representatives had tried unsuccessfully to get invited to that Education Ministers' meeting. She discussed how we can ensure that does not happen again, how to increase ODIHR's visibility, and how best to get ODIHR the credit that is its due.

ODIHR has virtually no funds for public relations and clearly needs people with higher visibility to talk about its mission, expertise, and accomplishments. To assist with this challenge, Special Envoy Rosenthal planned three major actions upon her return to Washington from Poland: a trip to Lithuania in April to discuss with the U.S. Embassy in Vilnius a proposal to develop a "training the trainers" approach to tolerance education; clearance for all her speeches in the United States and abroad to highlight the work of OSCE-ODIHR; and a new initiative to be rolled out at the OSCE high-level conference on tolerance and non-discrimination in Astana, Kazakhstan June 29–30. These are included in the attached outline.

The outline was created after Special Envoy Rosenthal consulted with Rabbi Andrew Baker; ODIHR; Human Rights First; the Interparliamentary Coalition to Combat Anti-Semitism; the Co-Existence Trust of England; and several human rights NGOs in Poland, the United Kingdom, and domestically.

#### *Increasing the Visibility of the OSCE*

##### *Hannah Rosenthal Speech Highlights*

Meetings with over 10 NGOs in Warsaw January 28–29, 2010.  
Jewish Council for Public Affairs annual conference February 22, 2010.  
Community Security Trust in London March 8, 2010.  
Yale Institute of Research on Anti-Semitism April 12, 2010.  
Testimony HFAC April 14, 2010.  
University, Kaunas, Lithuania April 27, 2010.  
ADL Leadership Conference May 3, 2010.  
Graduation speech Madison, Wisconsin May 15, 2010.  
Maryland Jewish Council May 27, 2010.  
Canadian Interparliamentary Council to Combat Anti-Semitism November 2010.

##### *Partnerships—promote to their members and activities, cover on websites*

Jewish Council for Public Affairs.  
American Jewish Committee.  
B'nai Brith.  
Anti-Defamation League.  
Human Rights First.  
Joint Distribution Committee.  
Simon Wiesenthal Center.

##### *Reiterate recommendations to governments*

Acknowledge and condemn anti-Semitism and hate crimes.  
Enact laws that address hate crimes.  
Strengthen enforcement and prosecute offenders.  
Train law enforcement.  
Undertake interagency, parliamentary and other special inquiries.  
Monitor and report on hate crimes, and ensure delineation for anti-Semitism.  
Strengthen anti-discrimination and human rights bodies.  
Reach out to NGOs.  
Speak out against official intolerance and bigotry.  
Encourage international cooperation and joint statements.

*OSCE to publicize*

Help countries to meet obligation to collect and report hate crimes data to ODIHR.

Make more visible three personal representatives.

Expand administrative resources to support three representatives and provide public affairs capacity.

Support ODIHR's Tolerance and Non-Discrimination unit

—Ensure law enforcement program participation;

—ODIHR convene national points of contact and NGOs to build trust and cooperation between law enforcement agencies, civil society groups, and victims;

—Distribute materials and reports widely; and

—build funding through regular OSCE budget and extrabudgetary contributions.

High-level conference on Tolerance and Non-Discrimination—June 2010.

Develop a “side event” at the OSCE high-level conference in Kazakhstan June 29–30 to roll-out the “ART Initiative: Acceptance, Respect and Tolerance.” SEAS and USOSCE will bring 8–10 NGOs that work with governments to move beyond tolerance and advance acceptance and respect. Highlight their “best practices” with easy-to-share demonstration models. The proceedings will be both videotaped and transcribed for official documents and websites for broad dissemination at conferences, country visits, State Department website, OSCE website, partners’ websites, etc.

*US Government and leadership*

ART promotion.

Bilateral discussions.

Funding and TA expertise.

Human Rights Report and International Religious Freedom Report annually.

Clearly state our freedom of expression issues.

Clearly state our definition of anti-Semitism (and where it is part of anti-Israel rhetoric and activities).

*Award/Recognition program*

Develop an annual nomination and selection process for high visibility recognition to individual and organizational work to advance ART (acceptance, respect and tolerance).

*Question.* Secretary Clinton, I understand that the Department of State recently entered into a contract with a new provider of crystal stemware to be used at all American embassies.

Could you please explain the circumstances surrounding this award and the process by which the new vendor was selected?

*Answer.* The Department of State had a new departmental requirement for lead-free crystal ware design, production, inventory management and fulfillment services for U.S. embassies. Department officials met with SDI, a company that had earlier been introduced to the Department of State by the Small Business Administration (SBA), to discuss the company's capabilities in fulfilling the contract requirements.

In accordance with complying with FAR 6.302–5, “Other Than Full and Open Competition, Authorized or Required by Statute,” the Contracting Officer sent an offer letter to SBA to negotiate and award a contract under the 8(a) program with SDI, an 8(a) program participant. SBA accepted the requirement into the 8(a) program and authorized DOS to negotiate a contract with SDI on May 18, 2008. A solicitation was released to the firm who then submitted a proposal.

SDI subsequently informed the Department that they could not find a U.S. manufacturer of lead-free crystal, and planned instead to subcontract manufacturing to Orrefors/Kosta Boda, USA located in New Jersey. Market research conducted by the Department indicated there was no company that manufactured lead-free table top crystal ware in the United States. The Department evaluated SDI's proposal, determined it to be technically acceptable and that the price was fair and reasonable. An award for a base year and four option years was made to SDI on September 24, 2009, for a total ceiling for the contract of \$5.4 million (total for 12-month base year, and four 12-month option years).

## SUBCOMMITTEE RECESS

Senator LEAHY. Thank you, Madam Secretary. This hearing is recessed.

[Whereupon, at 12:21 p.m., Wednesday, February 24, the subcommittee was recessed, to reconvene subject to the call of the Chair.]



**STATE, FOREIGN OPERATIONS, AND RELATED  
PROGRAMS APPROPRIATIONS FOR FISCAL  
YEAR 2011**

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**TUESDAY, APRIL 20, 2010**

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

The subcommittee met at 10:35 a.m., in room SD-192, Dirksen Senate Office Building, Hon. Patrick J. Leahy (chairman) presiding.

Present: Senators Leahy, Landrieu, Gregg, Bond, and Brownback.

**U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT**

**STATEMENT OF DR. RAJIV SHAH, ADMINISTRATOR**

**STATEMENT OF SENATOR PATRICK J. LEAHY**

Senator LEAHY. I know there are several other hearings going on and people are at different places. Dr. Shah, welcome to the subcommittee. We'll talk about your budget request, and I might say and I've told you this privately, I sincerely appreciate the fact that a person of your intellect and enthusiasm has taken on this job.

I think I told you one of the first times we talked, I wasn't sure whether to offer you congratulations or condolences, but on behalf of the country I'm glad you're there.

I don't envy you the job because USAID is in urgent need of reform and it is a formidable task and if it's not fixed, there are those who are going to ask whether USAID as it is should continue. I think every member of this subcommittee supports USAID's mission in one way or another, but I've heard on both sides of the aisle increasing concern about the performance of the agency.

That doesn't diminish in any way the many extraordinary USAID staff or ignore the important and often life-saving work which they and USAID's implementing partners around the world do to help improve the lives of people in some of the world's poorest countries.

We provide billions of dollars for USAID's programs and operations. So it stands to reason that a lot of that money is being used to positive effect. But I don't think USAID is living up to its potential of what—and I can say this to you directly because you have the task of fixing what was done wrong before—the U.S. taxpayers and this subcommittee expect it to do.

Like many government bureaucracies, USAID suffers from a culture of arrogance that it knows best. Too often, it seems more comfortable dealing with elites of foreign countries than those people who have no voice. There is a disturbing detachment between some USAID employees in missions overseas who spend much of their time in comfortable offices, behind imposing security barriers, living in relatively high style, and the impoverished people they're there to help, so much so that it's hard to wonder how you can make a connection.

I have nothing against suitable working and living conditions. We provide the funds for that. What concerns me is the way in some places USAID has become an ivory tower, distant from the trenches, writing big checks for big contractors and high-priced consultants and churning out self-serving reports filled with sometimes incomprehensible bureaucratic jargon.

I've read them and I've sometimes wondered what did they say and, you know, English is my first language and they are written in English and I can't understand them.

Now there are many USAID staff and often they're former Peace Corps volunteers who love to be out in the field doing hands-on work implementing, overseeing programs, but that's become more the exception, not the rule.

I also often hear the frustration of creative people who want to help, have so much to offer, but then they end up facing a closed door, and a closed mind, at USAID. They face a labyrinth of reporting requirements that are burdensome or almost a way of saying we don't need you.

I think USAID has to change its culture, change the way it does business, if it wants the kind of money that you're here asking for. If it doesn't change I will not vote for money for USAID and if I'm not going to vote for it, there are a lot of other people who may not.

I'll have some questions about your budget and I say this in this subcommittee, in the Senate, Republicans and Democrats, you will not find stronger supporters of your mission among the men and women on this subcommittee than anywhere else in the Senate and we want nothing more than for you to tell us how you plan to reform USAID.

So here's your chance, in plain English. Put your full statement in the record. But just tell us how are you going to make these changes and how are you going to restore USAID's image on Capitol Hill?

So over to you, Dr. Shah.

#### SUMMARY STATEMENT OF DR. RAJIV SHAH

Dr. SHAH. Thank you, Senator, and thank you, Mr. Chairman.

I want to first start by recognizing your deep commitment to USAID's mission. I've had the opportunity to participate in some of your trips abroad from a distance when I was in a different role and I know the commitment you have to this mission supersedes any commitment to an institutional arrangement or a particular bureaucracy. I look forward to working with you to put a change agenda in place so that USAID does live up to your aspirations and

mine and those of the thousands of people that are still involved in USAID programs around the world.

I think this is an important opportunity. In many ways I consider this a once-in-a-lifetime or once-in-a-generation type of opportunity. The President, the Secretary, members of this subcommittee, yourself, and other Members of Congress have all called for a more effective, transparent, and capable development enterprise. I think that is a legitimate call in an environment where our world is more interconnected and people care more about the development mission.

I'm excited about being at USAID because the agency has a rich legacy of successfully introducing the green revolution, of bringing oral rehydration therapy and other health solutions to millions of children, and of creating higher education institutions in parts of the world. I was just in Pakistan and met graduates that were proud to have been supported by U.S. generosity.

I also fully understand the need for change in the way we do business. The examples are really everywhere. I was just in Afghanistan where some of our staff reported errors in their paychecks during a pay period. That's one example where our human resources system failed. There are others, but I think this highlights how acute the need is for performance improvement in many of our core operating functions.

The planning, measurement, and capability to put together ideas and articulate them across the agency and, as you put it, relate to the reporting capabilities of the agency are very weak today. Having been here for a few months with a big interagency focus on Haiti, it took extraordinary measures for us to be able to produce the kind of data reporting and information on a daily and weekly basis so that our interagency colleagues could understand what's working and what's not working in the Haiti relief effort and try to fill gaps in assistance in a rapid way. We need to build better systems in that space.

Our contracting model, as you highlight, needs real reform. I visited an institution just last week where we've provided about \$4.5 million over probably 3½ years and have done wonderful work in supporting thousands of students to gain access to technical training in Afghanistan. At a cost of about \$1,000 a student per year, they will graduate from a 2-year course and earn incomes of \$300 to \$500 a month in areas like the construction trades, electrical wiring, ICT, and computer programming, but we probably spent 35 percent more than we needed to in order to get that result. Having come from a place that had far fewer bureaucratic processes to address, I've seen development happen in a more efficient and a more direct way and think it can be done at USAID.

You asked very specifically about a reform agenda that would better serve U.S. taxpayers and that is what we deeply believe in. Before the end of this month, we hope to roll out a new policy, planning, evaluation and budget capability at USAID that will allow us to be more accountable and make smarter decisions and real resource trade-offs, so that we're not just chasing every need in an environment where needs are endless. We've all been to settings where we are overwhelmed by the extent of needs, but we are

focusing on those areas where we can get the most cost-effective impact and results for our investment.

This summer I hope to launch a series of procurement reforms. This will not be easy because the agency has come to outsource a huge amount of work, including basic program design and program oversight activities, but we have a team in place to work on this issue. We've already put a Board of Acquisition and Assistance Review in place to review all contracts over \$75 million. We will take that further by developing specific detailed guidelines for procurement reform that are based on the premise that we should be doing much more work in-house, especially related to program design and oversight.

#### PREPARED STATEMENT

And finally, we will focus on human resources and evaluation in a very substantive way over the course of the summer and the fall. I think if we do these things, sir, we will be a more accountable agency, a more transparent agency, and a more effective agency. I share your passion and urgency around these points and appreciate your guidance and your opening comment.

[The statement follows:]

#### PREPARED STATEMENT OF DR. RAJIV SHAH

##### INTRODUCTION/HAITI

Chairman Leahy, Ranking Member Gregg, Members of the Subcommittee, I am honored to join you here today in support of the President's fiscal year 2011 foreign operations budget request.

It has been less than 4 months since I was sworn in as Administrator for the U.S. Agency for International Development. As you know, just days after my swearing-in, the people of Haiti were struck by a tragedy of almost unimaginable proportions. The United States—and the American people—responded swiftly and aggressively to this unprecedented disaster—a response that reflected the leadership and compassion of our nation.

In the immediate aftermath of the earthquake in Haiti, President Obama designated me as the Unified Disaster Coordinator and charged our government with mounting a swift, aggressive and coordinated response. In that capacity, USAID coordinated the efforts of the Departments of State, Defense, Homeland Security, and Health and Human Services. We worked collaboratively with the Government of Haiti and a host of other governments, the United Nations, other international organizations, NGOs, the private sector, and with thousands of generous and concerned individuals. Together we have provided a comprehensive response to a complex disaster whose scope far exceeds any other that the Administration has faced internationally and one that requires a continued aggressive and unique approach.

Our unprecedented level of coordination in response to these challenges has shown results on the ground. With our partners, we launched the largest, and most successful international urban search-and-rescue effort ever—with more than 135 lives saved by over 40 countries' search and rescue teams in Haiti. In coordination with Haitian authorities, our military, the United Nations, and NGO colleagues, we created a fixed distribution network to surge food distribution to nearly 3 million people—the most robust urban food distribution in recent history. Within 30 minutes of landing on the ground, the U.S. military secured the airport, and in the hours that followed, rapidly expanded its capacity to well beyond pre-earthquake levels. The United States also helped to restore a critical sea port, thereby scaling up the delivery of essential goods and restoring commercial capacity. And our partners at the Department of Health and Human Services provided medical assistance that enabled an additional 30,000 patients to receive treatment.

Nevertheless, we all know that Haiti faces a long and steep road to recovery. Reconstruction will take time and will require the shared commitment and resources of our international partners, working in concert with the Government and the people of Haiti.



We are requesting a total of \$1.6 billion for the Department of State and USAID in supplemental funding for efforts in Haiti. Of that, approximately \$501 million will be used to reimburse USAID for the emergency humanitarian response already provided through International Disaster Assistance and Food for Peace Title II. Of the funding requested in the supplemental for reconstruction, \$749 million is requested for the Economic Support Fund to support Haiti's critical recovery and reconstruction needs, including rebuilding infrastructure, supporting health services, bolstering agriculture to contribute to food security, and strengthening governance and rule of law. Finally, we have requested an additional \$1.5 million for USAID's Office of the Inspector General to ensure greater oversight of these funds.

#### GUIDING PRINCIPLES AND OVERVIEW

Recovery in Haiti will continue to be a major focus for the foreseeable future. But we will not lose sight of the important work of strengthening USAID and helping other countries achieve their development goals. Investment in development has never been more strategically important than it is today. Even in the midst of difficult economic times domestically, helping nations to grow and prosper is not only the moral obligation of a great nation; it is also in our national interest. The investments we make today are a bulwark against current and future threats—both seen and unseen—and a down payment for future peace and prosperity around the world.

As Members of this Subcommittee know very well, development is an essential pillar of our foreign policy. As President Obama said in Oslo last December, "Security does not exist when people do not have access to enough food, or clean water, or the medicine and shelter they need to survive." Building the capacity of countries to meet these basic needs—and in turn, increasing dignity and opportunity for their people—is what guides our work and the resources we put behind it.

While the scope and complexity of the world's challenges have grown—from the food crisis to the global financial crisis, terrorism to oppression, climate change to pandemics—we have never had the technology, tools and global imperative for action that we have today. Together with other government departments and agencies, USAID is examining our policies, resources, and capabilities to determine how best to achieve our development objectives through the Presidential Study Directive on U.S. Development Policy and the Quadrennial Diplomacy and Development Review. And already, we are moving to face these challenges, guided by the following important principles:

- Working in partnership, not patronage with the countries we serve;
- Coordinating across U.S. agencies and among donors and partners for maximum impact;
- Ensuring strategic focus with targeted investments in areas where we can have the greatest impact with measurable results and accountability;
- Embracing innovation, science, technology and research to improve our development cooperation; and
- Enhancing our focus on women and girls.

The fiscal year 2011 budget request will support development priorities that contribute directly to our national security. Specifically, our request is focused on three priority areas:

- Securing Critical Frontline States.*—\$7.7 billion in State and USAID assistance will support U.S. development efforts in Afghanistan, Pakistan, and Iraq.
- Meeting Urgent Global Challenges.*—\$14.6 billion in State and USAID assistance will support local and global solutions to national and transnational problems, including global health, food security, poverty, disasters, and threats of further instability from climate change and rapid population growth.
- Enhancing Aid Effectiveness and Sustainability.*—\$1.7 billion will support the ongoing rebuilding of USAID personnel and infrastructure.

#### SECURING CRITICAL FRONTLINE STATES: AFGHANISTAN, PAKISTAN, AND IRAQ

By far the largest component of our requested budget increase is dedicated to the critical states of Afghanistan, Pakistan and Iraq. We have made some progress in each of these countries, but we realize that significant challenges remain.

Over the past several years, our focus in Afghanistan has been achieving greater stability and security. Working within a fully integrated civilian-military plan, our goal is to create space for economic investment and to lay the foundation for a more representative, responsible and responsive government. We believe these investments are key to providing sustainable security and stability in Afghanistan.

We are gradually delivering more of our resources through public and private Afghan institutions and these efforts have been successful so far. We are performing

careful and diligent oversight and directing resources to local institutions and partners who perform well.

We are beginning to see major improvements in the Afghan healthcare system. In 2002, just 8 percent of the population had access to some form of healthcare, but by 2009, that number had increased to 84 percent.

We have also made significant strides in education. Under the Taliban, only 900,000 boys and no girls were officially enrolled in schools. As of 2009, more than 6 million children were enrolled, 35 percent of whom are girls. One of our biggest economic accomplishments in Afghanistan has been to begin to rejuvenate the agricultural industry. In November of last year, with USAID support, Afghan provincial farmer associations sent to India the first shipment of what is expected to be more than 3 million kilograms of apples this season.

USAID has also been active in developing a coordinated Afghan energy policy, and helped advance new electricity generation capacity and provide 24-hour power for the first time in cities including Kabul, Lashkar Gah, and Kandahar City. With additional resources, we expect a half million people will benefit from improved transportation infrastructure.

In Pakistan, our request supports ongoing efforts to combat extremism, promote economic development, strengthen democratic institutions, and build a long-term relationship with the Pakistani people. We are focusing on programs that help demonstrate the capacity of local civilian governance to meet the Pakistani people's needs, and channeling assistance to less-stable areas to rebuild communities and support the Government of Pakistan's counterinsurgency efforts.

USAID and our partners in Pakistan have made progress in several areas. In 2009, we expanded educational opportunities, rebuilt schools and increased support for higher education. We trained 10,852 healthcare providers, 82 percent of whom were women, and provided essential care to nearly 400,000 newborns. Over the life of our program, we have helped treat 934,000 children for pneumonia, 1.6 million cases of child diarrhea, and provided DPT vaccines to 731,500 babies through training programs for healthcare workers.

We have also focused on generating economic opportunities for the people of Pakistan, contributing to the country's stability. USAID programs generated more than 700,000 employment opportunities in 2009, including training more than 10,000 women in modern agricultural techniques.

The funding increase in fiscal year 2011 for Pakistan will help USAID reach approximately 60,000 more children with nutrition programs, increase enrollment in both primary and secondary schools by over 1 million learners, and support 500,000 rural households to improve agricultural production.

Finally, turning to Iraq, we have transitioned to a new phase in our civilian assistance relationship—shifting away from reconstruction toward the provision of assistance to bolster local capacity in line with Iraqi priorities. Indeed, we are working in partnership with the Government of Iraq whose investment in their own development matches or exceeds at least 50 percent of U.S. foreign assistance funds.

Specifically, USAID is promoting economic development, strengthening the agricultural sector, which is the largest employer of Iraqis after the Government of Iraq, and increasing the capacity of local and national government to provide essential services. For example, USAID is strengthening public administration, strategic planning and project management in critical Iraqi ministries by supporting 180 international post-graduate scholarships in programs related to public administration for Iraqis at universities in Cairo, Amman, and Beirut. The additional funding requested will also promote small and medium enterprise growth, strengthen the Iraqi private banking sector and increase access to lending for entrepreneurs engaged in new market opportunities resulting from improved stability.

#### MEETING URGENT GLOBAL CHALLENGES

In addition to supporting these critical frontline states, we are targeting investments to assist with urgent global challenges that—if unmet—can compromise the prosperity and stability of a region or nation.

First, global health, where we are requesting \$8.5 billion in State and USAID assistance. Our request supports President Obama's Global Health Initiative, which builds on the President's Emergency Plan for AIDS Relief (PEPFAR), launched by the Bush Administration, and other U.S. global health programs and will help our 80 partner countries strengthen health systems and sustainably improve health outcomes, particularly for women, children and newborns. This initiative will be carried out in collaboration with the Department of State and the Department of Health and Human Services to ensure our programs are complementary and leave behind sustainable healthcare systems that are host-country owned.

With additional funding, we will build on our strong record of success in HIV/AIDS, TB and malaria, and achieve results where progress has lagged, in areas such as obstetric care, newborn care and nutrition. The initiative will include a special focus on up to 20 countries where we will intensify efforts to ensure maximum learning about innovative approaches for working with governments and partners, accelerating impact and increasing the efficiency and effectiveness of U.S. government investments.

Second, to support global food security, we propose investing \$1.2 billion for food security and agricultural programs, in addition to the \$200 million set aside for nutrition programs that support the goals of improved global health and food security. These funds are in addition to the emergency and non-emergency food assistance we provide. There is a strong link between security and hunger, made clear in 2008 when the global food price crisis led to a dramatic rise in food riots in more than 30 countries around the globe. With these additional funds, we will work in countries in Africa, Central America, and Asia to combat poverty and hunger. Our work will draw upon relevant expertise across the United States government to deliver the most effective programs possible.

Our third principal challenge is climate change. We propose to invest \$646 million in our programs, part of the Administration's overall request of \$1.4 billion to support climate change assistance. USAID will support implementation of adaptation and sustainable landscape investments, as well as low-carbon development strategies, market-based approaches to sustainable energy sector reform and emission reductions, capacity-building and technologies to enhance adaptation and local resilience to climate change in partner countries. We plan to expand renewable energy programs in the Philippines, improving electric distribution systems in Southern Africa, and support high-level bilateral climate change partnerships with major economies like India and Indonesia.

Finally, we remain focused on humanitarian assistance, including emergency and non-emergency food aid, where USAID and the Department of State propose to use \$4.2 billion. The tragedy in Haiti brings clarity to both the critical need for America's leadership on humanitarian assistance and the strong support from the American people that such efforts enjoy. This funding allows us to assist internally displaced persons, refugees, and victims of armed conflict and natural disasters worldwide.

With the combined investments proposed in global health, food security, climate change and humanitarian assistance, we will build the capacity of countries to save lives and, through economic growth, help make people less vulnerable to poverty and the threat of instability that extreme poverty can represent. In so doing, we honor our basic values, strengthen our national security and promote our national interests.

#### ENHANCING AID EFFECTIVENESS AND SUSTAINABILITY

All of the priorities I have outlined require well-trained personnel and robust infrastructure. We must treat development as a discipline. This requires strong capacities in evaluation, planning, resource management, and research to ensure we are incorporating best practices. At the same time, we must be able to recruit, hire and retain best in class development professionals.

As we build our workforce, we must reclaim the Agency's historical leadership in science and technology. We must also strengthen USAID's capacities to identify, implement, and rigorously evaluate new and existing approaches that reward efficiency, effectiveness, and sustainability. We must have the capacity to analyze, plan, and invest strategically for the long term. And most important, we must stay relentlessly focused on results—which means establishing baseline data, measuring progress, being transparent about both our successes and our failures—learning from both and improving our approach as we go forward.

Our fiscal year 2011 budget request represents a vital investment in our human resources, and I want to thank the Committee for its foresight and support for the Development Leadership Initiative. The additional resources requested will allow us to bring on 200 new Foreign Service Officers, furthering our goal of doubling the size of our Foreign Service Corps. Fields of particular focus are education officers, economists, agriculturalists, stabilization, governance and reconstruction officers, global health officers and evaluation experts.

This long-term investment in human resources is critical to help fill a shortage of experienced middle- and senior-level technical experts and managers. Equally important, by reducing our reliance on contractors to design and evaluate programs, we will not only save taxpayer dollars but also enable greater oversight and more effective program implementation.

Through these critical investments, we can achieve the development goals we have set around the world and restore USAID's standing as the world's premiere development agency.

#### CONCLUSION

Our objective each day is to seek out these best practices, learn from them, and adapt them to everything we do. We are committed to transparency in both our successes and our failures—viewing both as opportunities to learn and improve.

I know this is a time of great economic strain for so many Americans. For every dollar we invest, we must show results. That is why this budget supports programs vital to our national interests. The United States must be able to exercise global leadership to respond to crosscurrents of a complex world. This requires the effective use of all instruments of our national security—including development. We agree strongly with President Obama and Secretary Clinton's vision of embracing development as indispensable to American foreign policy and national security.

It is through this relentless dedication to results that we do justice to our motto, "from the American people." We do this not just by extending a helping hand, but by sharing the hopefulness of the American dream in places where hope remains shrouded by poverty, oppression and despair.

In many cases, the balance between a future filled with fear and a future filled with hope is fragile. Every day, USAID tips the scale toward hope and opportunity. Thank you very much.

Senator LEAHY. Thank you. I, and I believe most people here, want USAID to succeed, but you talked about outsourcing and some of the other things that are being done.

You said local hires are not being paid, but I'm sure that USAID employees, their paychecks came, and—no?

#### PAYROLL ISSUES

Dr. SHAH. There were problems with payroll for the Foreign Service Limited (FSL) employees—differentials not paid, pay caps imposed, among other issues. The Foreign Service National staff and other employees are being paid and have not had payroll issues.

Senator LEAHY. So that, it was a mechanical thing, this was not a case of money that ran out. Am I right?

Dr. SHAH. Correct. It was entirely related to our internal process and we've already made that fix for that particular problem.

#### POLITICAL APPOINTEES

Senator LEAHY. How many of your political appointees and other top positions are still waiting for final approval by the White House? What are you hearing as far as getting them approved?

Dr. SHAH. We've made 36 political appointments that have joined and are currently working at the USAID. We've submitted 62 names to the White House. A number of the Senate-confirmed individuals are through an initial process where I believe they're on to the second stage of review and vetting. For me it's an incredible priority to make sure we get a series of names up to the Senate so we fill the slate, but those are the numbers in terms of the progress we've had.

Senator LEAHY. So you still have some that haven't gone through the vetting at the White House?

Dr. SHAH. Thirty-six have joined and are onboard. Of the Senate-confirmed, roughly one-half of them are through an initial vetting process but that only gets concluded when the White House, of course, announces the formal appointments.

## AFRICA

Senator LEAHY. There was an Op-Ed in last Sunday's New York Times by Bono entitled "Africa Reboots." Did you have a chance to read that?

Dr. SHAH. I did, sir.

Senator LEAHY. For the others, it described his conversation with different African political leaders, artists, and entrepreneurs during a recent trip around Sub-Saharan Africa focused on aid and trade, governance, corruption, transparency, enforcing the rule of law, rewarding measurable results, and so on.

I know the trip was exhausting but one that he found very worthwhile, and he and I talked about it.

Is there anything in that, in his comments that would have relevance for USAID and the way you do business in Africa and other parts of the world?

Dr. SHAH. Yes, sir, I believe so. The fundamental point he was making in that Op-Ed was that he believes Africa is in a place where there is strong innovative and capable leadership in government, in the private sector, and in civil society, and what I took away from the article was that it is incumbent upon us to find those change agents and those leaders and do the types of things that empower them to be successful and build on their capacity to offer real leadership.

We've seen that in a number of ways. The article talked about the Mo Ibrahim Prize that essentially does that for very high-level African presidential leadership. I was at the Bill and Melinda Gates Foundation for nearly 8 years and we certainly got a lot of credit in that setting for finding innovative leaders and empowering them to be successful.

One of the things I noted, and I shared this with part of the USAID team that runs a program called the Development Credit Authority, is in many cases the initial organization that found and supported the leaders that we were then helping to take to the next level, was USAID and USAID programs, USAID missions, and networks that had developed over many, many years of being present in countries. I think there is a base of capability and leadership and knowledge regarding who's capable of offering real leadership, no matter what sector they come from. USAID has connections and networks that we can build on using some of the tools that are already at our disposal, like the Development Credit Authority, and other tools to support private sector and civil society organizations.

## USAID'S PROCUREMENT SYSTEM

I think our procurement process almost systematically excludes a lot of local leaders from being real participants in our efforts and that needs to be fixed in order to really help us be successful.

Senator LEAHY. Well, in fact, there's been a lot of delays in launching the USAID's worldwide procurement software and system. This predated you being there, but it was scheduled to be completed in March 2008. I think now it has a completion date of June 2011 at a cost of around \$100 million.

Are you confident it's going to be completed?

Dr. SHAH. That's what I'm told. Part of what we're doing is looking at the full range of procurement tools we have as part of this procurement reform that I hope to announce in June.

Senator LEAHY. Well, let me pick up on that.

If you call a mission abroad and they say, well, Dr. Shah's on the phone, get the mission director, you say how are things going, and you're told everything is fine.

To what extent can you get objective information? Do you have confidence that you can get that kind of feedback if something isn't working, whether it's procurement, which obviously didn't work with your predecessor because it wasn't completed, but what's your level of confidence that you can hear bad news as well as good news?

Dr. SHAH. Well, you know, this may be surprising, sir, but it is high in the sense that I do hear regularly a fair stream of bad news. Some of it is related to mistakes that were made in following process and some of it is externally created mishaps that result in a poor outcome.

My goal is to give people the space to come to me sooner with an identification of when those kinds of problems are likely to happen, as opposed to coming to me with "we screwed up" after the fact. Even in that area, I'm encouraged.

I was recently in Afghanistan and we built a series of what I call data dashboards, which sector by sector identify four to five key metrics that would allow us to track our spending in that context, and whether it is having the impact we expect and having—and I know this is very mechanical, a small red, yellow, or green light indicator against each metric so you can see if we're spending  $x$  amount of money in the education sector, are we improving the attendance rates for girls, educational quality and building capacity in the ministry in the sector that needs to sustain this effort. I found the dialogue there was very rich, very honest.

People want to come forward with what they're struggling with. If we can create the space for that and if we can create a culture that celebrates identifying what's tough and coming up with innovative ways to address it head-on, I think the people and the staff are ready to stand up and participate in that.

#### HAITI

Senator LEAHY. Well, one good example would be how objective a response you can get on our response in Haiti. There are a number of things that went right. There are a number of things many of us feel went wrong, and I would like, once you've had an evaluation of knowing what went right and what went wrong, I would like to sit down with you and see how objective a picture you got because we're going to also have questions in Afghanistan, Pakistan and elsewhere, different problems, of course, different situations, but I want to know how objective the reports are that you receive.

Dr. SHAH. Sir, I would look forward to the opportunity to do that. We're engaged in a number of after action reports in that regard.

I would just add that during the crisis and, of course, it's an ongoing one, on a daily or weekly basis we were having the dialogue around which sectors were working more effectively and which

ones were not. Areas like sanitation and hygiene in particular, efforts to move and resettle individuals who were at risk of the floods and the rains, and we were able to rededicate ourselves and bring additional resources to help address some of those sectors that were going slower.

So I appreciate the reporting that took place in that context, but I understand your point is a more fundamental one and I look forward to that opportunity.

Senator LEAHY. Thank you very much. We've been joined by Senator Gregg. I'll yield to you and then we'll get to Senator Landrieu.

Senator GREGG. Thank you, Mr. Chairman. Thank you. Unfortunately, I apologize, Dr. Shah, I'm going to have to leave quickly for another meeting.

But, first, I want to associate myself with the chairman's opening remarks. I think he's raised a number of very significant and important red flags for the agency, and this subcommittee has a very deep interest in making sure those are addressed. It's a bipartisan interest and I hope you'll respond to those concerns aggressively.

#### FISCAL YEAR 2011 BUDGET

Second, just a quick question: I look at the resources that are available and everything you folks want to do and they don't match. Let's even assume that you get significant increases—which is going to be difficult in the climate that we're functioning in—but you've got the Millennium Challenge Corporation (MCC), you've got the Feed the Future Initiative (FTF), and you've got the U.S. President's Emergency Plan for AIDS Relief (PEPFAR), and I don't see how you do any of those three in as robust a way as you're suggesting under the resources that are going to be available.

So I'd like to get a sense of how you think you're going to do that.

Dr. SHAH. Well, thank you, Senator. I would just say in a generic sense we recognize the need to do a better job of setting priorities and especially country by country, narrowing the number of sectors we might work in so that in each of those sectors we can build real technical excellence, stay committed for 5 or 10 years, and see the kind of big transformative outcomes we hope to see.

So part of my leadership, I hope, over time is to narrow our focus in countries to those specific sectors that we think are most important in those particular countries and in a way that is consistent with how our resources are provided to us.

Senator GREGG. Take, for example, PEPFAR and MCC. They're supposed to be 10-year-type initiatives and yet I look at your budget and I'm wondering, well, they're just sort of being atrophied a bit and replaced with this FTF Initiative.

Dr. SHAH. Well, sir, with PEPFAR in particular, I could talk through how we're approaching that because we have launched, as you know, the global health initiative and it's our real aspiration to try and get much more efficiency out of the aggregate U.S. Government global health spending.

So when we add up PEPFAR and CDC spending and USAID spending in the global health sector, I think the total budget request is a little bit over \$8 billion for 2011.

You know, I just saw data coming out of Ethiopia and 12 other countries where we did a substantive data call. There are real op-

opportunities to be more efficient in getting this work done. There are environments where we'll buy a viral load analyzer and put it in an environment where we're serving very few patients and there's a better way to do that.

There are opportunities for us to integrate our work and by integrating our work across these various programs, to do a better job of providing skilled attendants at birth and reducing maternal mortality or do a better job of providing those specific prioritized interventions, like rotavirus and pneumococcal conjugate vaccines, for children to go after the big categories of unyielding child mortality.

So I think our goal is to sort of look at the whole portfolio and identify how we can be more efficient in spending those resources while also achieving the direct disease outcomes.

Senator GREGG. Dr. Shah, unfortunately, I have to leave. What I'd like to get from you, if you possibly can do this, is take your four or five biggest categories and you've just listed two of them, throw in MCC and FTF, and tell me what's the 2 year, 3 year, 5 year, 7 year, and 10 year projection for what you expect those categories to accomplish, how you expect them to be funded, and how you expect the funding of the categories to interrelate with each other in the context of the very stringent budget that we're facing. I'd appreciate that.

I apologize for having to run.

Dr. SHAH. We will do that. Thank you.

[The information follows:]

#### LARGEST FUNDING CATEGORIES

Most USAID programs, as well as independent agencies such as MCC, do not have firm multi-year budget plans beyond the amount requested for fiscal year 2011. Such plans are of course subject to the availability of funding provided in the annual appropriations process. In the case of major development assistance initiatives, the President has committed to seek predictable multi-year funding, which will be critical to achieving those initiatives' goals. USAID is currently implementing the majority of funding in three of these—the Global Health Initiative, the Feed the Future Initiative, and the Global Climate Change Commitment.

—*Global Health Initiative (GHI).*—The President committed to provide \$63 billion over 6 years to this expanded and comprehensive global health effort. Enacted appropriations from the GHCS account (both State and USAID portions) for fiscal year 2009 and 2010 and the President's budget request for fiscal year 2011 total \$23.6 billion, leaving \$33.4 billion to be funded over the remaining 3 years of the initiative (fiscal year 2012–2014) (\$6.4 billion is to be funded from other accounts).<sup>1</sup> By 2015, the GHI aims to reduce mortality of mothers and children under five, saving millions of lives; avert millions of unintended pregnancies; prevent millions of new HIV, tuberculosis and malaria infections; eliminate some neglected tropical diseases; and strengthen local health systems.

—*Feed the Future Initiative.*—The President committed at least \$3.5 billion to this initiative over 3 years (fiscal year 2010 through 2012). The enacted appropriation for fiscal year 2010 and the President's budget request for fiscal year 2011 total \$2.7 billion, leaving \$0.8 billion to be funded over the remaining year of the initiative. Additional funding would be required in fiscal year 2012 through fiscal year 2015 in order to achieve the goals of significantly reducing global poverty, hunger and under-nutrition laid out in the Administration's "Feed the Future Guide," released by Administrator Shah on May 20.

—*Global Climate Change Initiative.*—The President committed, along with other developed countries, to provide approaching \$30 billion in international climate finance over fiscal year 2010–2012. As part of this commitment, the USG also committed to provide \$1 billion to REDD+ (Reducing Emissions from Deforestation and Forest Degradation Plus) between 2010–2012, and we are working to meet that

<sup>1</sup> Roughly 60 percent of the PEPFAR budget allocated to State is implemented through USAID.



goal. The enacted appropriation for fiscal year 2010 and the President's budget request for fiscal year 2011 total \$2.4 billion in direct climate funding, plus additional funding from other agencies and co-benefits from other assistance programs. Because the United States did not commit to a specific percentage of this total amount, future international climate funding will be determined through the fiscal year 2012 and subsequent budget processes. The USG also committed with other developed countries to jointly mobilize \$100 billion per year in international climate finance by 2020 in the context of meaningful mitigation actions and transparency from developing countries; this funding is intended to be a mix of public and private funding streams, and our out-year budgets will contribute toward the public finance portion of that goal.

Senator LEAHY. Senator Landrieu.

Senator LANDRIEU. Thank you, Mr. Chairman. Dr. Shah, thank you so much for being present this morning and for being so accessible. I've enjoyed our conversations on several opportunities since you've been in your current position and I'm impressed with your background and your enthusiasm for what you're doing.

I do have, though, some questions and issues I'd like to raise before I get into the specifics on Haiti which you and I spoke about on my return just last week.

I'd like you to clarify for me and, Mr. Chairman, if the staff here can help, I'm having a little difficult time with the numbers in front of me understanding what exactly is your budget entailing. I see different figures. Is it \$21 billion out of the total \$52 billion? Could you just say what your understanding is of the amount of money under the control of USAID in this budget for this coming year 2011?

Dr. SHAH. I believe it is approximately in that area.

Senator LANDRIEU. \$21 billion, roughly \$21 billion out of \$52 billion?

Dr. SHAH. Correct. And I think one of the things we're doing as part of putting in place a slightly reformed budget process is we will be able to do a better job of identifying those resources that are specific to USAID programs.

The current process for budgeting doesn't break it out that way. So it's been difficult for me to get an answer to that question in a way that's valid. That figure doesn't necessarily include resources that might come to us through an MCC threshold program or PEPFAR or other funding streams.

Senator LANDRIEU. Well, then I'm glad it's not just me, Mr. Chairman, because my staff and I have been working on this for weeks and I'm glad that the head of the agency is having difficulty. Well, I'm not happy that the head of the agency is having difficulty understanding the budget that he's tasked to manage, but it makes me feel better because we've been trying to break these numbers out to no avail.

But I think, Mr. Chairman, it's extremely important for this subcommittee, in order for us to continue our focus on helping to reform USAID and working for it to become a more effective agency as it is our primary arm of bilateral support to our allies and friends around the world, to really get a handle on it and to be able to break it down so we ourselves can understand where our focus needs to be.

Senator LEAHY. It might also help with the State Department to let them know exactly where their money's going, too.

Senator LANDRIEU. Well, absolutely.

Senator LEAHY. I say this in defense of Dr. Shah.

Senator LANDRIEU. You know, absolutely. I think it's just critical, which brings me to my questions about Haiti.

#### ORPHANS AND VULNERABLE CHILDREN

There's no question that there were some important steps taken. The government and the officials that I met with down there were very appreciative of everything that the United States and the international partners had done in terms of life saving and distribution of food, et cetera, but as you are personally aware, the challenges to Haiti are just enormous, from just basic delivery of services, water, sanitation, housing, education, and I went down there with several Members particularly focused on children, all children but particularly vulnerable children, potentially orphaned children, and came away with a couple of thoughts about how we might want to proceed and wanted to ask you if you had some knowledge of the work going around the effort to provide for the first time in Haiti a universal free pre-K through 12 school system which may be shocking for people to know doesn't exist in Haiti today.

It might be one of the reasons why they're the poorest nation in our hemisphere because they virtually have no fundamental school system accessible to most families and that the families that are sending their kids to school are sending them to inadequate, poorly staffed, non-certified teachers in a private setting which isn't in itself a problem, except when it's inadequate, and using a great deal of their small salary, which may be \$2 a day, if that much, to fund the education of their children.

Does USAID have a position about the importance or priority of this, and could you comment on your interest in potentially maybe targeting this as an area that we could see some real improvement?

Dr. SHAH. I do. Thank you, Senator. I think, in part based on our conversation, we also are trying to identify specific budget line items that sit in sectors that are called housing or social services that would be education-related and pulling that out to back up what I'm about to say with the budget numbers.

But the reality is we are committed to an education strategy in Haiti. We have for a number of years been working against a single multi-donor strategy that has really pulled the resources of donors together against a strategy that was primarily focused on primary education and the number of kids that had access to primary education and then secondarily focused, although many of our resources went into this, on teacher training and a number of other efforts to improve the quality of education in those environments.

That was between \$12 and \$20 million a year, depending on which funding streams we count and we had every intention of continuing that going forward pre-earthquake.

Given the earthquake, there's obviously a huge need for reconstituted infrastructure and schools and we have built the budget for that into the housing budget and I do think that's an area where we want to share with you the assumptions we used in the budget planning but we really do recognize the need and our capacity to

help fill the current gap by engaging in building schools that could serve as a platform for a broader range of services.

Senator LANDRIEU. Well, I would just suggest, Mr. Chairman, the members of our subcommittee, that as we look out into the reconstruction of Haiti, that helping the Haitian Government and working with international partners, I understand Canada and France want to help lead this effort, to put down as a cornerstone a free universal education system for Haiti accomplishes many goals, one of which, high on my agenda, is to prevent childhood abandonment.

The hundreds of thousands of orphans, Mr. Chairman, that are in Haiti is because families in many instances give their children up hoping they can get an education at one of these over-crowded orphanages. They're both maybe as familiar as they should be with the horrific circumstances, even in the best run of orphanages, that that's not happening.

So that's, you know, one point, and if I could make my second point, I'm also concerned about USAID budget generally. In thinking about serving children, Dr. Shah, separate from their families, thinking about the importance of feeding children, providing their health, their education in and through families as opposed to sort of separate revenue streams that don't support the permanency issue that are so important to children, either to stay with the families to which they're born or to try to promote through the international laws that we now have developing adoption, both domestic and international.

So I'd just ask you when you look at your budget think about if you're serving children separate from their families, which is not the way we do this in the United States. Our system isn't perfect, but our programs serve children in and through families which keeps our abandonment rate relatively low, keeps our adoption rate relatively high, okay, and so that's just my final point about the way we structure our programs is serving children in and through families, and I'll come back to a second round.

Thank you.

Senator LEAHY. Senator Brownback.

Senator BROWNBACK. Thank you, Mr. Chairman. Dr. Shah, good to have you here, and, Mr. Chairman, my last appropriations cycle, I want to recognize you and your longstanding commitment to these difficult issues around the world. You've hung in here for years and done a great job of it and I really want to recognize and acknowledge that.

Senator LEAHY. Well, Senator Brownback, on my time, I appreciate that very much. You've worked with me on landmines and on so many other issues and on issues of poverty, of health around the world, something that you don't see in Kansas, I don't see in Vermont, but part of our common humanity, we respond to and I applaud you for what you've done on that.

Senator BROWNBACK. Thanks. Thank you. Dr. Shah, I want to raise a couple issues, if I can with you.

#### SUDAN

This is the watershed year for Sudan on the Comprehensive Peace Agreement. They had the vote. It seemed like some questionable issues happened on the presidential vote, but as you know, the

referendum on the south happens in January 2011. I mean, this is the big deal and my sense is that you probably will see the south separate from the north and they're going to need a lot of help if they're going to sustain it.

This Comprehensive Peace Agreement's been one of the great successes, I think, of foreign policy for the last decade or so for us that took a 20-year conflict in Africa and has ended. I've been involved in the issue. I'm sure you have. Yet you've cut the economic support funding for Sudan going into this watershed year and I really hope you look at other ways you can support that.

I don't know if you've been in the south of Sudan yet yourself. If you haven't, I would sure urge you to put it high on your priority list. Great people, wonderful folks, but this is the big one and they're going to need you guys' help and focus.

I've got a couple of other issues I want to raise with you, but I hope that's something you can do. Have you been into the south of Sudan yet?

Dr. SHAH. Not yet, sir, but I am planning to visit there in about 1 month.

Senator BROWNBACK. Good, good. You need to and they need us.

#### NEGLECTED TROPICAL DISEASES

On neglected diseases, this is an area that Senator Sherrod Brown and I have worked a lot on on getting a priority review process so that you can get some of the neglected diseases that so hit the Third World countries and this is kind of building off of Senator Gregg's comment about where are you—how are you going to do all this with the money you've got, and I like your heart and I like your attitude, but there is a resource issue here and it's unlikely to get a whole lot bigger just in the near term.

Having said that, I'm the ranking member on the Agriculture Subcommittee which has Food and Drug Administration (FDA) and we're pushing FDA to do a shortened pathway for neglected diseases as a way of reducing the cost of these things and trying to get more investment in them.

I hope you can take a look at that and back this cause because this is the way we can get our marketplace to help fund these neglected diseases that typically hit the Third World and have very small markets. We can't afford to have a process that costs \$700 million to develop a drug that has a market potential of a \$150 million. I'm pulling that number out of the air but not the first number and that is being pursued by FDA now and if you were to get and your agency backing of that and get involved in this review process, we've got a special committee that's set up to do this, good people on it, that can be a big help and I think it's one where we can start to whittle away at some of these neglected diseases that cost us so much.

#### AGRICULTURE

A final issue I wanted to throw out to you was the Department of Homeland Security (DHS) and USDA is building a National BioAgriTerrorism Facility. That may sound like a long ways away from your work but a good portion of the diseases they're going to

study are animal diseases that come out of the Rift Valley. I think actually maybe as many as 10 of 12 are their primary targets.

I think this is a chance for us to network with veterinarians trained in Africa and that region to scale up their ability or help train them because it helps us and then you're off of somebody else's budget, as well, and Department of Homeland Security's which is a great place to be because that's one we tend to think, well, okay, let's put more money in this one and I think there's a good chance that we could build some upscale programs of training better veterinary medicine people in Africa to be eyes and ears for us and help develop awareness of when some of these things are breaking out or what's coming because the Rift Valley has been such a deadly zone for some really nasty things coming out.

But we can use it to train up a level of people that can go back and do great things in a country. Part of the Green Revolution was Norman Borlaug training a generation of plant geneticists in the Third World. Why can't we do that toward animal agriculture, particularly in Africa, that is a source of their wealth and revenue for so many people and do it under our security umbrella so it helps leverage your dollars?

I point these out as ones that I think are key for us moving forward on some really meaty areas and I'm hoping in particular you can help us out with Sudan. I said I was going to end with that, but there's one final thought.

#### DEMOCRATIC REPUBLIC OF THE CONGO

Senators Durbin, Feingold, and I sent you a letter on Congo, Eastern Congo. We've been involved in the conflict commodity issue in that area. I think it's at the core of stabilizing Congo and probably four countries in that region if we can get the conflict commodities out of the means of commerce that funds the rebels in the regions. Similarly, it's the blood diamonds of east Africa is what this amounts to.

We asked you to look at putting on a mining specialist to really help track some of these issues and work on them. I hope you can look at it because I think it's really key for us to get Congo and probably, as I mentioned, four countries in that region more stabilized so we get less money going to the protagonists that are in that region.

That's a lot, but I wanted to throw that out to you.

Dr. SHAH. Thank you. Should I address that?

Senator BROWNBACK. Go ahead.

Senator LEAHY. Please. I know you've also had some firsthand experience with the Green Revolution. So please go ahead.

Dr. SHAH. Well, thank you. On Sudan, I appreciate the comments. I look forward to getting out to our offices there as soon as possible. We've provided, as you know, sir, \$95 million in support for the election and the referendum activities, including some of the monitoring activities that have been more visible in recent days.

We are very focused on expanding support for local governance and local service delivery in the south in anticipation of how important such activities will be in the future, and I would just use this as an opportunity to highlight the fact that our mission in Juba,

as you know, has nearly 17 U.S. direct hires and PSCs and 75 Foreign Service Nationals—professional and support staff, which makes us really the largest organized donor presence in that environment.

We recognize the responsibility that comes with that to work with partners, including the World Bank and other donors, to try to mobilize efforts in a very connected way to those local leaders that have capacity there.

#### NEGLECTED TROPICAL DISEASES

On neglected tropical diseases, I completely agree with your point about a shortened development and approval cycle. I will follow up directly with Administrator Hamburg on that and I think there are also opportunities to work with the World Health Organization which has the mandate for those types of governing regulations for most of the countries where we would introduce those.

The only thing I would add is that often the firms we work with in this space benefit from having simple market introduction plans, a thoughtful demand analysis, and a forecast for how product would get to needy populations and so sometimes small investments in those types of activities can unlock real private sector innovation and activity and we will follow up on that.

#### FOOD SECURITY

And finally, on the question with respect to USDA and DHS, I'm actually quite familiar with that particular facility and I agree. I think there are tremendous opportunities with Rift Valley livestock diseases and with veterinary training which, of course, large vet gaps are a big gap here in the United States and abroad.

As part of our Food Security Initiative, we've allocated \$145 million for agricultural-related research for fiscal year 2011. A significant proportion of that would be executed in partnership with USDA and used in the livestock area where they do some unique work, both related to this facility and more broadly. So I look forward to moving that forward. I think that is a critical and completely unaddressed opportunity in the food security space.

And finally, on Congo, I agree and, in addition, we've been working on following up based on that letter and will continue to share information with your office, but thank you.

Senator BROWNBACK. Mr. Chairman, thank you for the extra time.

Senator LEAHY. Thank you, Senator Brownback.

#### PROCUREMENT

The thought occurred to me when we were talking earlier about how you evaluate these contracts. What's your largest contract? Say \$10, \$50, \$100 million?

Dr. SHAH. I think significantly larger than that, sir. I don't know which ones are the largest, but I've seen several that are several hundred million dollars.

Senator LEAHY. Then I would keep the pressure on to get that. The system that was supposed to be ready in 2008, long before you were there, to get it ready, and I hope you understand when I ask

these questions, I think you are and will be an inspiration to the people in USAID. There are some superb men and women working at USAID. There are many who worry about the mission being overwhelmed by bureaucracy. They want you to give them the direction. They want to break through. They want to do the things that inspired them to come to USAID in the first place and so we're putting in your lap years of neglect and problems and say please fix it.

And you will have the support here to fix it. Senator Brownback mentioned neglected diseases, something that this subcommittee actually started focusing on about 5 years ago and now it has become, both in the last administration and this administration, an important priority and please keep it a priority.

You're being asked to increase your staff and programs in Afghanistan, Pakistan. Both countries face severe security threats. They have weak governments, endemic corruption, inadequate housing and office space for USAID personnel. And you can't get USAID staff out in the field to monitor programs because of the obvious security problems.

We learned in Iraq that spending lots of money quickly can end up with a lot of fraud and waste. Now Afghanistan, the tribal areas of Pakistan, I can see the potential and I'm sure you can for enormous corruption and waste.

How do you get a handle on that and protect the men and women who have to manage these programs?

#### AFGHANISTAN

Dr. SHAH. Well, thank you, sir. Having just returned from Afghanistan, I can attest to the fact that our more than 400 USAID staff there that are working as part of the overall mission experience, all of the things you just described, threats to their personal security, challenge around their ability to be mobile in areas where programs are active, and to some degree challenging housing situations, to say the least, but they are very committed to the work. In general, I think the way to address this is to break down our work into core sectors.

In each sector, we are in the process of refining and developing a coherent strategic approach that clearly distinguishes between things we might do to achieve short-term security and stability objectives in the context of an active military campaign and how one builds a bridge to sustainable long-term development in those settings.

To give you an example, I was in Arghandab, an area outside of Kandahar City, and in a 6-month period of time, through a combination of agricultural vouchers for inputs, some technical training, cash for work, short-term jobs programs,—

Senator LEAHY. Irrigation.

Dr. SHAH [continuing]. And improvements in roads and irrigation, we've seen a huge improvement in agricultural productivity in that particular area, an area that covers about 35,000 people. Over a 6-month period those improvements have led, by all accounts, to significant improvements in the security and stability situation in that region, so much so that our military colleagues believe fewer

kinetic operations will be required in that particular space as a result.

But we know that we have much more to do to track those resources that are getting spent and to make sure that we have a glide path where over 2 or 3 or 4 years we can take that spending to an appropriate per capita level of investment so that the Government of Afghanistan and other partners can sustain it over the long run and that's been the focus of how that team is planning to take those programs forward.

So I think it is doable. We just have to be focused on the right metrics as opposed to annual or monthly spend rates or something like that.

Senator LEAHY. Well, yes, I don't consider success based just on what the spend rate is, especially when you're in an area where so much can be stolen. I wish we could go to a website and find that  $x$  number of dollars has gone to this NGO near Kandahar or wherever it might be and here's what they're spending it on.

Dr. SHAH. I don't believe I can find that online today. I do think we ought to get to that point. Part of what we try to do is—

Senator LEAHY. I want to avoid what happened in Iraq where, you know, cargo planes full of money came in. Now we're still searching for the hundreds of millions of dollars that were stolen, probably billions of dollars, some by Americans, but certainly a lot by the people in the country we're helping.

Dr. SHAH. That's certainly a risk, sir, and I think we are trying to put in place a system whereby whenever we invest directly in a ministry or a local institution, we put in place a significant certification process and reserve auditing capabilities that allow us to track resources as they're spent in the health sector. The Ministry of Health in Afghanistan is perhaps a good example of that, where it took a number of years to build the actual financial disbursement and contracting mechanism in a transparent and accountable way and now we're able to flow more resources through that system. I think that's a model for what we're trying to do.

Senator LEAHY. Nothing would bring about more effort to cut off money if it turns out that it wasn't spent well and I'm not—and, Dr. Shah, understand that I'm not expecting you to have total success in everything you try.

When I was a prosecutor, I used to tell the assistants in my office who would tell me they'd never lost a case, I'd say then you're not trying enough cases, and if you say we've never had a failure on any program, you're not taking enough risks. Imagine the number of things Dr. Borlaug tried before he got where he was. You worked for the Gates Foundation and they set some pretty tight controls about what's going to be successful, but they'll be the first to admit that sometimes things don't work.

So keep trying. We're going to be coming back on Haiti and again I really want to see when you have more material on what worked, and what didn't. I will have more questions on Afghanistan and Iraq. I've been there and to Pakistan. I know the need, you've got some real, real problems there, and I look at, of course, Africa where we can do so much, provided the aid can get to the people.

Senator Landrieu, you've been waiting patiently.



Senator LANDRIEU. That's okay, Mr. Chairman. I'm very happy to follow your line of questioning and agree with your points and comments, and I, too, am very anxious for USAID to be reformed in a way that we can be effective, it can be expression of the values of the American people and their deep desire to be helpful and generous, but also their hesitancy to throw good money after bad, to not account for the millions of dollars they're contributing, and it's discouraging to them.

This agency should operate in the most transparent, accountable way possible and when it operates that way, it encourages, I think, literally billions of dollars of private donations that Americans and American corporations and individuals, faith-based communities are willing to contribute to the effort, if they believe that it's being done in a comprehensive and strategic way, which brings me to one of your strategic efforts I want to commend and ask you to commend and that is coordinating across U.S. agencies and other donors and partners country to country.

#### INTERAGENCY COORDINATION

My experience in visiting not nearly as many countries as the chairman but at least a half dozen, is the common complaint that USAID does virtually no coordinating among its own agencies, let alone other NGOs, and you must be aware, Dr. Shah, that there are somewhere between 900 and 1,000 independent NGOs and IGOs operating in Haiti with virtually little coordination and again if USAID isn't stepping up to do that coordination, my question is is Canada or is, you know, France?

If we are not trying to coordinate, is there a country in the world that is tasked with coordinating so that these public and private monies in every country can be spent more strategically, and is that a role that you want USAID to take on?

Dr. SHAH. Well, thank you for those comments. I think in Haiti, in particular, I'd just share one anecdote, that 2 days into the crisis and the earthquake we made a small grant to InterAction in order to help them set up a hub to coordinate the activities of NGOs through that context. I think it was a good first step and it made a big difference, both because it brought especially the largest international NGOs that are the conduit for large streams of funding from a range of partners to a single point of coordination and it gave us someone to engage with when we wanted to address the NGO community specifically.

Through that effort they were also able to identify certain NGOs that, frankly, were doing things that were counterproductive, and relatively irresponsible in terms of the way they were distributing food or doing other things that didn't meet best practices.

So I think that helped and that is an example of how USAID, through leveraging partners in that community, can do a better job of helping NGOs organize among themselves.

The other comment I'd like to make on that is the Global Health Initiative, I think, is a good example of where we're actually trying to turn the coordination point into the relevant country ministry. So if you look at Ethiopia or Tanzania, what we would ultimately like to do is have the Ministry of Health in those places (a) be aware of what their NGOs and our implementing partners are

doing in countries, (b) take some responsibility for offering direction to those NGOs, and (c) develop a financial sustainability plan so that there's some sense of who's going to provide these services in a sustained long-term way over 5, 7, or 10 years. I think if we can do those types of things, it will start to improve the coordination of those NGOs and, frankly, it will improve our partnership with countries who regularly complain that they don't know where our money is going and they don't know what we're doing in their country.

Senator LANDRIEU. Well, I appreciate that and I heard in your answer that, yes, you're committed to organization and coordination and even more importantly or equally importantly trying to build capacity within the countries the appropriate ministries to be able to identify and coordinate some of those activities, and I know that would be very important to the Haitian Government that, frankly, in their view expressed to me feels overwhelmed with just identifying the number of different groups and NGOs and coordinating that effort and you want NGOs to be helpful but they're not a substitute for effective governance in country.

#### UNICEF

Number 2. I have been over the years getting more and more concerned about UNICEF which is one of our—I think we contribute, Mr. Chairman, over \$100 million to UNICEF and despite my personal conversations with leaders of UNICEF over time, Carol Bellamy when she led the organization, Ann Veneman, and now the incoming director, Tony Lake, I'm concerned about UNICEF's position seemingly to be, despite comments to the contrary, their position against adoption, both in country and international.

I want to know if you've come across any conversations with UNICEF or thoughts that you might have about ways that we could encourage UNICEF to understand the extraordinary capacity among families in the world, excess capacity, literally excess budgets within families, excess rooms within homes to take in orphans in an appropriate way when children are truly orphaned to give them a chance at a permanent nurturing family.

Are you willing to maybe express some of these views to UNICEF or to work with me to kind of change a little bit of their outlook in this direction?

Dr. SHAH. Yes, Senator, I am, and we had a chance yesterday to meet with Tony Lake and I think he's also open to exploring what we can do differently to be more effective across the broad goal of child protection and using a broad range of strategies.

I will say in Haiti, we had experiences where we worked effectively with UNICEF and experiences where things were challenging, but I do want to credit them with conducting a data collection exercise across the different institutions that were labeled orphanages that provided some basic data in what was otherwise a numbers-deficient environment to determine where the kids were, in which institutions, and how would we provide them with services. That sort of work did allow us, together with our military colleagues, to target those institutions for distribution of food and water in the early days of the crisis.

So, you know, I think there are areas where they've done effective work and there are probably areas where there could be an expansion of the thinking.

Senator LANDRIEU. Okay. Well, I'll look forward to working with you on that and just to finalize, the first lady of Haiti is extremely enthusiastic and excited and, of course, is a graduate of George Washington right here. The University Collaborative has really come together to support her and her work, really focused on this education opportunity for children in Haiti and for long-term development of Haiti, Mr. Chairman.

I couldn't think of a better way to invest U.S. dollars and I think our taxpayers would agree to give a free quality universal education to the 4.5 million children in Haiti that really have no access today.

Thank you, Mr. Chairman.

Senator LEAHY. Thank you. There are so many opportunities and sometimes with the simple things.

Dr. Borlaug and I were friends and I admired him greatly and I look at what he accomplished, but also I had mentioned earlier the Op-Ed piece by Bono. In fact, without objection, I'll put that in the record at the end of this hearing.

[The information follows:]

[From The New York Times, April 17, 2010]

#### AFRICA REBOOTS

(By Bono)

I spent March with a delegation of activists, entrepreneurs and policy wonks roaming western, southern and eastern Africa trying very hard to listen—always hard for a big-mouthed Irishman. With duct tape over my gob, I was able to pick up some interesting melody lines everywhere from palace to pavement . . .

Despite the almost deafening roar of excitement about Africa's hosting of soccer's World Cup this summer, we managed to hear a surprising thing. Harmony . . . flowing from two sides that in the past have often been discordant: Africa's emerging entrepreneurial class and its civil-society activists.

It's no secret that lefty campaigners can be cranky about business elites. And the suspicion is mutual. Worldwide. Civil society as a rule sees business as, well, a little uncivil. Business tends to see activists as, well, a little too active. But in Africa, at least from what I've just seen, this is starting to change. The energy of these opposing forces coming together is filling offices, boardrooms and bars. The reason is that both these groups—the private sector and civil society—see poor governance as the biggest obstacle they face. So they are working together on redefining the rules of the African game.

Entrepreneurs know that even a good relationship with a bad government stymies foreign investment; civil society knows a resource-rich country can have more rather than fewer problems, unless corruption is tackled.

This joining of forces is being driven by some luminous personalities, few of whom are known in America; all of whom ought to be. Let me introduce you to a few of the catalysts:

John Githongo, Kenya's famous whistleblower, has had to leave his country in a hurry a couple of times; he was hired by his government to clean things up and then did his job too well. He's now started a group called Inuka, teaming up the urban poor with business leaders, creating inter-ethnic community alliances to fight poverty and keep watch on dodgy local governments. He is the kind of leader who gives many Kenyans hope for the future, despite the shakiness of their coalition government.

Sharing a table with Githongo and me one night in Nairobi was DJ Rowbow, a Mike Tyson doppelgänger. His station, Ghetto Radio, was a voice of reason when the volcano of ethnic tension was exploding in Kenya in 2008. While some were encouraging the people of Kibera, one of the largest slums in Africa, to go on the rampage, this scary-looking man decoded the disinformation and played peacemaker/

interlocutor. On the station's playlist is Bob Marley and a kind of fizzy homespun reggae music that's part the Clash, part Marvin Gaye. The only untruthful thing he said all evening was that he liked U2. For my part, I might have overplayed the Jay-Z and Beyoncé card. "They are friends of mine," I explained to him, eh, a lot.

Now this might be what you expect me to say, but I'm telling you, it was a musician in Senegal who best exemplified the new rules. Youssou N'Dour—maybe the greatest singer on earth—owns a newspaper and is in the middle of a complicated deal to buy a TV station. You sense his strategy and his steel. He is creating the soundtrack for change, and he knows just how to use his voice. (I tried to imagine what it would be like if I owned *The New York Times* as well as, say, NBC. Someday, someday . . .).

In Maputo, Mozambique, I met with Aactiva, a women's group that, among other things, helps entrepreneurs get seed capital. Private and public sectors mixed easily here, under the leadership of Luisa Diogo, the country's former prime minister, who is now the matriarch in this mesmerizing stretch of eastern Africa. Famous for her *Star Wars* hairdo and political nous, she has the lioness energy of an Ellen Johnson Sirleaf, a Ngozi Okonjo-Iweala or a Graça Machel.

When I met with Ms. Diogo and her group, the less famous but equally voluble women in the room complained about excessive interest rates on their microfinance loans and the lack of what they called "regional economic integration." For them, infrastructure remains the big (if unsexy) issue. "Roads, we need roads," one entrepreneur said by way of a solution to most of the obstacles in her path. Today, she added, "we women, we are the roads." I had never thought of it that way but because women do most of the farming, they're the ones who carry produce to market, collect the water and bring the sick to the clinics.

The true star of the trip was a human hurricane: Mo Ibrahim, a Sudanese entrepreneur who made a fortune in mobile phones.

I fantasized about being the boy wonder to his Batman, but as we toured the continent together I quickly realized I was Alfred, Batman's butler. Everywhere we went, I was elbowed out of the way by young and old who wanted to get close to the rock star reformer and his beautiful, frighteningly smart daughter, Hadeel, who runs Mo's foundation and is a chip off the old block (in an Alexander McQueen dress). Mo's speeches are standing-room-only because even when he is sitting down, he's a standing-up kind of person. In a packed hall in the University of Ghana, he was a prizefighter, removing his tie and jacket like a cape, punching young minds into the future.

His brainchild, the Ibrahim Prize, is a very generous endowment for African leaders who serve their people well and then—and this is crucial—leave office when they are supposed to. Mo has diagnosed a condition he calls "third-termitis," where presidents, fearing an impoverished superannuation, feather their nests on the way out the door. So Mo has prescribed a soft landing for great leaders. Not getting the prize is as big a story as getting it. (He doesn't stop at individuals. The Ibrahim Index ranks countries by quality of governance.)

Mo smokes a pipe and refers to everyone as "guys"—as in, "Listen, guys, if these problems are of our own making, the solutions will have to be, too." Or, in my direction, "Guys, if you haven't noticed . . . you are not African." Oh, yeah. And: "Guys, you Americans are lazy investors. There's so much growth here but you want to float in the shallow water of the Dow Jones or Nasdaq."

Mr. Ibrahim is as searing about corruption north of the Equator as he is about corruption south of it, and the corruption that crosses over . . . illicit capital flight, unfair mining contracts, the aid bureaucracy.

So I was listening. Good for me. But did I actually learn anything?

Over long days and nights, I asked Africans about the course of international activism. Should we just pack it up and go home, I asked? There were a few nods. But many more noes. Because most Africans we met seemed to feel the pressing need for new kinds of partnerships, not just among governments, but among citizens, businesses, the rest of us. I sense the end of the usual donor-recipient relationship.

Aid, it's clear, is still part of the picture. It's crucial, if you have HIV and are fighting for your life, or if you are a mother wondering why you can't protect your child against killers with unpronounceable names or if you are a farmer who knows that new seed varieties will mean you have produce that you can take to market in drought or flood. But not the old, dumb, only-game-in-town aid—smart aid that aims to put itself out of business in a generation or two. "Make aid history" is the objective. It always was. Because when we end aid, it'll mean that extreme poverty is history. But until that glorious day, smart aid can be a reforming tool, demanding accountability and transparency, rewarding measurable results, reinforcing the rule

of law, but never imagining for a second that it's a substitute for trade, investment or self-determination.

I for one want to live to see Mo Ibrahim's throw-down prediction about Ghana come true. "Yes, guys," he said, "Ghana needs support in the coming years, but in the not-too-distant future it can be giving aid, not receiving it; and you, Mr. Bono, can just go there on your holidays."

I'm booking that ticket.

In South Africa, with Madiba, the great Nelson Mandela—the person who, along with Desmond Tutu and the Edge, I consider to be my boss—I raised the question of regional integration through the African Development Bank, and the need for real investment in infrastructure . . . all the buzzwords. As Madiba smiled, I made a note to try not to talk about this stuff down at the pub—or in front of the band.

"And you, are you not going to the World Cup?" the great man chided me, changing the subject, having seen this wide-eyed zealotry before. "You are getting old and you are going to miss a great coming-out party for Africa." The man who felt free before he was is still the greatest example of what real leadership can accomplish against the odds.

My family and I headed home . . . just in time, I was getting carried away. I was going native, aroused by the thought of railroads and cement mixers, of a different kind of World Cup fever, of opposing players joining the same team, a new formation, new tactics. For those of us in the fan club, I came away amazed (as I always am) by the diversity of the continent . . . but with a deep sense that the people of Africa are writing up some new rules for the game.

Senator LEAHY. But one of the things that really struck me, he was talking with women in Mozambique. That's the first place we used the Leahy War Victims Fund.

He quotes a woman who said, "Roads. We need roads. Today," she added, "we women, we are the roads carrying things." And I hear this over and over again. Don't ship us huge containers of food and agricultural products from the United States. Help us build some simple roads. If you raise produce on a farm but to sell it, the market is 12 miles away, 15 miles away, but it's going to take you 3 days to get it there, then it doesn't do you any good to raise it. You can't sell it. If you have a simple road, that 15 miles, you can get there in an hour's time.

#### JUSTICE REFORM

One last thing or last two things I'd like to talk about. One is justice reform. We spend tens of millions of dollars, maybe hundreds of millions of dollars to reform dysfunctional justice systems around the world. You can't have a democracy, a real democracy without a functioning justice system. Honest prosecutors, honest and independent judges.

Look at Central America and we see places where people get away with murder literally or where judges are bribed or intimidated. Haiti is another example. There's never been the political will at the top.

Is that an area where you will watch and evaluate because we'll spend the money if you think it's going to accomplish something, but I've been so disappointed seeing how little has been accomplished.

Dr. SHAH. Yes, sir. We will watch that. I think you're right to point that out and I would just highlight that it is both a combination of programmatic activity, training and supporting judges and prosecutors. There are some efforts. I was just part of the rehearsal concept drill in Afghanistan where there was a really substantive conversation about what it would actually take to support the informal justice system and the transition to more formality in that

system, as well. We're trying some unique things in our program there.

But I think you're absolutely right and it often is understated that the political will to create space for that to be effective is a precondition to success at scale.

Senator LEAHY. Well, I remember a group came here from one country to talk to me and they said, we want to look at your justice system and we talked about that. They asked, is it true that in the United States people actually sue the government on occasion? I said, yes, it happens often, and they said, and is it true that sometimes the government loses? I said, yes. They said, and so you then replace the judge? And then when I explained that, no, we don't, they finally began to understand what an independent judiciary is, and we have so many people in this country willing to take the time to go to these countries and work with them and help them, but too often they get lip service while they're there and then the bribes continue or the replacement of a judge who rules against the government or so forth.

#### CLIMATE CHANGE

The administration plans to spend about \$1.4 billion on climate change programs in fiscal year 2011, \$646 million is through USAID and the State Department, part of it's to protect forests. Of course, the Amazon is the largest and the most threatened from large hydro projects and agribusiness and logging and mining, a lot of it illegal.

How much are you planning to spend for forest protection programs in Brazil or in the other Andean American countries?

#### FOREST PROTECTION ACTIVITIES IN SOUTH AMERICA

Dr. SHAH. In Brazil, USAID plans to spend 100 percent of the \$14 million in Biodiversity and Sustainable Landscapes funds for forest protection programs in fiscal year 2010.

The USAID Regional Program's Initiative for Conservation in the Andean Amazon will spend \$7 million this year on forest protection in Colombia, Ecuador, Peru and Bolivia.

USAID plans to spend the following amounts for forest protection programs in other South American countries in fiscal year 2010: Bolivia: \$2.5 million in Biodiversity funds; Colombia: \$3 million in Biodiversity and Sustainable Landscapes funds; Ecuador: \$3.1 million in Biodiversity funds; Paraguay: \$1 million in Biodiversity funds; and Peru: \$7.5 million in Biodiversity and Sustainable Landscapes funds.

In summary, USAID plans to spend the following amounts for forest protection programs: \$14 million in Brazil, \$7 million on the Regional Program, and \$17.1 million in other South American countries.

Total planned expenditures on forest protection programs is \$38.1 million in fiscal year 2010.

I'd also add that in the context of this, we're also exploring certain private sector partnerships to see if we can partner with private foundations and other institutions that have an interest in this area and might partner with us in some of these initiatives in Indonesia and other parts of the world.

Senator LEAHY. Well, of course, at the same time the State Department and others are going to have to bring some pressure on some of the governments to actually do the things necessary.

The Millennium Challenge Corporation requires governments to commit to do certain things if they want our aid, like reducing corruption or increasing their own budgets for healthcare and education.

Do you think USAID should be doing the same thing? In other words, a quid pro quo, or is that naïve to think that you can do that in some areas?

Dr. SHAH. I think, in general, the efforts to have long-term effective sustainable development that's broad enough that it reaches a large percentage of a population in country does require some significant degree of country ownership. MCC, of course, encapsulates that in a very specific set of indicators that then gives them a go/no go against a very large program in countries.

I think the approach we're taking, especially in the Food Security Initiative, is a little bit more specific. If a country is meeting its obligations to increase its domestic spending in agriculture, and they are signing up to bringing together all of the stakeholders and private sector partners against a country plan, then we will stand with them and help them build the capacity to be successful over the long run.

So it's a different, I think, interpretation of the concept, but the underlying concept that country "skin in the game" and country ownership is a precondition to long-term success I think was probably a shared one.

Senator LEAHY. Thank you very much. I'll put the rest of my questions in the record.

I'll yield to Senator Bond.

Senator BOND. Thank you very much, Mr. Chairman, and Dr. Shah, I apologize to you both for arriving so late. I had a visit from a high White House official talking about a rather pressing issue that went on and one and on.

Senator LEAHY. Aren't they all?

Senator BOND. Well, yeah, and I—but to me, this is extremely important and I'm delighted to welcome Dr. Shah today because we believe on—I know the chair and I agree that your leadership is critically important at this time.

USAID may not get all the glory on TV but when you get out and help the world's poorest people with global issues, clean water, child mortality, HIV, malaria, it's integral to, I think, a broader national policy, smart power, which Secretary Clinton has advocated so strongly and I believe in, and I know, having traveled around the globe extensively, I've seen where USAID can be a tremendous force for winning the hearts and minds of the people in other countries and dealing with those problems that are a concern to us as good neighbors or people in my case Christians should do.

But a key to expanding that service is getting enough Foreign Service officers in USAID. We want to do that. We need to see USAID build a core capacity and lessen its over-reliance on contractors, to increase accountability and effectiveness.

Now, as you know, biotechnology is an important component of smart power. Not only does it contribute to food security and better

nutrition now, but it's absolutely essential if we're going to feed a global population of 9 billion people. We cannot get there without the most modern farming techniques and biotechnology.

Dr. Shah, I know you've been a longstanding supporter of plant biotechnology. I want to—I can spend until early afternoon talking about that, but obviously I would not.

#### ENERGY

I need to turn to another subject that's of high priority. A couple weeks ago I visited India to discuss energy and a number of other matters. Energy, of course, is important in India as it is in the United States and they are overwhelmingly dependent upon coal to fuel their growth, to supply the energy to bring 1 billion population with tremendous poverty up to basic living standards and given the abundance and affordability of coal on their country, as ours, we have to make it cleaner, more efficient, and I was very impressed about an initiative USAID has undertaken in India.

Over the course of the USAID-India Greenhouse Gas Pollution Prevention or GGPP Project, it has cumulatively avoided CO<sub>2</sub> emissions from USAID-supported coal activities nearly a 100 million tons in the last 10 years. However, I was very concerned when U.S. and Indian officials told me that those efforts are no longer possible under constraints contained in a 2010 funding bill.

The constraints direct that no funds shall be utilized for any nuclear, coal, or other fossil fuel technology or production and without that, India's going to go back to burning coal without the reduction in emissions. They have made progress and I'd be very interested in hearing your thoughts on this and hope that we can work together with the chairman and the ranking member to find an appropriate solution that will allow us to resume making CO<sub>2</sub> emission reductions and making coal more energy efficient and cleaner for the people of India.

Where do you stand on that?

Dr. SHAH. Well, thank you for mentioning that, Senator, and for highlighting some of the efforts that have been undertaken there.

The low emission growth strategies for countries and especially mid-level economies is an important part of our overall Climate Change Program and will be a larger component of what we do going forward. We, of course, have, as part of the Climate Change Initiative, a broader approach but that's an important piece.

I'd have to look more specifically at the 2010 funding constraints that preclude us from being able to work—

Senator BOND. Would you look at that and get recommendations because I heard a very, very strong objection from both sides, both Indian and the people working for us in that country about the benefit that that project that was just cut off had provided. So if you would get back to me and obviously to the subcommittee, but I would like to see a copy of whatever you transmit to the chair and ranking member.

[The information follows:]



2010 FUNDING CONSTRAINTS FOR THE USAID/INDIA GREENHOUSE GAS POLLUTION  
PREVENTION PROJECT

To comply with fiscal year 2010 guidance from Congress, USAID is unable to use climate change funds to continue supporting activities under the Greenhouse Gas Pollution Prevention Project. USAID is reviewing whether other funds can be identified outside of the funds appropriated for Global Climate Change clean energy program to support the project which is designed to introduce cleaner coal technologies and better operating and maintenance equipment and practices to make coal-fired electricity plants more energy efficient and cleaner. The project also reduces CO<sub>2</sub> emissions with respect to a business-as-usual situation where no interventions are made.

To support the goals of the October 2009 Memorandum of Understanding to Enhance Cooperation on Energy Security, Energy Efficiency, Clean Energy and Climate Change between the United States and India, USAID is in the process of designing a new clean energy program to help India promote end-use energy efficiency and deploy renewable energy technologies that will reduce the need to build as many CO<sub>2</sub> emitting coal-fired powerplants. The new program will support India's efforts to transition to an economy that produces lower volumes of greenhouse gases while meeting their poverty reduction goals.

Senator BOND. Let me jump back into my favorite area, biotechnology. You're familiar with the Donald Danforth Plant Science Center and Roger Beachy. They've been improving crop yields even though Roger's decamped to Washington and Cassava, for example, is a root crop that's primary food for 750 million people. It's a poor nutritional content, susceptible to many pathogens, particularly in Asia. One-third is lost every year to viral diseases and the Danforth Center has been the lead on two major projects to address nutritional content, have been focusing on increasing Casava's zinc, iron, protein, vitamin A and E content, lowering the level of naturally occurring cyanide which we would think would want to be reduced, and reducing spoilage, and it's also done research to increase folic acids and minerals in sweet potato and to develop more protein, enhance sorghum and peanuts, and they have research partners in Africa.

Now, a lot of people normally talk about biotech and you can see a lot of people yawn, but this to me is key to feeding people, hungry people in the world, and I think projects like this will be critical in applying the most significant business thinking.

I urge you to continue supporting plant biotech research in Global Hungry and Security Initiative, particularly in places like Africa and Southeast Asia. I'd like to hear your comments on USAID's priorities in the area of plant biotechnology development.

Dr. SHAH. Thank you, Senator. I'll start by just acknowledging your leadership on this issue. I've had the chance to work with both the Danforth Center and Roger Beachy over the years and appreciate the unique leadership that those institutions and he brings.

I think there's been a false distinction in choice set up between overall sustainability and core productive agriculture productivity and I think we have an opportunity to be significant advocates for using the broad range of technological solutions against those core constraints that are holding back productive agriculture in much of the world and disproportionately in some of the poorest parts of the world where rain-fed production is the predominant form of production and where small holder producers suffer from hunger and starvation when they don't have enough productivity.

We've identified and gone through a process of identifying a set of core traits and core crops in which we want to work. As you would acknowledge, cassava is, of course, the second highest source of calories in Africa and is a very important crop and on that list and traits, like improved biofortification, improved drought tolerance, improved use characteristics, like lower cyanide content, in cassava are all priorities in that——

Senator BOND. Sounds good to me.

Dr. SHAH [continuing]. Context.

We're right now in the process of trying to ascertain what that means for our existing CRSP programs that fund U.S. land grant universities to work on a range of crops, peanuts, soybeans, sorghum, et cetera, and trying to take those CRSP programs and move them forward in a way that is more aligned against the set of priorities that have been identified by crop and by constraint and that unlock the broad set of tools and technologies that could be used to create advances.

And I'd say the final piece is that we will remain committed to working with countries on regulatory systems and in country testing and training. What we have found, of course, is in areas like drought-tolerance maize, when a country, like Uganda, builds a testing facility on their own agriculture research station and invests in training their own scientists, that seems to unlock the political energy to put in place a regulatory system that allows their people to have access to those technologies. So we think that's an important part of this, as well.

Senator BOND. Well, thank you very much, Dr. Shah. Mr. Chairman, if you'd indulge me one more minute, talking about the regulatory matter is very important.

I talked with the Secretary of Agriculture in India and other leaders. I talked to Secretary Bahsu and he understands the importance of transgenic seeds. Right now Aubergine, what you call eggplant, is the high controversy. I understand from a very good friend of ours that right now the Aubergine crop requires a 120 pesticide spray and the farmers won't even eat the darn vegetable because there's so much pesticide on it.

I've talked with the Ambassador and others in India and they say, oh, well, we need to listen to our people who are concerned about it. They're listening to NGOs who make their living off of raising fear about GMOs and as a result they are missing the opportunity to increase the harvest of a very important vegetable that can be produced with far less chemical pesticides.

Mr. Chairman, again, please accept my sincere thanks and my apologies for this.

Senator LEAHY. We've worked together on so many of these things and this will be your last hearing with the Director of USAID.

Senator BOND. That's why I wanted to get several bites, but I'm going to be—I hope he will contact me. We look forward to working with him because I——

Senator LEAHY. As I said before you came in, I'm delighted that he's there because there have been problems at USAID that you and I have discussed before.

Senator BOND. Oh, yes, I remember those.

## ADDITIONAL COMMITTEE QUESTIONS

Senator LEAHY. But I think Dr. Shah's the right person at the right time and the right place and there are many, many very dedicated men and women at USAID and I think they breathed a sigh of relief when he arrived, and with that, we'll stand in recess.

Thank you. Thank you, Dr. Shah.

Dr. SHAH. Thank you.

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

## QUESTIONS SUBMITTED BY SENATOR PATRICK J. LEAHY

## TRANSITION INITIATIVE MODEL

*Question.* Although we often hear about how slow and bureaucratic most of USAID is, we hear the opposite about the Office of Transition Initiatives. That office focuses on conflict-prone countries, and countries making the transition from crisis to stability. The office is relatively small but agile, with flexibility to target resources quickly at the local level. Why can't more of USAID function like that office?

*Answer.* I am pleased that our Office of Transition Initiatives (OTI) is recognized for effectively and efficiently managing in very difficult and fluid situations. OTI is charged with responding to a particular set of countries that are conflict prone, are in conflict, or those in transition to stability.

OTI's business model involves flexible planning and management structures, including short-term strategies geared to short-term objectives along with systems for procurement, staff and monitoring/reporting developed for those purposes. These structures rely on constant innovation, rapid procurement systems, and intensive, hands-on management tailored to dynamic, fluid environments enabling OTI to react quickly to evolving situations on the ground. OTI fosters a culture of entrepreneurship while placing more authority in the field. Staff are encouraged to seek alternate solutions in program design and execution, and to support small-scale, rapid, and tactical investments in community or national projects that address a country's transition or momentum toward recovery from conflict.

The Agency does take OTI's experience into account in its larger programming response. These include a greater focus on the use local implementing organizations, more rapid program monitoring and feedback systems, and flexible planning where authorities are in the field, which permits rapid programming responses. Additionally, having Indefinite Quantity Contracts (IQCs) in place as rapid response mechanisms will continue to be an important component to the Agency's ability to respond more efficiently.

As part of our Agency's reform process, I am closely looking at OTI's business model and lessons learned and will identify other elements which can be replicated to the rest of the Agency. I acknowledge that not all tools are applicable to longer-term development, but in a changing world, we must consider and integrate all the innovative approaches we can.

## USAID EFFECTIVENESS

*Question.* You have said that restoring USAID's effectiveness is your top priority and that this will require USAID to make significant changes in the way that it is organized and operates. What do you mean by "restoring USAID's effectiveness", what do you see as most needing change, and what changes are you making?

*Answer.* I have recently outlined a new approach to high-impact development which will lie at the center of restoring USAID's effectiveness. In four core areas we're already putting this approach into practice.

First, USAID is contributing to the U.S. commitment to the Millennium Development Goals (MDGs), not simply by delivering services to those in need, but through building sustainable systems that will transform healthcare, education, food security and other MDG areas.

Second, we are strengthening our ability to invest in country-owned models of inclusive growth and development success. USAID will promote these outcomes in a focused set of areas in countries that are reasonably well-governed, economically stable, globally connected and market oriented. We will undertake these enhanced efforts in a whole-of-government context using complementary assets like trade, private investment and diplomacy to increase the effectiveness of our development cooperation and increase the chances of success.

Third, we are identifying new ways of leveraging science and technology to develop and deliver tools and innovations which we believe can be transformational. I am proud of USAID's past support for the Green Revolution, and this is the time to recalibrate our current science and research portfolio around today's set of grand challenges such as climate change, global health, and food security.

Finally, we need to continue to bring USAID's expertise to bear on some of the most daunting national security challenges we face as a Nation including stabilizing countries like Afghanistan.

Restoring USAID's effectiveness requires more than these new focus areas. We have to transform the way we do work. USAID's development experts will provide increased support to encourage innovation and entrepreneurship. USAID staff will be encouraged to take risks in a smart and calculated way to achieve greater returns in international development. To support this, we're putting in place a range of policy reforms and new business models that will help our operations improve and enable our people to be development entrepreneurs.

USAID is establishing a new policy bureau and resource planning capacity that will be instrumental in managing coherent development approaches and strengthening accountability for our work. In addition, USAID is planning to roll out a meaningful set of procurement reforms. These will involve doing a better job of building local capacity and investing in local institutions where we work overseas. This summer we will launch a set of talent management and human resource reforms that are key to our future as an effective Agency. This will include doing a better job of leveraging the skills and knowledge of USAID's Foreign Service National staff. Finally, in the fall we will launch a major monitoring, evaluation and transparency initiative.

I am convinced if we can re-establish a rigorous program evaluation function and be the most transparent development agency in the world, that the American people will increase their support of our work. I believe this package of reforms will restore USAID's effectiveness and provide the means to restore the Agency to a world-class institution.

PSD-7/QDDR

*Question.* What impact do you anticipate the White House's "Presidential Study Directive on U.S. Development Policy" and the Secretary of State's "Quadrennial Diplomacy and Development Review" will have on USAID?

*Answer.* I anticipate that both exercises, which are closely coordinated, will have a very positive impact on USAID and U.S. global development efforts. Both the PSD and QDDR are premised on the strong belief in the importance of international development and of strengthening USAID. I am gratified by the support of President Obama and Secretary Clinton in this regard.

#### GLOBAL ENGAGEMENT

*Question.* One of the Administration's new initiatives includes a request for \$100 million for a new "Global Engagement" account. My understanding is this account would provide economic growth, academic exchanges and partnerships, and other education-related assistance to partner countries with mainly Muslim populations, and would likely be administered by USAID.

These are all things that USAID and the State Department already do. Why does a new account need to be created instead of providing support for these activities through existing mechanisms? Which countries are likely to receive this assistance?

*Answer.* President Obama's vision of Global Engagement is that the U.S. Government engages the world in a spirit of respect and partnership to achieve shared goals. One of his priorities in this area is to broaden the relationship between the United States and Muslim-majority countries around the world. The Department of State and USAID requested a separate line item to catalyze the start-up and initial tracking of funding for a cohesive set of activities to address the objectives of Global Engagement.

This is not a request for a separate account, but rather a separate line item within the Economic Support Fund account. This will allow us to track the activities that are started-up with these funds, and these new activities will complement and strengthen ongoing foreign assistance efforts. In future years, we may incorporate these activities into ongoing program and country budgets.

The countries to receive this assistance are still to be determined, and but will be regionally-diverse with significant Muslim populations.

## AFGHANISTAN AND PAKISTAN

*Question.* USAID is dramatically increasing its staffing and programs in Afghanistan and Pakistan. Both countries suffer from severe security threats, weak governments and corruption, and inadequate office and housing space for USAID personnel.

We hear frequently how difficult it is for USAID staff to get out into the field to monitor programs. We also learned in Iraq that spending lots of money quickly in places like Afghanistan or the tribal areas of Pakistan is a recipe for waste, fraud and abuse.

How are you dealing with these challenges, and are you trying to spend too much money too fast—as was the case in Iraq and Afghanistan by the previous administration?

*Answer.* The issue of adequate oversight for and thoughtful expenditure of resources in an environment such as Afghanistan and Pakistan is a challenge that we face on a daily basis. In order to tackle that challenge and protect U.S. taxpayer funds, we are engaging in several concurrent efforts in both countries. I will mention them briefly here and provide additional detail below. Specifically, we are increasing our staffing (both program and oversight) in both countries; we are developing alternative mechanisms of oversight in those situations where direct access to activities is not yet possible; and, through the provision of technical assistance, we are increasing the capacity of local institutions to provide services to the population and make assistance efforts more sustainable.

While USAID is increasing our staffing and programs in both Afghanistan and Pakistan, you are correct that it has been historically difficult for us to get out and monitor projects. As you are aware, we are working intensively with Missions in both countries to adequately plan, recruit, and retain qualified staff to be present both in the capital cities and throughout the countryside. These new personnel have a wide variety of backgrounds including financial management, agriculture, governance, and engineering and add much needed development assistance to these countries, while at the same time providing the essential oversight element to our activities.

From a security perspective, Afghanistan and Pakistan will provide us with significant challenges for the foreseeable future insofar as access to activities is concerned. In light of that fact, we have developed alternative mechanisms of providing oversight to our activities in situations when direct access is not possible. In Afghanistan we are developing “movement agreements” with our military colleagues in order to enable our civilian PRT representatives to regularly access project sites within their respective provinces instead of being confined to their PRT. Furthermore, in both countries, we rely extensively on our locally engaged staff, Quality Assessment/Quality Control (QA/QC) contractors—the staff of which is largely locally employed, and implementing partners to provide oversight functions when direct access by United States direct hire personnel is not possible.

As you are aware, we are working to change our business model to include increased implementation through local entities (government and private sector) that have been or will be assessed and certified to receive USAID funding directly. A large portion of requested funds for the fiscal year 2010 supplemental and fiscal year 2011 will be dedicated to that effort. This will serve to increase the capacity of national, provincial and local entities while making assistance more sustainable.

Finally, I would also like to note that we work collaboratively with our Inspector General community in both countries, who provide the needed audit and investigative review of activities to provide assistance in a well directed manner.

## INTERNATIONAL COOPERATIVE ADMINISTRATIVE SERVICES

*Question.* A recent survey about the State Departments ICASS process, which consolidates agency administrative operations overseas like motor pools, warehousing, supplies, maintenance and other functions, was a logical idea to improve efficiency and save money. But the survey suggests that for USAID, ICASS has caused more problems than it has solved.

The overwhelming majority of USAID overseas employees reported that their work had become harder and more costly. There were complaints about access to vehicles, billing mistakes, time consuming reporting, and an increase in tension between USAID and the State Department. Have you looked at this? Is it time to review the consolidation and determine whether it really makes sense for USAID?

*Answer.* The Agency is working in collaboration with the Department of State to jointly review our experience with administrative consolidation through the Quadrennial Diplomacy and Development Review (QDDR). The QDDR leadership formed a Joint USAID/State Task Force to survey and examine the impact of consolidation

overseas recognizing that problems exist. The review is focusing on the 21 posts where USAID missions overseas are collocated on secure Embassy compounds and where functions have been substantially consolidated for 3 years.

During the course of the QDDR Task Force review, the American Foreign Service Association (AFSA) sent out its own survey worldwide to all USAID employees of all employment categories, and the results show that the implementation of consolidation caused significant confusion and highlighted several support services and procedures that have been problematic at many Embassies.

State Department and USAID management are addressing these problem areas in a systematic manner. Areas for improvement are being identified, and the Task Force will recommend measures to strengthen joint State/USAID support platforms within ICASS. Both the Department and USAID have affirmed that the goal of this review is to achieve optimum consolidation of overseas administrative services provided to State and USAID under the ICASS platform based on the principles of the most cost efficient, and effective service provision to support our respective diplomatic and development missions.

The Task Force has reviewed existing consolidation data and annual ICASS Satisfaction Surveys, and detailed questionnaires were completed by both the USAID missions and the ICASS Service Providers (Embassy Management Officers). Existing cost data in Washington also is being reviewed, and USAID missions are providing updated cost information on post-consolidation operations.

The interim data collected by the Task Force shows that improvements can be made that will result in a higher quality and more effective shared platform overseas that serves State and USAID as well as the many other U.S. Government ICASS customer agencies. The keys to making those improvements and to success in optimizing consolidation appear to be: (1) recognition that consolidation has been successful for most services at most posts, but that problems must be actively addressed; (2) improved accountability by the service provider; (3) communication on best practices, roles, and responsibilities; (4) incorporating additional flexibilities for USAID when necessary to meet the Agency's mission-critical needs; and (5) addressing individual posts directly where broad service issues may exist.

The Task Force study will help USAID and State reach agreement on shared principles for consolidating services in the future, and the QDDR operational plan will also seek to identify opportunities to enhance and optimize consolidation efforts at all posts.

#### NGO TRANSPARENCY

*Question.* Budget transparency is a big issue these days, in an effort to reduce opportunities for corruption. USAID gives a lot of money to NGOs—nongovernmental organizations—for projects to promote transparency in other countries, but what about the NGOs themselves—do they have to make public their own project budgets so people can see what they are doing with the money they receive from USAID?

*Answer.* U.S. NGOs (PVOS) that receive grants from USAID are awarded funding based on budgets submitted with their applications. Project budgets are part of grant agreements which, in turn, are public documents. Expenditures are reported quarterly and are subject to audit. As 501(c)(3) organizations, each must file an annual Form 990 with the Internal Revenue Service. PVOs registered with USAID must submit audited financial statements annually to the USAID Registrar. These include all funding received from USAID whether as grants or contracts.

*Question.* If I want to know what NGO “x” is doing with money from USAID for a “rule of law” project, or a “budget transparency” project, or some other project, in the Philippines, or Mozambique, or El Salvador, can I go to a website and find a breakdown for how the funds are being spent—does USAID require this kind of transparency from its own grantees? If not, should it?

*Answer.* At present there is no website where you can find out expenditure information for NGOs that have received funding from USAID. USAID does have an internal capacity for accrual reporting but this information only provides amounts obligated and gross expenditures, not budget details. For USAID to collect and enter detailed expenditure information for each contract and grant for website use would require a major investment in software development as well as staff time.

Project budgets are part of grant agreements which, in turn, are public documents. The Agreement Officers' Technical Representatives responsible for the awards receive quarterly financial reports and can request more detailed information on expenditures. All grants and contracts are subject to audit.

While we would agree that to model the transparency they are encouraging through USAID-funded projects, PVOs and others should make their financial re-

porting under our grants available to the public. USAID's present grant agreements do not require this. This requirement could be added to all grant agreements but limitations exist on financial reporting requirements per U.S. Federal regulations (22 CFR 226.52). Should a member of the public request this information from USAID, it could be made available.

Working with the Department of State, USAID is committed to increasing the ease of access by the public to information about foreign assistance expenditures and performance. While there are limits to the level of detail for individual grants and contracts that we will be able to provide to the public, we are aggressively working to improve our ability to respond to in-country information needs about USAID activities, and to provide more real-time, complete, and understandable information to the general public.

In line with USAID's demonstrated commitment to transparency, the agency supports NGOs adhering to similarly high standards in making expenditures public. A coalition of diverse international humanitarian and development NGOs is currently working to identify common principles of development effectiveness, including budget transparency. USAID is very supportive of this process and the desired outcome for greater downstream transparency<sup>1</sup>. NGOs are in the best position to establish common reporting standards amongst their peers and we are supportive of their efforts in this area.

#### GLOBAL HUNGER AND FOOD SECURITY INITIATIVE

*Question.* The President's "Food for the Future" initiative calls for \$3.5 billion over 3 years to combat hunger through agricultural development and improved nutrition. The Administration has requested \$1 billion for agriculture programs and \$200 million for nutrition programs in fiscal year 2011 to support this initiative.

I have seen many anti-hunger initiatives over the years, all well intentioned, and most have had positive impacts. But hunger remains a global problem. Assuming you get the funds you have requested and everything goes as planned, can you predict what portion of the world's hungry people will no longer be hungry after this 3 year initiative?

*Answer.* As there is no fully agreed-upon number of the "world's hungry," even though the figure of 1 billion is commonly used, it is difficult to predict what portion of this population will no longer be hungry after the 3-year Feed the Future initiative. However, an international investment of \$22 billion pledged by L'Aquila partners, which includes the Feed the Future initiative, invested in country-led, evidence-based strategies, will help to raise incomes, improve nutrition, and enhance food security in several ways:

- Based on detailed cost-benefit analysis, we estimate that as a baseline level, donor programs can directly increase the incomes of at least 40 million people in developing countries, including 28 million people who are currently living on incomes of less than \$2 per day and 13 million people living in extreme poverty on less than \$1.25 per day.
- We can amplify these returns through significant increases in investments in agricultural research, as well as its adaptation and dissemination. Through "game changing" innovations like improved crop varieties, the direct benefits of other assistance programs can be extended to many millions of other beneficiaries.
- These gains will be further amplified by the complementary investments by host country governments, and by private sector investors, both domestic and international. Our investments in infrastructure, extension services, and other areas, complemented by government public investments, will make private investments more attractive, adding to the impact of the program.
- Based on our preliminary analysis, we can reach 25 million children in developing countries with a package of nutrition interventions that has been demonstrated to reduce child mortality, improve nutrition outcomes, and protect human capital. These interventions are projected to reduce the number of stunted children by nearly 10 million, and the number of underweight children by more than 4 million.

Specifically, with regard to the U.S. Government's Feed the Future initiative, our development and diplomatic support for game-changing policy reforms that expand opportunities for widespread private entrepreneurship—including full participation by women—can also accelerate a process of sustainable country-driven development

<sup>1</sup> While USAID supports greater transparency, there is recognition that the release of information may at times undermine other U.S. government priorities and interests. For this reason, the agency supports principled exceptions in line with FOIA guidelines.

that extends the benefits of this initiative to millions more consumers who cannot be reached directly with project-based assistance as food supplies increase, prices decline and markets become more stable.

*Question.* Is the President's plan part of something bigger, coordinated with what other donors and governments in developing countries are doing?

Answer. Yes, the Global Hunger and Food Security Initiative, also known as "Feed the Future," is part of the larger L'Aquila Global Food Security Initiative (AFSI). G8 and other donor countries have pledged \$22 billion to increase investments in agriculture and nutrition to improve the lives of the world's hungry. The USG has pledged \$3.5 billion as its part of AFSI. That pledge is contingent on the availability of appropriated funds.

The Feed the Future initiative has been developed to accelerate progress toward Millennium Development Goal #1 (MDG 1) in countries committed to achieving that goal of halving hunger and poverty by 2015. It is designed to improve the coordination and integration of USG resources capable of contributing to global food security now and in the future. Five principles will guide our common approach: Invest in country-owned food security plans; strengthen strategic coordination among key stakeholders; ensure a comprehensive approach; leverage the benefits of multilateral institutions; and deliver on sustained and accountable commitments.

Further evidence of a larger effort is the Administration's commitment to multilateral engagement through the Global Agriculture and Food Security Program (GAFSP), a new trust fund administered by the World Bank. The United States contributed approximately \$67 million to the Fund in 2010. Other donors who have made commitments to the fund to date include Canada (\$230 million), Spain (\$95 million), South Korea (\$50 million) and the Gates Foundation (\$30 million).

#### DEVELOPMENT ASSISTANCE

*Question.* You request \$2.9 billion for Development Assistance, a \$460 million increase from last year. The bulk of the increase is for agriculture and food security, climate change, and education programs.

More money is one thing, and I strongly support these programs as I believe many others do. But using money effectively is another, especially in a time of budget constraints. What steps do you plan to take to get better results from the money you already have, before spending more?

Answer. To achieve better results from existing resources, the Feed the Future (FTF) and the Global Climate Change (GCC) initiatives as well as USAID Basic and Higher Education programs will include robust monitoring and evaluation systems, as well as results frameworks that are underpinned by rigorous analyses. An expanded set of performance indicators will include the collection of baseline data for both initiatives that will focus on impact. The United States is working with other donors to ensure that we do not duplicate efforts. Within the U.S. Government, initiatives are being coordinated to leverage the technical expertise of various agencies providing more efficient delivery of assistance. Internally, USAID is aligning efforts to achieve far greater integration across its global, regional and country-focused programs.

Furthermore, focusing on achieving better results includes not only an emphasis on monitoring and program evaluations, but also on communications, knowledge management and training for staff and USAID counterparts.

#### CLIMATE CHANGE

*Question.* How much are you requesting globally for programs to protect biodiversity (the Congress provided \$205 million in fiscal year 2010)?

Answer. The Administration requested \$113.9 million in fiscal year 2011 for biodiversity conservation. This request was developed through a bottom-up request process. USAID Missions faced a constrained budget scenario, requiring difficult choices in their budget requests for fiscal year 2011.

#### MICROCREDIT LOANS

*Question.* The New York Times ran an article recently about lending institutions that charge exorbitant interest rates on micro-loans and reap big profits (see attached article, "Banks Making Big Profits from Tiny Loans"). One bank in Mexico is cited as charging poor entrepreneurs an incredible 125 percent annual interest rate on its micro-loans. Your fiscal year 2011 budget request includes \$230 million for micro-enterprise and micro-finance programs, which have consistently received support from this subcommittee.

What is the average interest rate of loans charged by micro-lending institutions that receive USAID support, and how does this rate compare to the global average



for micro-loans? How frequently does USAID receive information on changes in the rates of interest these institutions charge?

Answer. USAID does not currently collect information on the interest rates of its partners around the world; rather, it focuses its efforts on promoting development of sustainable microfinance sectors across the developing world, which requires that microfinance institutions be allowed to set competitive interest rates. USAID guidelines for its microfinance programs require responsible practices regarding interest rates and other lending policies.

Recognizing that the need to ensure sustainability of micro-finance services in economic environments where investment risks are high often requires MFIs to establish relatively high interest rates, USAID provides a range of support to MFIs designed to improve efficiency, reduce risk and, thereby, to reduce the interest rates required for sustainable cost recovery. For example, USAID helps MFIs overcome the challenges of attracting a broad base of funding, introducing alternative delivery mechanisms to reduce operational costs, and identifying more efficient ways to reach remote, poor populations while keeping operating costs low. USAID also employs guarantee programs through the Development Credit Authority (DCA) to increase access to low-cost commercial funds for MFIs.

USAID recognizes that competition works best when interest rates are presented to borrowers in clear and transparent terms, so that they have the ability to rationally choose among lenders. For this reason, USAID will be providing support this fiscal year to the “Smart Campaign” led by the Center for Financial Inclusion at ACCION International. As part of this initial pilot, the Campaign will work with MFIs around the world to ensure they provide transparent, respectful and prudent financial services, including transparency surrounding their interest rate. Therefore, while USAID does not currently collect information on the interest rates of its partners around the world, support for the Smart Campaign movement—as well as the anticipated push from donors, practitioners, and investors in the years to come—will help USAID continue to promote development of the microfinance sector, including competitive interest rates.

According to USAID policy, before signing an agreement to provide assistance to any microfinance institution, the Mission must determine that the institution has full and effective latitude to set interest rates and fees at full cost-covering levels; the institution’s management is prepared to charge interest rates and fees on loans that are high enough to cover the program’s full long-run costs; the institution can attain full financial sustainability on the MFI’s financial service activities within no more than 7 years of the initial provision of USAID assistance; and the institution will use USAID assistance to expand the availability of financial services to micro-entrepreneurs and other poor people.

Also, the MFI must have a plan to reach full financial sustainability, including a timetable and benchmarks to track its progress. USAID’s annual Microenterprise Results Report (MRR) tracks the financial sustainability of the MFIs supported by our funds. In fiscal year 2008, 75 percent of institutions were reported as fully sustainable.

[From The New York Times, April 13, 2010]

#### BANKS MAKING BIG PROFITS FROM TINY LOANS

(By Neil MacFarquhar)

In recent years, the idea of giving small loans to poor people became the darling of the development world, hailed as the long elusive formula to propel even the most destitute into better lives.

Actors like Natalie Portman and Michael Douglas lent their boldface names to the cause. Muhammad Yunus, the economist who pioneered the practice by lending small amounts to basket weavers in Bangladesh, won a Nobel Peace Prize for it in 2006. The idea even got its very own United Nations year in 2005.

But the phenomenon has grown so popular that some of its biggest proponents are now wringing their hands over the direction it has taken. Drawn by the prospect of hefty profits from even the smallest of loans, a raft of banks and financial institutions now dominate the field, with some charging interest rates of 100 percent or more.

“We created microcredit to fight the loan sharks; we didn’t create microcredit to encourage new loan sharks,” Mr. Yunus recently said at a gathering of financial officials at the United Nations. “Microcredit should be seen as an opportunity to help people get out of poverty in a business way, but not as an opportunity to make money out of poor people.”

The fracas over preserving the field's saintly aura centers on the question of how much interest and profit is acceptable, and what constitutes exploitation. The noisy interest rate fight has even attracted Congressional scrutiny, with the House Financial Services Committee holding hearings this year focused in part on whether some microcredit institutions are scamming the poor.

Rates vary widely across the globe, but the ones that draw the most concern tend to occur in countries like Nigeria and Mexico, where the demand for small loans from a large population cannot be met by existing lenders.

Unlike virtually every Web page trumpeting the accomplishments of microcredit institutions around the world, the page for Te Creemos, a Mexican lender, lacks even one testimonial from a thriving customer—no beaming woman earning her first income by growing a soap business out of her kitchen, for example. Te Creemos has some of the highest interest rates and fees in the world of microfinance, analysts say, a whopping 125 percent average annual rate.

The average in Mexico itself is around 70 percent, compared with a global average of about 37 percent in interest and fees, analysts say. Mexican microfinance institutions charge such high rates simply because they can get away with it, said Emmanuelle Javoy, the managing director of Planet Rating, an independent Paris-based firm that evaluates microlenders.

"They could do better; they could do a lot better," she said. "If the ones that are very big and have the margins don't set the pace, then the rest of the market follows."

Manuel Ramírez, director of risk and internal control at Te Creemos, reached by telephone in Mexico City, initially said there had been some unspecified "misunderstanding" about the numbers and asked for more time to clarify, but then stopped responding.

Unwitting individuals, who can make loans of \$20 or more through Web sites like Kiva or Microplace, may also end up participating in practices some consider exploitative. These Web sites admit that they cannot guarantee every interest rate they quote. Indeed, the real rate can prove to be markedly higher.

#### *Debating Microloans' Effects*

Underlying the issue is a fierce debate over whether microloans actually lift people out of poverty, as their promoters so often claim. The recent conclusion of some researchers is that not every poor person is an entrepreneur waiting to be discovered, but that the loans do help cushion some of the worst blows of poverty.

"The lesson is simply that it didn't save the world," Dean S. Karlan, a professor of economics at Yale University, said about microlending. "It is not the single transformative tool that proponents have been selling it as, but there are positive benefits."

Still, its earliest proponents do not want its reputation tarnished by new investors seeking profits on the backs of the poor, though they recognize that the days of just earning enough to cover costs are over.

"They call it 'social investing,' but nobody has a definition for social investing, nobody is saying, for example, that you have to make less than 10 percent profit," said Chuck Waterfield, who runs [mfttransparency.org](http://mfttransparency.org), a Web site that promotes transparency and is financed by big microfinance investors.

Making pots of money from microfinance is certainly not illegal. CARE, the Atlanta-based humanitarian organization, was the force behind a microfinance institution it started in Peru in 1997. The initial investment was around \$3.5 million, including \$450,000 of taxpayer money. But last fall, Banco de Credito, one of Peru's largest banks, bought the business for \$96 million, of which CARE pocketed \$74 million.

"Here was a sale that was good for Peru, that was good for our broad social mission and advertising the price of the sale wasn't the point of the announcement," Helene Gayle, CARE's president, said. Ms. Gayle described the new owners as committed to the same social mission of alleviating poverty and said CARE expected to use the money to extend its own reach in other countries.

The microfinance industry, with over \$60 billion in assets, has unquestionably outgrown its charitable roots. Elisabeth Rhyne, who runs the Center for Financial Inclusion, said in Congressional testimony this year that banks and finance firms served 60 percent of all clients. Nongovernmental organizations served 35 percent of the clients, she said, while credit unions and rural banks had 5 percent of the clients.

Private capital first began entering the microfinance arena about a decade ago, but it was not until Compartamos, a Mexican firm that began life as a tiny non-profit organization, generated \$458 million through a public stock sale in 2007, that investors fully recognized the potential for a windfall, experts said.

Although the Compartamos founders pledged to plow the money back into development, analysts say the high interest rates and healthy profits of Compartamos, the largest microfinance institution in the Western Hemisphere with 1.2 million active borrowers, push up interest rates all across Mexico.

According to the Microfinance Information Exchange, a Web site known as the Mix, where more than 1,000 microfinance companies worldwide report their own numbers, Compartamos charges an average of nearly 82 percent in interest and fees. The site's global data comes from 2008.

But poor borrowers are often too inexperienced and too harried to understand what they are being charged, experts said. In Mexico City, Maria Vargas has borrowed larger and larger amounts from Compartamos over 20 years to expand her T-shirt factory to 25 sewing machines from 5. She is hazy about what interest rate she actually pays, though she considers it high.

"The interest rate is important, but to be honest, you can get so caught up in work that there is no time to go fill out paperwork in another place," she said. After several loans, now a simple phone call to Compartamos gets her a check the next day, she said. Occasionally, interest rates spur political intervention. In Nicaragua, President Daniel Ortega, outraged that interest rates there were hovering around 35 percent in 2008, announced that he would back a microfinance institution that would charge 8 to 10 percent, using Venezuelan money.

There were scattered episodes of setting aflame microfinance branches before a national "We're not paying" campaign erupted, which was widely believed to be mounted secretly by the Sandinista government. After the courts stopped forcing small borrowers to repay, making international financial institutions hesitant to work with Nicaragua, the campaign evaporated.

#### *A Push for More Transparency*

The microfinance industry is pushing for greater transparency among its members, but says that most microlenders are honest, with experts putting the number of dubious institutions anywhere from less than 1 percent to more than 10 percent. Given that competition has a pattern of lowering interest rates worldwide, the industry prefers that approach to government intervention. Part of the problem, however, is that all kinds of institutions making loans plaster them with the "microfinance" label because of its do-good reputation.

Damian von Stauffenberg, who founded an independent rating agency called Microrate, said that local conditions had to be taken into account, but that any firm charging 20 to 30 percent above the market was "unconscionable" and that profit rates above 30 percent should be considered high.

Mr. Yunus says interest rates should be 10 to 15 percent above the cost of raising the money, with anything beyond a "red zone" of loan sharking. "We need to draw a line between genuine and abuse," he said. "You will never see the situation of poor people if you look at it through the glasses of profit-making."

Yet by that measure, 75 percent of microfinance institutions would fall into Mr. Yunus's "red zone," according to a March analysis of 1,008 microlenders by Adrian Gonzalez, lead researcher at the Mix. His study found that much of the money from interest rates was used to cover operating expenses, and argued that tackling costs, as opposed to profits, could prove the most efficient way to lower interest rates.

Many experts label Mr. Yunus's formula overly simplistic and too low, a route to certain bankruptcy in countries with high operating expenses. Costs of doing business in Asia and the sheer size of the Grameen Bank he founded in Bangladesh allow for economies of scale that keep costs down, analysts say. "Globally interest rates have been going down as a general trend," said Ms. Javoy of Planet Rating.

Many companies say the highest rates reflect the costs of reaching the poorest, most inaccessible borrowers. It costs more to handle 10 loans of \$100 than one loan of \$1,000. Some analysts fear that a pronounced backlash against high interest rates will prompt lenders to retreat from the poorest customers.

But experts also acknowledge that banks and others who dominate the industry are slow to address problems.

#### *Added Scrutiny for Lenders*

Like Mexico, Nigeria attracts scrutiny for high interest rates. One firm, LAPO, Lift Above Poverty Organization, has raised questions, particularly since it was backed by prominent investors like Deutsche Bank and the Calvert Foundation.

LAPO, considered the leading microfinance institution in Nigeria, engages in a contentious industry practice sometimes referred to as "forced savings." Under it, the lender keeps a portion of the loan. Proponents argue that it helps the poor learn to save, while critics call it exploitation since borrowers do not get the entire amount up front but pay interest on the full loan.

LAPO collected these so-called savings from its borrowers without a legal permit to do so, according to a Planet Rating report. "It was known to everybody that they did not have the right license," Ms. Javoy said.

Under outside pressure, LAPO announced in 2009 that it was decreasing its monthly interest rate, Planet Rating noted, but at the same time compulsory savings were quietly raised to 20 percent of the loan from 10 percent. So, the effective interest rate for some clients actually leapt to nearly 126 percent annually from 114 percent, the report said. The average for all LAPO clients was nearly 74 percent in interest and fees, the report found.

Anita Edward says she has borrowed money three times from LAPO for her hair salon, Amazing Collections, in Benin City, Nigeria. The money comes cheaper than other microloans, and commercial banks are virtually impossible, she said, but she resents the fact that LAPO demanded that she keep \$100 of her roughly \$666 10-month loan in a savings account while she paid interest on the full amount.

"That is not O.K. by me," she said. "It is not fair. They should give you the full money."

The loans from LAPO helped her expand from one shop to two, but when she started she thought she would have more money to put into the business.

"It has improved my life, but not changed it," said Ms. Edward, 30.

Godwin Ehigiamusoe, LAPO's founding executive director, defended his company's high interest rates, saying they reflected the high cost of doing business in Nigeria. For example, he said, each of the company's more than 200 branches needed its own generator and fuel to run it.

Until recently, Microplace, which is part of eBay, was promoting LAPO to individual investors, even though the Web site says the lenders it features have interest rates between 18 and 60 percent, considerably less than what LAPO customers typically pay.

As recently as February, Microplace also said that LAPO had a strong rating from Microrate, yet the rating agency had suspended LAPO the previous August, 6 months earlier. Microplace then removed the rating after The New York Times called to inquire why it was still being used and has since taken LAPO investments off the Web site.

At Kiva, which promises on its Web site that it "will not partner with an organization that charges exorbitant interest rates," the interest rate and fees for LAPO was recently advertised as 57 percent, the average rate from 2007. After The Times called to inquire, Kiva changed it to 83 percent.

Premal Shah, Kiva's president, said it was a question of outdated information rather than deception. "I would argue that the information is stale as opposed to misleading," he said. "It could have been a tad better."

While analysts characterize such microfinance Web sites as well-meaning, they question whether the sites sufficiently vetted the organizations they promoted.

Questions had already been raised about Kiva because the Web site once promised that loans would go to specific borrowers identified on the site, but later backtracked, clarifying that the money went to organizations rather than individuals.

Promotion aside, the overriding question facing the industry, analysts say, remains how much money investors should make from lending to poor people, mostly women, often at interest rates that are hidden.

"You can make money from the poorest people in the world—is that a bad thing, or is that just a business?" asked Mr. Waterfield of mfttransparency.org. "At what point do we say we have gone too far?"

#### WATER

*Question.* The Administration has requested \$255 million for water sanitation and supply projects in fiscal year 2011. USAID funds water-related activities in various program areas such as agriculture, economic growth, nutrition, and health. Approximately how much will USAID spend on water-related activities in fiscal year 2011, across all programs?

*Answer.* The Administration's request for water programs in fiscal year 2011 is \$260 million. Each year, additional amounts for all water activities normally include portions of other programs that help to improve water supply, sanitation and hygiene (WSSH), water resources management (WRM); water productivity (WP), and water-related disaster risk reduction (DRR). Those additional programs may include Disaster Assistance for WSSH (normally \$90–\$100 million), natural resources management programs contributing to WRM, agricultural sector productivity contributions to WP and broader disaster response and preparedness contributions to water-related DRR. Based on current projections, the total fiscal year 2011 USAID water

expenditures, once all attributions are included, can be expected to be between \$500–\$600 million.

*Question.* The fiscal year 2010 State and Foreign Operations bill requires the relevant USAID bureaus and offices that support cross-cutting programs such as water to coordinate on a regular basis. In the case of water, how does USAID plan to better coordinate water activities and programs across bureaus?

*Answer.* The Administration has now formed a new High-level Steering Group on Water that will be responsible for coordination of diplomatic and development activities related to water within State, USAID and the wider U.S. Government. As part of early actions on coordination, efforts are underway to better integrate water into the Administration's fiscal year 2012 budget request, and to identify water-related aspects of the Administration's new initiatives in Global Climate Change, Food Security and Global Health. Beyond these new efforts, USAID has been engaged in a vigorous ongoing coordination and communication process within the Agency's Water Team, which is an informal coordination group with membership from all USAID functional and regional bureaus in Washington and all USAID missions overseas who are engaged in water sector activities, whether in health, economic growth, environment, energy, gender integration, agriculture, private sector business and finance or in other areas where water figures in development programs.

#### WOMEN AND GIRLS

*Question.* For years, the Congress has tried to get USAID and the State Department to pay more attention to the needs of women and girls in our foreign aid programs. It has not been easy. This Administration seems to be more receptive, but good intentions do not always produce good results. How do you plan to address this issue?

*Answer.* USAID is placing renewed emphasis on addressing the needs of women and girls throughout our foreign aid programs. Three areas in particular relate to staff training, new gender analysis and planning requirements, and the incorporation of gender considerations into new Administration initiatives, all reflecting USAID's renewed commitment to women and girls.

With regard to USAID's new gender analysis and planning requirements, the Agency adopted new regulations in November 2009 that require gender analysis and the inclusion of gender within all of the Agency's program planning, monitoring, contracting, and evaluation processes. In 2010, guidance on these new regulations was created to ensure staff is familiar with the regulations and understand how to comply with them. USAID is now also training program officers, contracts officers, and field staff in these new regulations. The new regulations also require USAID Missions to conduct gender analyses. In 2010, 20 gender assessments have been completed, are in process or planned, as compared to three completed in 2009, two in 2009 and three in 2007.

In 2009, USAID also made it mandatory that all incoming Foreign Service Officers (FSOs) receive gender training. To date, 264 of USAID's junior FSOs have been trained. USAID also conducted gender-based violence and trafficking in persons training for field staff from 19 countries in February 2010 and several more field-based trainings are scheduled. USAID is reviewing ways to improve measuring performance toward achieving gender equality as part of our renewed focus on monitoring and evaluation.

Finally, all of the Administration's new initiatives, Global Health, Global Climate Change, Global Engagement, and Feed the Future, have explicitly incorporated gender concerns. For example, the Feed the Future guide published in May 2010, emphasizes gender integration into all proposed food security investments. Global Climate Change Initiative (GCC) investments are being designed to promote women's participation in the development of community-level strategies to increase community resilience to climatic risks. The Global Health Initiative (GHI) includes significant increases for programs that serve women and girls, including maternal and child health, family planning, nutrition and HIV/AIDS. The GHI will also support long-term, systemic changes to remove economic, cultural, social and legal barriers and to expand opportunities to increase the participation of women and girls in decisionmaking in the health sector.

#### JUSTICE REFORM

*Question.* USAID has spent many tens of millions—probably hundreds of millions—of dollars in what has often been a futile effort to reform dysfunctional justice systems around the world. We recognize that justice is fundamental to democracy and stability. One need only look at Central America today to see what happens when people know they can get away with murder, or where judges can be easily

bribed or witnesses intimidated, to see the consequences. Violent crime and organized crime are flourishing.

But without the political will to reform, we end up throwing away good money after bad. Haiti is another example. There has never been the necessary political will at the top and frankly, there still isn't. Do you agree that in order to reform a country's justice system the country's own Ministry of Justice needs to be serious about reform?

Answer. Indeed, reform of the justice system requires a commitment to reform by the Ministry of Justice as well as the political will to reform other parts of the government. The justice system is an important element of a functioning, transparent and accountable government. The Ministry of Justice, along with other ministries and agencies responsible for advancing the rule of law, are keys to success; while civil service reform is also necessary to ensure that government workers—including police, prosecutors, judges, and prison officials—are paid a living wage. If governments do not undertake this type of reform, thus reducing incentives for corruption, corruption will destroy developmental gains that might otherwise be realized.

Even in places where democracy is in its infancy or is struggling, it is possible to foster momentum for change. There will be those in the business, academic, faith, media and even government communities who can be rallied to support the necessary changes in the justice system. In some places, it may be that facilitating this momentum is “Job #1” for USG representatives and other donors interested in the same result.

One of the best ways to convince leaders that reform is in their best interest is through the empowerment of civil society. As civil society becomes stronger and civic education expands, citizens begin to understand the services that their governments should be providing and they are thus more likely to hold leaders accountable for their actions. This is not a quick process, but rather something that must be pursued with local change agents over a period of many years. Civil society empowerment should be a lynchpin for the USG's promotion of democracy, good governance, and the rule of law.

#### COUNTRY OWNERSHIP

*Question.* USAID is using the term “country ownership” more and more. What does this mean in practice, and how does USAID's concept of country ownership differ from that of the Millennium Challenge Corporation?

Answer. For USAID, in practice, there have been three main aspects to “country ownership”: (1) host country commitments to good governance and policy reform; (2) the extent to which the host country is a partner in the selection, orientation and design, implementation, and monitoring and evaluation of the assistance program; and (3) the extent to which the host country invests in cost sharing arrangements to ensure the sustainability of the program. All of these aspects are relevant to both USAID and the MCC approaches to the delivery of foreign aid and are consistent with the growing body of knowledge on the link between country ownership and aid effectiveness.

The MCC defines country ownership of an MCC compact as being “when a country's national government controls the prioritization process during compact development, is responsible for implementation, and is accountable to its domestic stakeholders for both decisionmaking and results”. Their model emphasizes country ownership from the selection process, through compact design and implementation, using host nation systems at all stages of the compact.

For USAID, the concept of country ownership—focused on host nation participation in formulating and designing aid programs—has always been an integral part of its program planning. For example, USAID's programming guidelines state that country development cooperation strategies which aim to promote transformational development must “align with host country strategies coordinated with a broad cross section of stakeholders, including the socially and economically disadvantaged.” Importantly, USAID's historic operating model emphasized country presence specifically to work in collaboration with host country leaders and national stakeholders to build country capacity for development reforms. Bilateral Assistance Agreements have been used to set forth mutually agreed upon understandings between USAID and the host government of the timeframe, results expected to be achieved, means of measuring those results, resources, responsibilities, and contributions of participating entities for achieving defined priorities, goals and objectives.

In light of our new approach to high-impact development and emphasis under the PSD-7 and QDDR exercises, USAID is currently reviewing its policies and business model to align them more intrinsically with aid effectiveness principles, including that of country ownership. We expect reforms in the way we do business to result

in greater use of host country development strategies, planning and financial management systems, and accountability to their own citizens for results from development investments.

#### SELECTIVITY

*Question.* One of the things I like about the MCC is that it requires governments to commit to do certain things if they want our aid, like taking specific steps to reduce corruption, or increase their own budgets for healthcare and education. Do you think USAID should require governments to meet these types of benchmarks of progress in return for our aid?

*Answer.* In accordance with its charter, the MCC uses ex-ante indicators of performance as the basis for selection of country partners—a principle known as “selectivity.” Given the relatively limited set of partner countries in which MCC operates, this “selectivity” has been useful as an incentive for potential partners to undertake their own reforms as a step toward eligibility for MCC assistance. USAID also considers “selectivity” to be important for the success of its transformational development programs, but works with a larger, more diverse universe of partners, and with a broader set of criteria. Key among a number of factors for selecting USAID partner country investments are: need, U.S. foreign policy interest, and the country’s own development priorities and commitment to reforms. As such, USAID’s approach to “selectivity” primarily informs decisions about how to engage, rather than whether to engage.

As you know, the Obama administration is close to putting in place an overarching development policy. The policy is intended to focus strategically our goals and aspirations so that we can most effectively achieve them. We’re already putting a new approach to high-impact development into practice in a number of core areas, including strengthening our ability to invest in country-owned models of inclusive growth and development success. We have learned from recent country examples, the experience of MCC and from efforts like the Spence Commission of the value of focusing on a set of areas critical to inclusive growth in countries that are reasonably well-governed, economically stable, globally connected and market-oriented. We anticipate working with MCC, State and others to identify such countries where the foundations for progress are in place. In this new, more focused approach, USAID may consider the use of additional policy benchmarks to help more reliably identify a recipient country’s location along the development continuum. We may also learn from MCC’s approaches to monitoring and evaluation and ex-ante cost benefit analyses to help achieve greater transformational impact.

#### GLOBAL HEALTH

*Question.* One of the four main components of the Administration’s Global Health Initiative is “doing more of what works and less of what doesn’t.” One would hope that would be a requirement of every Federal program. Since the GHI began in 2009, has USAID ended any programs or activities that were not working, that has resulted in significant savings? Have any new initiatives achieved better results?

*Answer.* Learning and accountability are critical to the success of the GHI, and we are increasing the rigor and transparency of monitoring and evaluation, with an emphasis on using data to help us identify critical problems and improvements throughout our programs. This lens will apply for both new and innovative approaches, as well as for those existing programs that may benefit from adjustments and improvements.

We place strong emphasis on close tracking and evaluation because that ongoing process, in close dialogue with the country teams, will permit us to learn, respond and ultimately have tailored programs that are “smarter,” with greater country ownership, more partners, and more efficient and effective approaches than we would have designed in a “blueprint” manner. In GHI, as across this Administration’s development agenda, the findings from evaluations will be shared with decisionmakers in ways that are intended to create the best information for effective programming in the future.

As part of our efforts to ensure country-led programs, we expect and welcome programs that are designed at the country level to best respond to the specific disease and health systems priorities in that country. Since the GHI’s inception, we have not ended programs or activities, but as we continue to work on the country-level roll-out, we will work with our country colleagues to hone and sharpen our existing efforts while learning from new and innovative approaches.

*Question.* The European medical journal The Lancet recently reported that global maternal mortality deaths have decreased by 40 percent since 1980. But there are still about 350,000 cases of preventable maternal deaths annually around the globe.

There are some who want to cut foreign aid. This is one area where those who care about women, children, and families can point to life-saving results. The Administration has requested \$700 million for maternal and child health programs in fiscal year 2011, a significant increase of approximately \$225 million over the fiscal year 2010 level. What do you plan to do, and what do you expect to accomplish, with this additional money?

*Answer.* The additional funding will allow USAID to:

Advance coverage of life-saving interventions in up to 31 countries<sup>2</sup> that are a priority for USAID MCH programs.

The evidence suggests that focusing on the major causes of maternal, newborn and child mortality with simple interventions could prevent about two-thirds of child deaths, up to two-thirds of newborn deaths, and a large fraction of maternal deaths globally.

—Some longstanding proven interventions need reinvigoration. For example, USAID will focus on increasing oral rehydration therapy (ORT) for diarrhea, including the use of zinc as an adjunct to ORT, in those countries where ORT use rates are stagnant or falling.

—Other interventions need to be introduced or are ready to be scaled up, such as:

—Active management of the third stage of labor (AMTSL) to prevent postpartum hemorrhage (PPH): USAID will expand full provision of this intervention (that can reduce PPH by up to 60 percent) to 75 percent of facility-level births in Mali, Mozambique, Malawi, Nigeria, Kenya, Mali, Tanzania and Bolivia. (In a multi-country survey of 10 countries in 2008, full application of AMTSL ranged from <1–31 percent.);

—*Management of severe preeclampsia/eclampsia with magnesium sulfate in facilities.*—USAID will apply this life-saving intervention in up to 10 countries (with possible expansion to community level in 2 or 3 countries);

—*Essential newborn care and resuscitation.*—These life-saving interventions will be introduced and a phased-in scale up will be launched in up to 13 countries, with substantial potential for public-private partnership with a manufacturer of innovative low-cost equipment for newborn resuscitation in several;

—*Integrated community case management (CCM) of malaria, diarrhea and pneumonia.*—USAID will introduce or scale up case management in Cambodia, Nepal, Benin, the Democratic Republic of the Congo, Ethiopia, Ghana, Malawi, Mozambique, Rwanda, Senegal and Zambia. In five of these countries, USAID will introduce rapid diagnostic tests for malaria to increase appropriate treatment of children with fever; and

—*Community-led total sanitation and sanitation marketing.*—USAID will support these new behavior-focused approaches to improving sanitation in health programs in up to five countries.

Increase coverage of care by frontline healthcare providers, especially midwives and community health workers, to provide the evidence-based interventions essential for mortality reduction.

Gaps in human resources for health, in terms of numbers, skill mix and distribution, continue to pose a challenge for effective service delivery, particularly in underserved rural areas. While the human resource deficit is serious, there has been progress, particularly in Asia, but the problem in Africa is more challenging. USAID will:

—Disseminate evidence on the effectiveness of alternative financing approaches, such as community-based health insurance and waivers of fees to increase the use of skilled birth attendants. USAID's contribution to this dynamic field will influence key policy decisions by governments for use of their own and donor resources to reduce the financial barriers for families to access skilled care;

—Accelerate the training and supervision of community health workers (CHWs), who can be extremely effective in providing preventive and curative care that saves lives. USAID expects to apply the newly developed and pilot-tested CHW

<sup>2</sup>India, Cambodia, Indonesia, the Philippines, Bangladesh, Nepal, Pakistan, Tajikistan, Afghanistan, Azerbaijan, Yemen, Ethiopia, Sudan (southern), Uganda, Rwanda, Mali, Nigeria, Senegal, Liberia, Ghana, Benin, Democratic Republic of the Congo, Zambia, Mozambique, Malawi, Tanzania, Madagascar, Kenya, Haiti, Guatemala and Bolivia.



Functionality Tool in approximately five countries to catalyze policies and focus effort on the weakest components of national CHW programs; and

- Expand support to midwifery pre-service education programs in five to seven sub-Saharan African countries, initiating or strengthening accreditation systems, to unlock the unending cycle of need for in-service training to develop basic skills.

Invest in health systems that advance rational policies and improve individual and organizational capacity for sustainable development.

USAID will selectively strengthen components of the health system critical to delivering the high-impact interventions needed to reduce child and maternal mortality. USAID will:

- Expand support for the effective implementation of systems of procurement, storage and delivery of key pharmaceuticals and other essential commodities;
- Rapidly expand quality improvement systems, including standards-based management and collaborative approaches in 15 countries—including Afghanistan, Pakistan, Malawi and Tanzania—as well as other innovative approaches to increase incentives to improve service delivery such as pay-for-performance; and
- Expand activities to address the long-term sustainability of national health systems by strengthening the capacity of national and sub-national ministries of health to ensure services that are effective, non-discriminatory and responsive to local needs.

Target the most vulnerable as maternal and child health programs are expanded, many of whom give birth and are treated for illness in the community setting.

USAID will expand delivery of evidence-based interventions into communities where the poor and vulnerable face death outside of formal healthcare facilities. This will include enhancing the advocacy, policy, planning and budgeting capacity to support a basic package of integrated services that emphasizes the MCH needs of vulnerable women and children, while also—in line with Global Health Initiative (GHI) core principles—fostering women's leadership, empowerment and access to these critical services. USAID will:

- In six countries, introduce misoprostol, an effective uterotonic, to prevent postpartum hemorrhage in home deliveries where AMTSL cannot be provided by a skilled birth attendant;
- Promote the management of newborn infections with antibiotics by trained CHWs in seven countries; and
- Disseminate and promote examples of effective CHW programs—such as in Nepal where maternal mortality declined by 48 percent within 10 years and where antibiotic treatment for pneumonia by CHWs has contributed to dramatic reductions in child mortality—to policymakers and programmers in other countries and supporting development of national programs adapted from effective models.

Expand monitoring and evaluation to ensure that results of USG investments are documented in a transparent way and lessons learned incorporated into our programs.

Investing in regular, as well as intermittent, independent monitoring and evaluation of MCH programs is essential to improve health outcomes by tailoring approaches based upon evidence. USAID will enhance health information systems to:

- Improve tracking of availability and stock-outs of drugs and other critical commodities;
- Improve routine and periodic systems for measuring progress in all priority countries;
- Better assess the quality of care being delivered; and
- Monitor access to services and health outcomes, as an input to formulate sound policies and as a means to ensure accountability for results to donors.

Expanded and accelerated monitoring will take place in all priority countries so that key indicators for tracking progress will be available for all 31 emphasis countries on an annual basis.

Continue to support major international research and the advancement of new technologies and approaches to enhance MCH program effectiveness.

To improve programs in the long run and to tackle some of the key problems facing health programs in diverse environments, it is essential to find and test innovations. New technologies and approaches are needed. Importantly, many of the most vulnerable choose to avoid or are geographically and culturally distanced from modern medicine. USAID will expand its work in finding innovations—both technological and human—to reach these vulnerable people. Additional funding will allow for a new generation of approaches to be investigated and further developed, such as:

- Cell phone and other communication technology (for communicating health messages, enhancing client care at a distance, improving the functioning of the referral system for obstetric and newborn emergencies, etc.);
- New diagnostics and preventive approaches, such as a simple test to detect risk for impending eclampsia and other risk identification for pregnant women and newborns;
- Improved therapeutic approaches, such as starting preeclampsia and eclampsia treatment in the community with a loading dose of magnesium sulfate before transfer to a hospital for definitive care; and
- Effective behavior change strategies for client behaviors, such as stopping harmful infant nutrition practices, and for provider behaviors, such as eliminating demeaning and abusive behavior toward childbearing women.

In all countries, regions, and global programs—consistent with the principles of the GHI—USAID will expand coordination and strategic integration of MCH programs with malaria, HIV/AIDS, and family planning programs, as well as strengthen partnerships with multilateral organizations, and other international and in-country partners. USAID will strengthen existing and build new public-private partnerships for the development and introduction of innovative health technologies and approaches, such as oxytocin Uniject to prevent postpartum hemorrhage, new methods of delivering chlorine-based drinking water disinfectants, and promotion of hand washing among caregivers as an important measure to prevent severe newborn infection.

Ultimately, the impact of this work, along with investments prior to and after fiscal year 2011, will be measured in terms of mortality and lives saved by many countries in 2015 to document progress or attainment of Millennium Development Goals 4 and 5. In the interim, USAID will provide evidence from all countries of improved policies to promote evidence-based practices, better quality of care, increased uptake of services by the poor, and increased use of life-saving interventions.

#### H1N1

*Question.* At the beginning of the H1N1 outbreak there was difficulty in obtaining antivirals in desired quantities. Does USAID currently have any plans to acquire antivirals to help combat H1N1 globally and in places like West Africa where the virus is currently spreading? If no, please explain. If yes, how will USAID determine the proper amount of antivirals to acquire? Does USAID have long-term plans to acquire antivirals to distribute to affected countries to combat future pandemics?

*Answer.* At present, USAID does not have any plans to stockpile antivirals. Because the World Health Organization (WHO) was able to independently establish a stockpile of more than 10 million doses of Tamiflu, it was determined that this stockpile was adequate for the current global needs and no USAID funds were required for this purpose. We are in constant contact with WHO and we monitor the situation very closely to determine if any USAID assistance in the stockpiling of antivirals is required. If assistance is required, USAID would support WHO's ability to procure the needed antivirals. USAID stands ready to assist WHO in drug distribution, should that be necessary. We have played a major role in the area of vaccine and ancillary commodity distribution and can expand that role to antivirals if needed. USAID will continue to work with the other USG agencies and international organizations to determine the appropriate measures needed and how to best meet those needs.

With respect to sub-Saharan Africa, USAID is working very closely with countries and international organizations to support improved surveillance of influenza through the provision of laboratory equipment and supplies, as well as supporting vaccination programs for health workers and pregnant women. By the end of May 2010, USAID will have supported the delivery of more than 40 million doses of the H1N1 vaccine and ancillary materials to more than 60 countries worldwide. Additionally, USAID is supporting a global laboratory network to monitor the impact of the H1N1 virus as it spreads around the world, with a special focus in upgrading the surveillance and laboratory capacities of 26 countries in West and Central Africa and Central and South America—where such capacities were previously non-existent. While we are watching the situation in Africa very closely, sub-Saharan Africa only constitutes about 3 percent of the total number of H1N1 cases worldwide and less than 1 percent of the deaths attributed to H1N1. Strengthening the ability of countries to accurately detect H1N1 cases and monitor any changes in the trends of these cases is critical to rapid and effective response. USAID is constantly monitoring the trends in all regions and is prepared to mobilize support should the situation change significantly.

## QUESTION SUBMITTED BY SENATOR TIM JOHNSON

## WHEAT STEM RESISTANCE WHEAT VARIETY

*Question.* This appropriations cycle I have requested additional funds for USDA to develop a Ug99 wheat stem resistance wheat variety. Can you tell me how agriculture programs at USAID complement the research conducted at USDA? Ug99 would be devastating to my South Dakota producers, as well as producers throughout the world. What is your plan for developing a Ug99 wheat resistant variety?

*Answer.* USAID has been the lead international development agency in responding to the wheat stem rust alarm first raised by Dr. Norman Borlaug some 5 years ago. After almost 50 years of durable resistance to this most dreaded disease of wheat, Ug99 appeared as a virulent new strain that threatened food security in Africa, the Middle East and South Asia, but ultimately could greatly harm America's farmers as well. The disease has not yet reached an epidemic stage, but with the right environmental conditions in South Asia, a food security disaster could result, including setting the stage for a global pandemic of Ug99 that would probably reach the U.S. wheat belt.

To prevent this from happening, USAID has provided some \$20 million in the last 5 years for wheat research by the Consultative Group on International Agricultural Research (CGIAR), in partnership with U.S. universities and USDA's Agricultural Research Service, to identify and rapidly deploy resistance genes. USAID also supported expanded efforts by USDA's Cereal Disease Laboratory in St. Paul to identify new sources of resistance to the pathogen. USAID and USDA also supported screening trials in disease hot-spots in East Africa, where global wheat varieties—including those from the United States and Canada—were screened for both susceptibility and resistance. It is estimated that over 80 percent of the world's wheat varieties are susceptible, a fact that underscores the severity of the threat. In addition, the Bill and Melinda Gates Foundation established the Borlaug Global Rust Initiative, which links to both USAID and USDA, to respond to this threat and put in place expanded ability to monitor and control wheat rust pathogens in the future.

CGIAR wheat breeding efforts have made excellent progress. Using the latest molecular techniques and genetic information from international partnerships, new varieties of wheat that are resistant to the new strain have been developed, forming a first line of defense against a potential epidemic. Over the last 2 years, USAID has deployed over \$5 million in specially authorized "Famine Funds" to rapidly multiply and scale up production of resistant wheat seed in Afghanistan, Pakistan, Nepal, Egypt and Ethiopia. We also have a partnership with India, which brings its own considerable resources to the effort. In addition, we also are working with global partners as part of a disease-surveillance effort to monitor movement of the disease, which has now moved as far as east Iran.

It is important to recognize that, while we have taken vital steps and made good progress, more work is needed to build back the "durable resistance" that Dr. Borlaug achieved in the Rockefeller Foundation's wheat program in Mexico in the 1950s—the forerunner of CGIAR. USAID has worked closely with USDA's Agricultural Research Service, U.S. universities and researchers in Australia, India and elsewhere around the world to ensure that resistant varieties are developed and food security protected. All of the resistant materials and genetic information about the disease and resistance to it are freely available from the various partners, especially the CGIAR, which has an explicit focus on sharing its products and information. These new sources of resistance are being used in USDA and U.S. university wheat breeding programs to develop varieties adapted to U.S. growing environments. Taken together, our overseas work aimed at protecting food security in the developing world is also helping to ensure that U.S. farmers continue to have access to high-yielding, resistant wheat varieties with the qualities our markets demand. Similarly, U.S. scientific capabilities are being shared through research collaborations around the globe, helping to strengthen food security.

## QUESTIONS SUBMITTED BY SENATOR FRANK R. LAUTENBERG

## HAITI RECONSTRUCTION

*Question.* In the reconstruction process in Haiti, what is being done to enable local, community-based organizations to access funds?

*Answer.* USAID recognizes that its work in the longer-term recovery and reconstruction phase must be both transparent and participatory. Therefore, USAID is developing a procurement strategy that will support transformational change in Haiti.

This procurement strategy will support the humanitarian response as well as the recovery and reconstruction phases in a way that is both country-led and builds local capacity. The following outlines procedures that are designed to ensure transparency, efficiency and broader outreach to attract new partners.

For example, our New Partners Initiative: The USAID procurement strategy encourages and provides for greater use of local NGOs, and U.S. small, minority and women-owned businesses, and seeks to tap the expertise and energy of the Haitian-American community. Assessments of local NGOs are conducted and technical assistance provided to build their organizational capacity to receive direct awards. Direct engagement with the U.S. Haitian-American community helps the Diaspora understand the U.S. foreign assistance strategy and how to do business with USAID. Set-asides for U.S. small, minority and women-owned businesses will be maximized and public-private partnerships will be promoted.

*Question.* How are you making certain that the large majority of the recovery and reconstruction funds for Haiti are going to services, supplies or other direct benefits and not organizational administrative costs?

*Answer.* USAID shares Congress' intent to get as many resources as possible into the hands of Haitian organizations and communities to achieve the goal of "building Haiti back better." We are committed to working with a variety of organizations in the recovery and reconstruction effort, including local Haitian, Diaspora, American and international organizations.

Working successfully toward results in difficult environments takes deliberate planning and considerable amounts of coordination at all levels. For this, development programs require some level of administrative support that provides for an effective and efficient infrastructure, designed to allow the program to reach its end goals. Salaries for local Haitian employees, for example may be considered an administrative cost. Yet, these costs also directly benefit the economy of Haiti.

USAID is working diligently to maximize resources going directly to benefit the people and country of Haiti through careful negotiation of our grants and contracts and continuous oversight during implementation. USAID makes every effort to minimize fixed administrative costs when negotiating new mechanisms so that USG resources reach the maximum number of beneficiaries possible. This includes requesting mandatory cost share contributions and leveraging resources with the private sector to offset administrative costs.

*Question.* What role will environmental issues such as reforestation play in the long-term recovery plan for Haiti?

*Answer.* Root causes of environmental disaster in Haiti include acute poverty, rapid population growth and unplanned urbanization. In the short term, it is critical to convert hillside to tree-based perennial agriculture to improve soil conservation. Lessons learned from decades of reforestation programs demonstrate that, if a tree has value, a farmer is likely to maintain and manage it; if not, it will likely disappear. Therefore, strengthening tree crop value chains is an approach with proven ability to restore degraded landscapes.

USAID/Haiti's Watershed Initiative for National Natural Environmental Resources (WINNER) Project, an agricultural and watershed management program, applies best practices such as this. WINNER is already active in the Cul-de-Sac watershed where Port-au-Prince is located, as well as the Cabaret, Mirebalais, Archaie and Gonaives regions of Haiti. WINNER was underway prior to the January 12, 2010 Haiti earthquake and was modified to immediately address post-earthquake needs. The United States will continue to invest a total of \$126 million in the project over the next 5 years. WINNER is strengthening the value chains for tree crops and focusing on tree crops with high value (such as mango) as these are effective incentive to hillside farmers to plant and manage perennial crops.

In addition to tree crops, the USG strategy in Haiti also includes plans to promote cleaner and more efficient cooking technologies, such as liquid petroleum gas (LPG), to decrease charcoal consumption and reduce the rate of deforestation and environmental degradation. After completing a rigorous assessment of the potential market for improved cooking technologies, the USG will implement a program that will address market barriers such as high upfront costs or lack of awareness and achieve large-scale reduction of charcoal consumption over a 5-year period. Beneficiaries are likely to include households, food vendors and energy-intensive businesses such as laundries and bakeries.

Finally, a Programmatic Environmental Assessment will be conducted for proposed earthquake reconstruction activities, which will pay close attention to addressing these issues across the mission's portfolio of projects.

## EMERGENCY CONTRACEPTION

*Question.* Do you plan to add emergency contraception to the list of contraceptive commodities available for purchase by USAID missions and to make funds available to do so?

*Answer.* USAID-supplied oral contraceptive pills are among the FDA-approved formulation that can be used for emergency contraception (EC). While USAID does not currently procure a dedicated EC product as part of its contraceptive commodity procurement program, USAID supplies information about the use of EC in a variety of its technical and training materials and supports sharing information about this contraceptive option with family planning clients in countries where EC is an approved contraceptive method. USAID has supported biomedical research on the mechanism of action, use, and effectiveness of EC, and in some countries supported operations research programs to determine EC use and need.

While there is no current plan to add EC commodities to the list of commodities available for purchase by USAID, the Agency is currently reviewing its procurement policy and guidelines with respect to programming EC.

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 QUESTIONS SUBMITTED BY SENATOR ARLEN SPECTER

## INFLUENZA PANDEMIC PREPARATION

*Question.* I have been a consistent proponent of aggressive preparedness efforts at the Federal, State and local levels to reduce the threat of an influenza pandemic, and have worked with a series of HHS Secretaries—Secretaries Thompson, Leavitt and now Sebelius—to ensure that Congress provides the adequate resources to defend our country against a pandemic. As pandemics are global by definition, I know that USAID plays a major role in our preparation efforts.

With regard to H1N1, in late February 2010, the World Health Organization elected to hold at the phase 6 pandemic alert level rather than move to a post-peak phase. As I understand it, the WHO experts based this decision on evidence of new spread of the H1N1 virus in West Africa, and the possibility of a second wave of illnesses as the Southern Hemisphere enters its winter months. I am also still keeping my eye on H5N1, which has already claimed lives in Egypt and Vietnam this year and has been reported in several other countries.

I know USAID has taken steps to acquire pre-pandemic vaccines to combat these viruses on a global scale, and I applaud this effort. However, I am also aware of the important role of antivirals, such as Tamiflu, in combating influenza pandemics. It is my understanding that last year, USAID considered acquiring antivirals for the purpose of distribution to countries affected by the pandemic, but did not move forward because of a sense that H1N1 had waned.

## LONG-TERM PLANS TO COMBAT SPREAD OF PANDEMICS

What actions is USAID taking to counter the spread of H1N1 in regions seeing growing incidence of H1N1, such as West Africa? Does USAID currently have any plans to acquire antivirals to help combat this spread? If not, why?

*Answer.* In fiscal year 2009, USAID programmed a total of \$85 million to address the H1N1 virus, of which \$50 million was appropriated as an emergency supplemental and \$35 million was reprogrammed from USAID's regular fiscal year 2009 Avian and Pandemic Influenza (API) appropriation. USAID worked closely with other USG departments to coordinate efforts. USAID funds were allocated to activities that were best suited for USAID's comparative advantage and in support of activities that were being conducted by other government entities. These funds have been used to support three lines of H1N1 related work:

- Deployment of the H1N1 vaccine and related ancillary materials (syringes, needles, etc.). By the end of the May 2010 we expect to have supported the delivery of more than 40 million doses of the H1N1 vaccine and ancillary materials to more than 60 countries;
- Support for a global laboratory network to monitor the impact of the H1N1 virus as it spread around the world, with a special focus on upgrading the surveillance and laboratory capacities of 26 countries in West and Central Africa and Central and South America—where such capacities were previously non-existent; and
- Support for community-based, non-pharmaceutical interventions in 28 countries through a coalition of the International Federation of Red Cross Societies, UN partners and NGOs.

Because the World Health Organization (WHO) was able to independently establish a stockpile of more than 10 million doses of Tamiflu, no USAID funds were used for this purpose. We are in constant contact with WHO and monitor the situation very closely to determine if any USAID assistance in the stockpiling of antivirals is required. At present no USAID funds are required for this purpose.

*Question.* How does the acquisition and stockpiling of antivirals fit into USAID's long-term plans to combat future pandemics?

*Answer.* At present, USAID does not have any plans to stockpile antivirals in fiscal year 2011. The WHO stockpile is determined to be sufficient for combating future outbreaks. If this situation should change, USAID will work with the other USG agencies to determine the appropriate measures needed and how to best meet those needs.

In fiscal year 2011, USAID plans to support the global laboratory network for continued monitoring of the H1N1 virus; these laboratory platforms would also be supported for monitoring of the emergence of other new dangerous pathogens. USAID is also continuing to focus on community based preparedness and non-pharmaceutical interventions that can be put into practice in the event of a pandemic.

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#### QUESTIONS SUBMITTED BY SENATOR SAM BROWNBACK

##### DEMOCRATIC REPUBLIC OF CONGO

*Question.* I sent you a letter in February about USAID's programs and capacity to help address the underlying causes of conflict in the Democratic Republic of Congo, specifically the exploitation of minerals by armed groups. Your reply to that letter mentioned that your staffing resources "may not be sufficient to cover the complex minerals situation" and that USAID was considering hiring a "senior mining specialist." First, does USAID's Mission in the DRC have sufficient capacity and resources to focus on the resource dimensions of the conflict? And if not, does USAID's budget request for the DRC reflect these needs? Also, has USAID hired a senior mining specialist and is this position reflected in USAID's budget request?

*Answer.* The USAID Mission is currently exploring options to add a dedicated senior mining expert. At the same time, our fiscal year 2011 budget request for DRC focuses on post-conflict programming to strengthen institutions of democracy and governance (notably justice reform), economic growth (with an emphasis on agriculture and food security), basic education and responding to sexual and gender-based violence.

##### LORD'S RESISTANCE ARMY

*Question.* What USAID programs and resources are currently dedicated to addressing the violence perpetrated by the Lord's Resistance Army and assisting affected communities? Does USAID's fiscal year 2011 budget request include resources to assist communities affected by the LRA?

*Answer.* USAID programs in Haut and Bas Uele Districts (Orientale Province) currently fall in the realm of humanitarian assistance, due to limited access and a security situation that precludes stabilization, recovery, and development programming. USAID has responded favorably to the World Food Program's Emergency Operation of LRA-affected areas of Orientale Province, with a nearly \$4 million contribution in fiscal year 2010 funds.

Current programs of USAID's Office of U.S. Foreign Disaster Assistance include:

- Première Urgence, Agriculture and Food Security, \$2,105,085;
- Mercy Corps Economic Recovery and Market Systems Orientale Province, \$980,920; and
- WHH Agriculture and Food Security, Economic Recovery and Market Systems Orientale Province, \$1,998,755.

USAID anticipates the need to program additional food and non-food humanitarian assistance from fiscal year 2011 FFP and OFDA appropriations. USAID's constraints in responding to LRA-affected populations are directly related to security and access. It remains virtually impossible to implement programs in LRA-affected areas without putting the beneficiaries and implementers at serious risk of being targeted.

##### DEMOCRATIC REPUBLIC OF CONGO

*Question.* What specifically is USAID doing to address the conflict minerals problem and how does this fit within USAID's budget request for the DRC? What are the current programs within USAID to improve the livelihood prospects of commu-

nities affected by human rights abuses in eastern Congo, particularly victims of sexual and gender based violence?

Answer. Illicit trade in minerals is a diplomatic and strategic challenge. Armed groups and renegade elements of the Congolese army control many of the mining sites and transit routes, while other militias are tied to elements in nearby countries. The “U.S. Government Strategic Action Plan on Conflict Minerals in the Eastern Democratic Republic of the Congo” includes diplomatic and strategic responses as well as use of foreign assistance to strengthen institutional and regulatory capacity to formalize trade in minerals and socio-economic activities for affected communities.

USAID’s analytical work contributed to the knowledge base around this complex set of issues and our programming supports key sectors such as improved governance, rule of law and economic development which are all essential to addressing the underlying vulnerabilities which allow conflict to be fueled through the rich resource base of the DRC. A number of USAID programs in southern and eastern DRC have sought to address issues, such as reintegration of ex-combatants and community-based economic recovery in conflict-affected areas as well as improved local governance of resource revenues. Comprehensive reintegration programs reduce the likelihood that ex-combatants will be recruited into illicit enterprises or recruited into armed groups that control much of illegal minerals trade.

In support of the Strategic Action Plan on Conflict Mining, State and USAID are currently considering program options to: (1) strengthen trade route monitoring, through police training, to secure borders and track movement of resources; (2) develop safe transit routes through construction and rehabilitation of key roads; and (3) promote strategic, regulatory, and institutional reforms to formalize minerals trade and develop systems of traceability.

In communities affected by human rights abuses, USAID promotes humanitarian assistance programs and supports stabilization and recovery through the use of Economic Support Funds and Public Law 480 developmental food aid programs.

USAID’s fiscal year 2011 budget request does not specifically request funding to combat illicit mining. The ESF request, which includes funding for agriculture, microenterprise, water, and education, focuses on post-conflict programming to strengthen institutions of democracy and governance (notably justice reform), economic growth (with an emphasis on agriculture and food security), basic education and responding to sexual and gender-based violence.

With respect to livelihoods for affected communities, USAID has requested fiscal year 2011 funding for stabilization and recovery (\$2 million), Sexual and Gender Based Violence (\$2.5 million) and Public Law 480 Development Food Aid (\$30 million).

#### *Humanitarian Assistance*

In fiscal year 2010 to date, USAID has provided more than \$6.3 million in humanitarian assistance, for agriculture and food security, health, nutrition, protection, and water and sanitation programs in the DRC. In fiscal year 2009, USAID provided nearly \$34 million for humanitarian programs, many of which remain ongoing and include activities such as agriculture and food security, economic recovery and market systems, humanitarian coordination and information management, health, logistics and relief commodities, nutrition, protection, shelter and settlements, and water, sanitation, and hygiene program.

#### *Stabilization and Recovery*

Programs to improve livelihoods are an integral part of USAID’s stabilization and recovery programs, which support the return, reintegration and recovery and extension of state authority components of the International Security and Stabilization Support Strategy for Eastern DRC. International efforts are focused around six strategic axes, which include vital links to key mining areas.

In fiscal year 2008 and fiscal year 2009, USAID received supplemental appropriations which allowed us to support the following two projects:

- The Promote Stabilization and Ex-Combatant Reintegration in North and South Kivu project (\$8.2 million), which is in its early stages, targets 30 communities for peace-building and reconstruction activities.
- The Support to the Stabilization Strategy along the Rutshuru-Ishasha Axis project (\$5 million) has completed rehabilitation of 63 kms of road on one of six strategic axes (Rutshuru-Ishasha), allowing freedom of movement, trade and economic opportunity for at least 1 million people. The construction or rehabilitation of 13 administrative buildings, which will allow Congolese local government officials to deploy and provide services to the population, is ongoing. The

construction has created 550 short term jobs, and direct cash inflows into communities from these workers of approximately \$200,000.

#### *Development Food Aid*

- Three Public Law 480, Title II, Multi-Year Assistance Programs (\$42 million) provide employment and support recovery of livelihoods in eastern DRC. In South Kivu, USAID funds a program to reduce food insecurity, focusing on female-headed households and returnees.
- In Northern Katanga, we manage a program to reduce food insecurity and in Goma, North Kivu, our program is designed to improve the food security status of vulnerable households and improve access to potable water.

#### *Social Protection*

- USAID is providing 6,000 women with income generating and vocation training through our 3-year project called ESPOIR (Ending Sexual Violence by Promoting Opportunities and Individual Rights, \$7 million).
- A different project (\$4.9 million) is providing income generating activities and professional training for almost 4,000 women affected by SGBV.
- A third project (\$3.2 million) helps several hundred abducted children (who are often victims of sexual violence) per year return to school and engage in income generating activities. USAID also assists communities with food insecurity issues with particular attention given to female-headed households.

#### *Livelihoods in the Mining Sector*

- Good examples of programs addressing these underlying vulnerabilities are our comprehensive reintegration programs that reduce the likelihood of recruitment of ex-combatants into illicit enterprises or re-recruitment into armed groups that control much of illegal minerals trade. Additionally, USAID has implemented an innovative program to improve governance and reduce conflict associated with the exploitation of mineral resources. The program, a public-private partnership which leverages USAID funds, coupled with a larger private sector contribution by reputable mining companies operating in Katanga and focused on fostering corporate social responsibility and supporting alternative livelihoods for artisanal miners, who were operating in some cases illegally on private company land. The program also addresses critical human rights issues around the mining sites and strengthens conflict resolution mechanisms among artisanal miners. In addition, the program creates local development funds, which are in line with Congolese local government reform processes, in order to ensure that taxes gleaned from legal mining are invested back into community-driven development programs thus supporting economic and social development objectives as well as good governance objectives.
- The success of this intervention led to the establishment of a joint U.S.-DRC Development Credit Authority activity (\$378,000) to provide up to \$5 million in loan guarantees for small and medium-scale enterprises in the key mining province of Katanga, where access to credit was practically nonexistent.
- In Bafwasende, Orientale Province, where U.N. peacekeepers, the FARDC, and Mai Mai rebels all operated on a nature reserve rich with valuable minerals, USAID supported a program based on community-driven anti-corruption committees. The program focused on conflict resolution and succeeded in getting the Mai Mai to disarm, demobilize and stop pillaging the resources of the reserve. The lessons learned from this project are applicable to eastern DRC.
- In addition to work with artisanal miners through the public-private partnership, USAID has also supported stand-alone programs focused on the unique challenges of artisanal miners. For example, in the town of Kolwezi in the southern Katanga copper belt, one project (\$597,000) seeks to (1) promote reconciliation, cooperation, and understanding among artisanal and small-scale mining-related institutional actors; (2) prevent conflicts and risks to communities over resource access and use; (3) improve access to, and awareness of, pertinent mine legislation; and (4) establish a conflict resolution mechanism for disputes and conflicts. The lessons learned and best practices distilled from this and other innovative programs have been used to inform the design of a new multi-million dollar, multi-donor, multi-year program focused on the mining sector in the East. Called PROMINES, it is supported by the World Bank and the UK's Department for International Development (DfID). USAID is currently not contributing funding to this project, but is exploring options for future support.



## ECONOMIC SUPPORT FUND FOR SUDAN

*Question.* Can you please explain why there is a decrease in the budget request for the Economic Support Fund for Sudan, an account that among other things is used for programs to promote basic education and help build infrastructure in Southern Sudan?

*Answer.* The decrease in the Economic Support Fund (ESF) account from fiscal year 2010 to fiscal year 2011 is primarily due to the decreased need for resources in fiscal year 2011 to fund activities that support the remaining major power-sharing benchmarks of the Comprehensive Peace Agreement (CPA) such as public administration, civic participation and international observation. The overall decline in ESF however, does not signify a decrease in highly-needed programs to increase access to education or improve infrastructure.

Per the CPA, the national elections, popular consultations and referenda processes in Sudan were to take place sequentially and be completed by January 2011. Originally scheduled for July 2009, the election was delayed four times before the April 2010 schedule was announced and implemented. USAID supported electoral activities with ESF from fiscal year 2008 regular appropriations, and fiscal year 2008 and fiscal year 2009 supplemental funds. At the moment, the timeline for the referenda in January 2011 is holding. The timeline for popular consultations in Southern Kordofan and Blue Nile states is less clear, due to postponed legislative and gubernatorial elections in Southern Kordofan which have yet to be implemented. However, we presently anticipate that these processes will be completed before fiscal year 2011 resources will be available for programming.

## SUDAN

*Question.* What resources and staffing needs has USAID incorporated into the fiscal year 2011 budget request that are dedicated to assist Sudan in all possible outcomes of the referendum, including a Southern Sudanese government that will need resources and technical assistance to begin a new chapter as a sovereign nation or the possibility of a failed referendum renewing a civil war in Sudan?

*Answer.* Fiscal year 2011 will be a critical year for Sudan as it continues on the path toward peaceful democratic transformation. It will also be a year in which flexibility in U.S. assistance is required, pending outcomes of the referenda on the future status of southern Sudan and Abyei and popular consultations in Blue Nile and Southern Kordofan States. There will be an urgent need to support the outcomes and build consensus for these processes and the outcome of the general elections in April 2010 that are adjusting the power-balances in the national, regional, and State governments.

The fiscal year 2011 budget request represents a joint USAID and State Department estimate of program resources needed to assist Sudan in all possible outcomes of the southern Sudan referendum, whether southern Sudan votes for independence or chooses to remain part of a unified Sudan. To support these outcomes, USAID has worked closely with the State Department to plan for an immediate, expanded presence in Juba to implement programs critical to stabilizing the South in the critical pre-referenda period and immediate aftermath. The additional staff will bolster USG diplomatic functions and capacity for State-managed peace and security and rule of law programs which complement USAID's robust programs and presence on the ground. USAID currently has 65 staff assigned to Juba, including both U.S. staff and foreign service nationals.

Future USAID staffing requirements will vary depending on political events. USAID is reviewing multiple scenarios and analyzing associated staffing requirements for 2011 and 2012.

USAID will continue to deploy staff, respond to humanitarian emergencies and support traditional development programs, such as investing in human capacity and health and expanding infrastructure and economic opportunities. In coordination with other donors, State and USAID will jointly implement resources to strengthen the capacity of the Government of Southern Sudan (GOSS), bolster rule of law institutions and capacity, and to mitigate and respond to conflict throughout Sudan.

*Transition and development programming*

USAID's assistance will be geared toward addressing the threat of new or renewed conflict in the Three Areas, as well as a potential increase in tension between the north and the south in the run-up to the 2011 referenda. Consequently, a higher proportion of resources will be dedicated to conflict prevention and mitigation.

USAID will continue to work on the extension of state authority throughout southern Sudan aiming to prevent conflict. Funding will also be directed at mediating and preventing conflict around post-2011 issues including cross border devel-

opment; security and movement; and inter-ethnic relationships. USAID's transition and conflict management program provides a quick and flexible mechanism for direct technical and material support to reinforce diplomatic efforts to address these issues.

Supporting the development of democratic governance in southern Sudan and the Three Areas will continue to be critical regardless of the outcome of referenda and popular consultations. USAID assistance will build on efforts made since the signing of the CPA to strengthen capacity in core government functions to enable expanded service delivery, and deepen the accountability, transparency and responsiveness of key institutions in the GOSS and the Three Areas. Additionally, strengthening the legislative assembly that is inducted after the elections; enhancing government understanding of public views; building consensus between leaders and constituencies; strengthening the capacity of political parties to conduct outreach to and represent their constituents in the newly elected legislative assembly after the April 2010 elections; and, strengthening civic participation, bolstering civil society and expanding access to free and independent information will all continue to be elements of USAID assistance. Technical assistance and southern Sudan capacity-building will also align with post-2011 arrangements.

USAID will monitor developments regarding Sudan's subsequent post-CPA arrangements, which may include elections and other political processes. USAID, in coordination with the State Department, will program fiscal year 2011 ESF funding to begin supporting these processes.

#### *Humanitarian Assistance*

As with natural and complex disasters throughout the world, USAID remains prepared to respond to pre- and post-referendum deterioration in the humanitarian situation in Southern Sudan. USAID humanitarian programs are flexible and able to reallocate resources to meet emerging humanitarian needs.

USAID has taken the following concrete steps to proactively prepare for potential post-referendum humanitarian needs in southern Sudan:

- In order to rapidly respond to population displacement in southern Sudan, USAID supports an international organization to stockpile emergency relief supplies and to rapidly provide safe drinking water and dispatch mobile health clinics, as needed.
- USAID supports strong local and international partners operating in rural areas of southern Sudan to provide assistance to recently returned populations and to prepare to respond quickly to potential outbreaks of violence in the months leading to and following the January 2011 referenda. Ongoing USAID support allows partners to continue to deliver essential basic services, with a focus on health, agriculture and food security, and water, sanitation, and hygiene in areas of highest population movement or IDP return depending on the scenario.
- Depending on the magnitude of the deterioration, USAID remains prepared to rapidly deploy USAID humanitarian personnel to southern Sudan, ranging from regional advisors and field officers to assessment teams or a disaster assistance response team.

The combination of these three capacities will ensure that USAID is able to respond to the immediate humanitarian impacts of the referenda in either scenario and within the current budget request.

#### *Independence Scenarios*

In a steady-state scenario where the referenda results in a peaceful separation, USAID expects humanitarian needs across Sudan to be roughly similar to 2009. USAID will continue to maintain both World Food Program (WFP) and private voluntary organization (PVO) food aid supplies, with PVO partners engaged in recovery activities in southern Sudan.

However, populations could initially experience violence surrounding the results. The scale and scope of the humanitarian need will be proportional to the level and duration of violence. Should the resulting conflict be short-term in nature, the situation would require an immediate surge in humanitarian resources closely followed by complementary transition and/or development investments as has occurred in southern Sudan over the course of the Comprehensive Peace Agreement implementation (CPA), for example, following the violence in Abyei in May 2008 and in Akobo, Jonglei state, in early 2009.

A longer-term conflict may result in the need for protracted humanitarian engagement requiring substantial financial and human resources. As conflict surrounding the referenda subsides, or if no violence occurs, humanitarian agencies can expect returns to increase. An increase in returns will necessitate a shift in the focus of

humanitarian programming to ensure that returns are adequately supported, resulting in additional resource requirements for humanitarian activities in the near-term and development activities in the medium- to long-term.

*Return to war Scenarios*

A return to war will require a significant increase in humanitarian resources to address mass displacements. The scale and scope of resources required to address a return to war will depend on the level and geographic spread of the violence and on the access our humanitarian partners have to populations in need. With respect to food, USAID would increase contributions, and partners would be positioned to expand beneficiary caseloads and programmatic coverage. In either case, USAID would plan to increase staff to bolster capacity on the ground, to include local staff for food security program monitoring.

HUMAN RIGHTS CONDITIONS IN SUDAN

*Question.* What resources and personnel is USAID employing to monitor and report on human rights conditions throughout Sudan?

*Answer.* Human rights monitoring and reporting is currently not within USAID's mandate in Sudan. As presently structured, U.S. Government long-term development assistance in Sudan to monitor and report on human rights is done by the Department of State.

ASSISTANCE TO BURMESE REFUGEES

*Question.* International NGOs continue to report on periodic violent attacks against Burmese Rohingya refugees in Thailand and Bangladesh. What resources is USAID employing to offer assistance to the Rohingya refugees?

*Answer.* USAID follows closely the situation of Burmese Rohingya refugees and asylum seekers in Bangladesh, Thailand, and elsewhere in the region. We are concerned by credible reports of a growing humanitarian crisis among the unregistered Rohingya population residing outside of Kutupalong refugee camp in Bangladesh, and the numbers of arrests and push-backs to Burma at the border.

U.S. Government efforts to address protection and assistance needs of the Rohingya refugee population are led by the Department of State's Bureau of Population, Refugees and Migration (State/PRM). In fiscal year 2009, State/PRM provided funding of more than \$2 million to several international humanitarian organizations to assist both registered and unregistered Rohingya populations in Bangladesh, Malaysia, Indonesia, and elsewhere in the region. Humanitarian assistance for the Rohingya includes healthcare, water and sanitation, education, vocational skills training, conflict resolution, community mobilization, mental health and psychosocial support, gender-based violence prevention, and access to essential services for Persons with Disabilities.

Cox's Bazar, the southeast district where most Rohingya residing in Bangladesh live, is one of the poorest districts in the country. In addition to high levels of illiteracy and malnutrition, 73 percent of the population lives below the poverty line. Much of the conflict is the result of host-community and Rohingya competing for the region's limited resources. The problems facing the Rohingya cannot be solved without addressing the issues of the broader host-community.

USAID programs benefit the sizeable unregistered Rohingya population living in the Cox's Bazar region of southeast Bangladesh. Health programs focus on low-cost family planning services, maternal and child healthcare, and treatment for tuberculosis through a network of non-governmental clinics. USAID environment programs protect natural resources and help people use resources sustainably, particularly those from tropical forests. Governance activities support greater transparency and citizen participation in the management of public resources at the local level. Additionally, USAID's new 5 year, \$210 million Public Law 480 Title II program throughout the country will support projects in Cox's Bazar to promote economic development of the entire southeast portion of the country. U.S. Pacific Command (PACOM) is also constructing multi-purpose cyclone shelters and schools in southeast Bangladesh.

With respect to USAID programs for vulnerable Burmese populations, USAID has not provided funds to assist Rohingya refugees as an identifiable subset of its programs. However, USAID implements humanitarian assistance programs for vulnerable Burmese along the Thailand/Burma border, and within Burma for people affected by Cyclone Nargis. Rohingya refugees living in these locations benefit from this assistance.

## TRAFFICKING IN PERSONS

*Question.* The budget request to combat Trafficking in Persons seems inadequate. If USAID were to have more resources devoted to combating trafficking, how would they be used?

*Answer.* The Administration is deeply committed to combating trafficking in persons. The President's request for anti-trafficking programs increased from \$31.5 million for fiscal year 2010 to \$35.8 million for fiscal year 2011. Between 2001 and 2009, USAID spent nearly \$145 million on anti-trafficking projects in more than 70 countries as part of the coordinated U.S. government effort to eradicate trafficking. USAID programs focus on prevention, protection, and prosecution and address both sex and labor trafficking of women, children, and men.

Nearly 90 percent of USAID anti-trafficking programs over the last 3 years have focused on prevention and protection. While a focus on prevention and protection remains essential, increased focus on prosecution in coordination with other USG efforts and efforts to address labor trafficking require additional attention. Forty-four percent of 2009 USAID anti-trafficking projects strengthen prosecution by helping foreign governments draft anti-trafficking legislation and train police and prosecutors. However, USAID evaluations and the TIP Report have demonstrated a need to increase law enforcement capacity to combat trafficking. Incorporating this type of capacity building into foreign assistance programs would be coordinated through the inter-agency Senior Policy Operating Group (SPOG). Likewise, Agency assessments, the TIP Report, and the Department of Labor's 2009 TVPRA list indicate a need for increased global attention to labor trafficking. Sixty-eight percent of our anti-trafficking programs since 2001 have addressed both labor and sex trafficking.

## AGRICULTURE

*Question.* How will USAID use the resources it has, such as programs like the Consultative Group on International Agricultural Research (CGIAR), to help develop wheat variety resistant to Ug99 wheat stem, a disease that is destroying Africa's wheat crop? Will that research be available to U.S. producers? How could USAID's efforts on food security be improved?

*Answer.* USAID has been the lead national development agency in responding to the wheat stem rust alarm first raised by Dr. Norman Borlaug approximately 5 years ago. After almost 50 years of durable resistance to this most dreaded disease of wheat, Ug99 appeared as a virulent new strain that threatened food security in Africa, the Middle East and South Asia. While the disease has not yet reached an epidemic stage, it poses a significant threat to Africa's farmers, and with the right environmental conditions in South Asia, a food security disaster could result.

To prevent that from happening, USAID has provided over \$20 million in the last 5 years for wheat research by CGIAR, in partnership with U.S. universities and USDA's Agricultural Research Service, to identify and rapidly deploy resistance genes. USAID also supported expanded efforts by USDA's Cereal Disease Laboratory in St. Paul, as well as screening trials in disease hot-spots in East Africa, where global wheat varieties—including from the United States and Canada—were screened for both susceptibility and resistance.

USAID is pleased to report that CGIAR wheat breeding efforts have succeeded. Using the latest molecular techniques and genetic information from international partnerships, new varieties of wheat that are resistant to the new strain have been developed, forming a first line of defense against a potential epidemic. Over the last 2 years, USAID has deployed over \$5 million in specially authorized "Famine Funds" to rapidly multiply and scale up production of resistant wheat seed in Afghanistan, Pakistan, Nepal, Egypt and Ethiopia. USAID also has a partnership with India, which brings its own considerable resources to the effort. In addition, the Agency works with global partners as part of a disease-surveillance effort to monitor movement of the disease, which has now moved as far as Iran.

More work is needed—and will be supported through the Global Hunger and Food Security Initiative—to build back the "durable resistance" that Dr. Borlaug achieved in the Rockefeller Foundation's wheat program in Mexico in the 1950s—the forerunner of CGIAR. More seed multiplication support will also be needed. We are working with our overseas missions to ensure that all partners—national organizations, international NGOs like Catholic Relief Services, CARE and others, work together to ensure farmers get access to resistant seed. All of the above efforts have been carried out in close partnership with USDA, U.S. universities and partners in Australia, India and elsewhere around the world. All of the resistant materials and genetic information about the disease and resistance to it are freely available from

the various partners, especially the CGIAR, which has an explicit focus on sharing its products and information.

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QUESTIONS SUBMITTED BY SENATOR GEORGE V. VOINOVICH

MILLENNIUM DEVELOPMENT GOALS

*Question.* In September, world leaders will gather at the United Nations to assess the Millennium Development Goals and re-commit to achieving the MDGs by 2015. What are your plans in preparing the U.S. position at the U.N. session and any proposals President Obama might announce?

*Answer.* As President Obama underscored in his address to the U.N. General Assembly last year, the United States fully embraces the Millennium Development Goals (MDGs). The MDGs are a core principle for USAID, and we are pleased to be playing a leading role in the interagency process to develop U.S. positions for the September MDG High Level Plenary (Summit). The interagency process has been working for the past few months to define U.S. strategies and approaches toward accelerating progress in achieving the MDGs.

The 2010 Summit is an important opportunity to take stock of the progress made so far in achieving the MDGs. In fact, significant progress has been made in many MDG areas, although progress has varied dramatically across countries and regions. In developing its position for the U.N. process leading up to the September Summit, the United States will acknowledge and highlight this progress, while considering ways to replicate and scale up successes. At the same time, the challenges ahead in making further progress on the MDGs are formidable. In that regard, the United States will be considering the need for new approaches.

Our preparations for the September MDG Summit provide an opportunity to build support for a more determined, strategically-minded and analytically-focused approach to the MDGs. We see four elements as critical for making more rapid progress in the next 5 years: first, the need to focus on development outcomes, not just development dollars; second, the need to enhance the principle and practice of national ownership and mutual accountability; third, the need to invest in making development gains sustainable; and fourth, the need to make more effective use of innovation and other force-multipliers to maximize the impact of our efforts.

The interagency process is continuing to consider the best strategy and approaches to advance the MDGs. Recent Presidential initiatives, for example, including the Global Health Initiative (GHI) and Feed the Future (FTF), provide opportunities to accelerate and sustain progress in these important MDG areas.

SCALE-BACK EFFORTS

*Question.* Dr. Shah, looking at the areas of growth in your budget—particularly for health, agriculture and USAID's own capacity—it is evident what the Administration's priorities are for development. Can you tell me where you think USAID could scale back, even eliminate or radically reform our current efforts?

*Answer.* I have recently outlined a new approach to high-impact development which will lie at the center of restoring USAID's effectiveness. The approach is premised on greater focus and selectivity, and includes four core areas.

First, USAID is contributing to the U.S. commitment to the Millennium Development Goals (MDG), not simply by delivering services to those in need, but through building sustainable systems that will transform healthcare, education, food security and other MDG areas. Second, we are strengthening our ability to invest in country-owned models of inclusive growth and development success. Third, we are identifying new ways of leveraging science and technology to develop and deliver tools and innovations which we believe can be transformational. Finally, we will bring USAID's expertise to bear on some of the most daunting national security challenges we face as a Nation—including stabilizing countries like Afghanistan.

Focusing on these core areas will allow a concentration of USAID's resources and its efforts rather than spreading our efforts and resources over the many other technical areas that relate to broad-based and sustainable development. Other areas of development engagement will be scaled-back if they do not support the core objectives.

On June 8, White House Chief of Staff Rahm Emanuel and OMB Director Peter Orszag sent a letter to the heads of all executive departments and agencies asking them to identify those programs that have the lowest impact on each agency's mission, and that constitute at least 5 percent of each agency's discretionary budget. I fully support this effort, and USAID will meet or exceed the 5 percent target set by Chief of Staff Emanuel and Director Orszag. By identifying those areas where

we can scale back or eliminate projects and programs, this exercise will help USAID further focus our financial and human capital on the four core areas described above.

PSD-7/QDDR

*Question.* Dr. Shah, could you give us an update on the multiple efforts going on right now on reforming and improving our aid processes, including the QDDR and PSD? How do initiatives such as the Global Health initiative and Food security initiative fit within the proposed reforms?

*Answer.* I anticipate that the QDDR and PSD exercises, in which we are actively participating, will have a very positive impact on USAID and U.S. global development efforts, including the Global Health (GHI) and Feed the Future/Global Hunger and Food Security Initiative. Both exercises are looking at how the initiatives could be affected by possible reforms. For example, a joint USAID-State QDDR task force is examining how to increase our capabilities around the issue of aid effectiveness, and in doing so is explicitly looking at how the effectiveness principles (country ownership, alignment, harmonization, managing for results, and mutual accountability) should be applied to both initiatives.

A focus on factors that improve aid effectiveness, such as promoting country ownership, learning, cost-effective and streamlined processes, a whole-of-government approach, and donor coordination are key principles of both the GHI and the Food security initiative. These same principles are the focus of work under both QDDR and PSD.

For example, through the GHI we will help partner countries improve health outcomes through strengthened health systems. A core principle underlying the GHI business model in support of reaching these ambitious health goals is to encourage country ownership and invest in country-led plans. The GHI works closely with partner governments, as well as civil society organizations, to ensure that investments are aligned with national priorities, and to support partner government's commitment and capacity so that investments are maintained in the future. Further, our efforts to strengthen country efforts will be coordinated across USG agencies and other partners to ensure efficient use of resources and effective results.

CIVILIAN RESPONSE CORPS

*Question.* One of the concerns our military commanders have shared with us and others over the years is the lack of civilian follow up operations in places like Iraq and Afghanistan. As the USAID Administrator, how do you intend to build a cadre of dedicated staff at USAID that can move into post-conflict regions and begin long-term civilian stabilization and reconstruction (S&R)?

*Answer.* USAID is dedicated to assisting in follow-up stabilization and reconstruction efforts in post-conflict regions. To accomplish this, we have built up a cadre of both immediate, rapid response networks and longer-term staff.

To address immediate stabilization and reconstruction issues, USAID is responsible for a large contingent of Civilian Response Corps (CRC) personnel, managed by the Agency's Office of Civilian Response. The CRC focuses on restoring rule of law and stabilizing war-torn societies as a precursor to sustained economic growth.

The CRC currently has two components: the Active and the Standby. The Active Component (CRC-A) will ultimately be comprised of 250 U.S. Government (USG) members, 91 of which will be from USAID. CRC-A members are direct-hire employees who form a team of first responders available to deploy within 48 hours of call-up for up to 12 months. CRC members within USAID are mostly senior-level, highly experienced personnel with S&R experience. They receive 3-4 months of training to prepare them for S&R operations. The Standby Component (CRC-S) interagency target is 2,000 members, with a USAID target of 744 members. CRC-S is comprised of current USG employees who sign up for and are accepted to the CRC. They receive 2-4 weeks of S&R training and can be deployed within 30-45 days.

USAID CRC-A and CRC-S staff have already successfully deployed to Afghanistan, Pakistan, Sudan, Kenya, Somalia, Democratic Republic of Congo, Yemen, Sri Lanka, Kyrgyzstan, Nigeria, Nepal, Kazakhstan, and Haiti. In addition, they have participated in exercises with the Defense Department's European Command (EUCOM) and Africa Command (AFRICOM). Deployments differ in length from a few months to a year.

The Agency is also building its Foreign Service cadre through the Development Leadership Initiative (DLI). The initiative, introduced in 2008, is aimed at increasing USAID's ability to meet its development and national security objectives through a strong workforce. The goal of DLI is to double the USAID Foreign Service workforce by hiring 1,200 junior and mid-level Foreign Service officers by 2012. To

date, 483 new officers have been sworn in and oriented under this initiative; 89 will specifically focus on Crisis, Stabilization and Governance issues. This cadre of new Foreign Service officers will strengthen the Agency's capacity to provide leadership overseas to develop, carry out, and integrate programs that bring peace, prosperity, and security to the world.

#### LONG-TERM DEVELOPMENT IN AFRICA

*Question.* Africa, as you know, remains a continent which suffers not just from extreme poverty, but from disease, lack of basic needs like clean water and food, and a dearth of educational and economic opportunities. Some nations in Africa even face the increasing influence of corrupt governments, terrorist organizations, drug traffickers and other destabilizing influences. One of the key ways these issues can be addressed is through strong, comprehensive and long-term development strategies that are designed to offer solutions to these destabilizing forces. What resources will USAID need to address these problems and how would you convince the American people that such expenditures would serve the national interests of the United States?

*Answer.* Africa is vital to U.S. interests. Home to approximately 800 million people, Africa is increasingly linked to global markets, holds vast natural resources, and will soon provide 25 percent of U.S. oil imports. There has rarely been a more critical time to consolidate the progress and promise of Africa. Although wars in Liberia, the Democratic Republic of the Congo (DRC), Angola, Burundi, Uganda, and Sierra Leone, and the North-South conflict in Sudan have ended or dramatically abated, sub-Saharan Africa has recently experienced significant stagnation and challenges to its progress toward democracy and good governance. Most worrying have been the democratic setbacks in countries that have historically been considered "good performers," but that are at risk of political instability. Regional bodies such as the African Union have a growing potential to provide leadership and share best practices, but the influence of poorly governed and autocratic states on these multilateral institutions complicates and stifles the evolution toward better governance in Africa.

It is in the interest of the United States for Africa to be stable, well-governed, and economically self-sufficient with healthy and productive populations. Poor governance, conflict, and corruption contribute to the need for billions of dollars per year in food and non-food emergency assistance from the United States and other bilateral and multilateral donors that could be used to solve other global problems. Lacking any sustained political and economic improvements, and with Africa's population expected to double by 2050 to 1.8 billion, the continent's humanitarian needs will only escalate. The stakes are extremely high. However, strategic use of USG foreign assistance resources, combined with those from other bilateral and multilateral donors, can make a meaningful difference in Africa by creating tangible improvements in quality of life and building momentum toward political and economic progress.

Our programs have already made significant contributions, including contributing to reducing mortality among children under five by 14 percent since 1990, and increasing the number of children enrolled in primary school by 36 percent since 1999. To sustain and consolidate these gains in the face of current projected population growth requires a multi-pronged approach that addresses the key issues for the continent and can produce visible impacts at the country and regional level. The Africa Bureau's fiscal year 2011 foreign assistance request of \$7.606 billion, which includes \$3.728 billion of HIV/AIDS funding, directly advances key Administration policy priorities in the areas of democracy and governance, peace and security, economic growth and food security, health and education (including HIV/AIDS and malaria), and transnational challenges, including global climate change.

When combined with the \$3.9 billion currently committed to Africa through Millennium Challenge Corporation (MCC) Threshold programs and Compacts to date, and the annual average of \$25.67 billion in other bilateral and multilateral donor assistance to Africa, the international community has the ability to effect real change. Within the United States, close coordination between the major U.S. agencies (MCC, State and USAID) has facilitated optimal use of funding. For example, USAID implements all the Threshold Programs for MCC in Africa, and is implementing some portions of the Compact in Burkina Faso. MCC Compact Teams coordinate closely with Ambassadors at post, and with USAID staff as appropriate. Another example is Senegal, where starting in July 2003 (even prior to the formal creation of the MCC), USAID provided \$500,000 to enable the Government of Senegal to assess and strengthen its systems for managing development resources and

developed a methodology that could be used in future MCC-eligible countries to accelerate start-up of MCC programs.

#### PROMOTING GOOD GOVERNANCE

*Question.* We all recognize that corruption and weak governance are challenges in many of the poorest nations. What are some of the strategies USAID uses to promote good governance through our assistance programs? Is there legislation that could enhance these efforts?

Answer. USAID's overall objective in governance is to provide assistance and training to promote greater transparency, accountability, effectiveness and participation in governing institutions and public policy processes at all levels.

Specific Anticorruption Initiatives promote accountable and transparent governing institutions, processes and policies across all development sectors. For example, USAID programs:

- Promote corruption prevention and education while also supporting prosecution and enforcement through rule of law programming.
- Focus on regulatory and procedural reform, increasing management capacity within the executive branch, and strengthening the oversight capacity of the judicial and legislative branches of government.
- Strengthen public financial management, procurement reform, audit and internal controls, and transparency and accountability in budget processes.
- Support anticorruption commissions, ombudsman offices, civil society, media oversight and advocacy capacity building.
- Support host country multi-stakeholder initiatives such as the Extractive Industries Transparency Initiative to improve governance and public oversight in resource-rich countries.

Executive offices, ministries, and independent governmental bodies are advised and trained on development and implementation of policies, procedures, and skill sets (including leadership, strategic management and communications). Assistance promotes linkages between different branches, levels and functions of government, including across development sectors such as health, education and economic growth, and enhances financial management and civil service reforms, public-private partnerships, and outreach to citizens.

Security sector democratic governance programs focus on how component parts of the security system (e.g., policy, military, justice system, legislature, civil society) are linked and must all perform effectively and in a coordinated manner to achieve effective, legitimate security systems governed by law and accountable to the population. Program examples include reforming the justice system, the civil service and public management; enhancing strategic planning, policy and budget formulation; increasing civilian oversight of the security sector. As police are an important face of the government to citizens, USAID supports civilian police assistance programs.

National and sub-national efforts support democratic decentralization of political, financial, and administrative authority, ensuring all levels are capable of effecting democratic and accountable local governance. Technical assistance and training strengthen development of budgets, local revenue raising, provision of public services, community planning, participation, and implementation of laws, regulations, policies and programs.

Assistance to legislatures supports more democratic practices within legislative bodies, improves legislative processes, and increases the quality of legislation or constitutional reforms. Programs increase the legislature's capacity to be responsive to constituents, engage in policy-making, hold itself and the executive accountable, and oversee the implementation of government programs, budgets, and laws.

Media freedom and access to Information legislation are promoted to improve enabling environments for the existence and operations of NGOs and to increase transparency and accountability in the public sector while strengthening democratic practices and enabling civic engagement.

The Quadrennial Diplomacy and Development Review (QDDR) is reviewing all foreign assistance programs. As part of this process, legislative requirements to improve the effectiveness of governance assistance programs are being considered. We look forward to consulting with the Committee and others in Congress as we formulate recommendations and next steps on this critical issue.

#### CONCLUSION OF HEARINGS

Senator LEAHY. If there is nothing further, the subcommittee was stand in recess.



[Whereupon, at 11:56 a.m., Tuesday, April 20, the hearings were concluded, and the subcommittee was recessed, to reconvene subject to the call of the Chair.]



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