U.S. POLICIES AND PROGRAMS FOR GLOBAL DEVELOPMENT: USAID AND THE FISCAL YEAR 2011 BUDGET REQUEST

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U.S. POLICIES AND PROGRAMS FOR GLOBAL DEVELOPMENT: USAID AND THE FISCAL YEAR 2011 BUDGET REQUEST

WEDNESDAY, MARCH 3, 2010

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, DC.

The committee met, pursuant to notice, at 9 o'clock a.m. in room 2172, Rayburn House Office Building, Hon. Howard L. Berman (chairman of the committee) presiding.

Chairman BERMAN. The committee will come to order. We have to adjourn today's hearing shortly before 11 o'clock a.m. so members can attend the memorial service for our late colleague, John Murtha.

Given the relatively short time we have to spend with our distinguished witness, I will limit opening statements to myself and the ranking member. All other members may submit written statements for the record.

Dr. Shah, I am very pleased to welcome you for your first formal appearance before this committee and your first time testifying before Congress as USAID administrator.

Less than 2 weeks after being sworn in, you were made the Obama administration's point person in responding to the almost unimaginable tragedy in Haiti. Dealing with a crisis of that magnitude would be a tall order no matter how long you had served as administrator, and by all accounts you stepped up to the task with great aptitude and aplomb.

Prior to your confirmation, USAID had been without a permanent administrator for an extended period, so we particularly appreciate the leadership you have demonstrated and the experience and dynamism you bring to the job.

Our focus today is on the President's Fiscal Year 2011 budget request, and specifically the policies and programs for development that USAID is responsible for designing and implementing.

Secretary Clinton has rightfully identified diplomacy and development as two key pillars of our national security, along with defense. We make it a priority to reduce poverty and alleviate human suffering around the world because it is the morally right thing to do and because it reflects the compassion and generosity of the American people. But foreign assistance programs also serve our economic and national security interests.

Poor and unstable countries make unreliable trading partners and offer weak markets for U.S. goods and services. Conflict, law-

lessness and extremism that threaten U.S. interests find fertile ground in the places where basic human needs are not being met and fundamental human rights are not respected. Done right, development assistance is a sound investment in a better, safer world.

One of my legislative priorities is to reform our foreign assistance laws and programs to ensure that aid reaches those who need it most, and that it is delivered with maximum effectiveness and efficiency. Our development assistance should aim not only to improve the lives of poor people, but to build the human capacity and the economic and political institutions that will sustain these gains.

I look forward to working with you as we write legislation to replace the outdated and cumbersome legal structure that currently exists with one designated to meet the needs of the 21st century.

The administration is now in the midst of two reviews that will have some bearing on this process. The Quadrennial Diplomacy and Development Review, or QDDR, seeks to define the capabilities that are needed and to match resources with priorities. The Presidential Study Directive known as PSD–7 will, we hope, produce a national strategy for global development that establishes clear and specific objectives for United States policies and programs, consistent with the Millennium Development Goals.

We should strive to achieve those goals not only in countries where the risk of violent extremism is most pronounced, but everywhere that children go hungry, women die in childbirth for lack of skilled assistance, and communities are ravaged by a preventable disease.

I am particularly gratified that the President's budget places an emphasis on global health, food security and climate change. These are areas where the international community faces significant challenges, and where we know how to make a real difference. They build on one of the great foreign policy legacies of the previous administration, the President's Emergency Plan for AIDS Relief, or PEPFAR.

To ensure that our assistance is as effective as possible, we must elevate and strengthen USAID. I applaud Secretary Clinton's call to "rebuild USAID into the world's premiere development agency." We also must make good on President Bush's pledge to double the size of the USAID Foreign Service, a goal that President Obama has also endorsed.

To put the budget numbers in perspective, the entire International Affairs budget accounts for just over 1 percent of Federal spending. And only about a third of that 1 percent is allocated to development and humanitarian programs.

One overarching goal of our foreign assistance is to reduce the need for putting American soldiers in harm's way. About 18 percent of the entire International Affairs budget—and about 60 percent of the growth since last year—is for the front-line states of Iraq, Afghanistan and Pakistan. By building schools, training police and increasing agricultural production, we help lay the foundations for a more stable future in these volatile nations. It is an investment well worth making, considering the savings in long-term costs in American blood and treasure.

With this in mind, the increases for Fiscal Year 2011 are quite modest and, I think, extremely well-justified.

Dr. Shah, we appreciate having you here this morning. We look forward to your testimony. But first I would like to turn to the ranking member, Ileana Ros-Lehtinen, for any opening remarks that she might want to make.

Ms. ROS-LEHTINEN. Thank you. As always, Mr. Chairman, thank you for the opportunity. And Dr. Shah, I join in welcoming you to our Foreign Affairs Committee. With the recent tragedy in Haiti and the intensive, rapid efforts to help the people of that devastated country, you have had a bracing introduction to your current position. And as I had said to you in the side room, you represented our humanitarian country so well, and I commend you for an exemplary USAID mission in Haiti. You hit the ground running. We wish you well in all of your endeavors on behalf of our nation, and those whom it seeks to help throughout the world.

I am, however, disappointed that the congressional Budget Justification for your Agency is not yet available. That places us at a disadvantage today in discussing the Fiscal Year 2011 budget request for USAID, because we lack that information.

Necessity is the mother of invention. The past year has seen a dramatic deterioration in our nation's economic position. Should the President's proposed budget for Fiscal Year 2011 be adopted without any changes, the debt created in the next year alone will equal an additional $4,000.00 owed by every man, woman, and child in the United States. This would be on top of the $40,000 that each American already effectively owes, through the public debt.

We are now borrowing at a rate of about $4 billion a day to keep our Government in operation. This is not the best position for our country to be in.

In light of this situation, I recommended to Secretary Clinton last week that, although our aid programs are not a major part of the overall budget, we need to find places where we can slow down or freeze spending. We have this opportunity to foster innovation, and I believe that the seeds for this innovation are already contained in some of USAID's programs. They just need to be expanded to allow us to move away from more costly assistance programs that work through wasteful, and often corrupt, bureaucracies abroad, and that so often create dependency and breed stagnation among recipient countries.

Instead of continuing with such tremendous reliance on USAID's traditional Development Assistance account, for example, we might instead consider moving quickly to expand our Development Credit Assistance program, which, at far less cost, leverages tremendous private funding in pursuit of our development goals. In line with that, we might also consider expanding USAID's Global Development Alliances program, an approach that is, once again, built on leveraging private funds and pursuing development goals without creating aid dependency in other countries.

In short, we have to do more with less. There are additional innovations out there, many of them based on technological advances of the past two decades, which USAID is either already experimenting with or should consider. I will cite some examples.

Improvements in marketing by small-scale farmers and shop owners in impoverished countries by means of cell phone alerts. The development also of affordable, small-scale clean-energy power generators that can be run off the electrical grid in remote areas. Also, small-scale vouchers for farmers, allowing them to break free from the control by huge bureaucratic and often corrupt ministries in obtaining seed and other farm inputs.

USAID is working in many of these areas, but we need to think of how we can intensify the focus on such small-scale programs, which can unleash individuals' creativity, rather than continuing to interact with unaccountable bureaucratic government agencies abroad.

We should also consider ways to multiply the impact of such small-scale programs wherever possible, by implementing the approach used in our micro-finance and micro-credit programs, where even the poorest beneficiaries are expected to repay some of their assistance to cooperative groups that can then, in turn, provide such assistance to others. Small businesses and individual opportunities are what helped America grow into the prosperous country that we are, long before there was a theory of development. It is time to revisit our longstanding views and theories on how to help the impoverished around the world become self-sustaining and prosperous.

I hope that the challenges of addressing our fiscal deterioration here at home will lead us to truly explore ways to be more efficient and accomplish our goals at less cost, but with more benefit for those who deserve our help.

I thank you again, Dr. Shah, for what you have done in Haiti. I know that you are already standing up a new program in Chile, in far different circumstances. I congratulate your entire team at USAID.

Thank you, Mr. Chairman.

Chairman BERMAN. Thank you, Ms. Ros-Lehtinen. And now I am happy to introduce Dr. Rajiv Shah. He is the 16th administrator of the United States Agency for International Development.

Prior to his confirmation as administrator, he served for about 6 months as under secretary of agriculture for Research, Education, and Economics, and chief scientist.

A medical doctor and health economist by training, Dr. Shah previously spent 7 years with the Gates Foundation holding leadership positions in its agricultural development and global health programs.

Dr. Shah, your entire statement will be made a part of the record, and we look forward to hearing your testimony.

STATEMENT OF THE HONORABLE RAJIV SHAH, ADMINISTRATOR, UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

Dr. SHAH. Thank you. Chairman Berman, Ranking Member Ros-Lehtinen, members of the committee, I am honored to join you here today in support of the President's Fiscal Year 2011 Foreign Operations Budget Request.

In the interest of time, please allow me to summarize the key points of my testimony, and submit the full text for the record.

As you know, just days after my swearing-in, the people of Haiti were struck by a tragedy of almost unimaginable proportions. This past weekend, Chile suffered a devastating earthquake, as well. Our thoughts and prayers, as are yours, are with the people of Chile and Haiti, as we provide humanitarian relief and assistance.

In the aftermath of the earthquake in Haiti, President Obama designated me to lead our overall Federal response, and charged our Government with mounting a swift, aggressive, and coordinated effort. In that capacity USAID coordinated a multi-agency effort, with the Departments of State, Defense, Homeland Security, Health and Human Services, Agriculture, and many other Federal partners.

With these partners we launched the largest and most successful international urban search-and-rescue effort ever; created a robust urban food distribution system that reached more than 3 million individuals with critical food supplies; greatly increased a nation's infrastructure, especially at the ports and the airport; and coordinated medical assistance support, including direct treatment for more than 30,000 patients, and performed hundreds of surgeries, saving lives and limbs.

Haiti faces a long and steep road to recovery. And as the operations transition from rescue to recovery, we will continue to stand by the people of Haiti, and appreciate the support of this committee and the Congress in doing so.

At the same time, we will not lose sight of the other priorities, including the important work that USAID does to help other countries achieve their development goals, and the critical need to strengthen our capacity and accountability in pursuit of this mission. 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 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.

Secretary Clinton strongly shares this view, and has asked us to elevate development to stand with diplomacy and defense as part of our nation's foreign policy.

Together with other government agencies, USAID is examining our resources and capabilities to determine how best to achieve these development objectives. We are doing so through the Presidential Study Directive on U.S. Development Policy, the Quadrennial Diplomacy and Development Review, and through consultations with congressional committees that are pursuing foreign assistance reform.

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 front-line states, meeting urgent global challenges, and enhancing USAID effectiveness and accountability.

Allow me to summarize each briefly. First, in critical front-line states, we propose spending $7.7 billion in State and USAID assistance in support of development efforts in 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. We are beginning to see major improvements in health care, education, and agriculture, as well as, in some cases, the foundation of a more representative and democratic government.

The administration's funding request is part of the President's Afghanistan strategy, and designed to encourage stability and opportunity in that nation.

In Pakistan, our request supports ongoing efforts to combat extremism, promote economic opportunity, strengthen democratic institutions, and build a long-term relationship with the Pakistani people. Here, too, our programs are helping to achieve significant improvements in education and health.

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

In 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. USAID is promoting economic development, strengthening the agriculture 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.

Our second budget priority is focused on meeting urgent global challenges. $14.6 billion in State and USAID assistance will support local and global solutions to core transnational problems, including global health, extreme poverty, natural and manmade disasters, and threats of further instability from climate change and rapid population growth.

In global health, we are requesting $8.5 billion in State and USAID assistance. Our request supports the President's Global Health Initiative. With this additional funding, we will build on our strong record of success in HIV/AIDS treatment, tuberculosis, and malaria control, and seek to achieve improved results in areas where progress has lagged, such as obstetric care, newborn care, and basic nutrition.

In food security we are proposing to invest $1.2 billion for State and USAID food security and agriculture programs, in addition to $200 million set aside for nutrition. With these additional funds we will work in countries in Africa, Central America, and Asia to combat poverty and hunger.

In climate change, we propose to invest $646 million for State and USAID programs, part of the administration's overall $1.4 billion request to support climate change assistance. USAID will support the implementation of sustainable landscape investments, as well as developing low-carbon-development strategies for critical countries, market-based approaches to sustainable energy sector reform, and capacity building and technology development to enhance adaptation and resilience strategies.

In humanitarian assistance, USAID and State propose to invest $4.2 billion. This funding allows us to assist internally displaced persons, refugees, and victims of armed conflict and natural disas-

ters worldwide, such as the tragic earthquakes in Haiti and Chile. With these combined investments, we will save lives and help make people less vulnerable to both poverty and the threat of instability that extreme poverty breeds.

Our third major budget priority focuses on enhancing USAID's effectiveness and accountability by investing $1.7 billion in the ongoing rebuilding effort for USAID's personnel and infrastructure.

All of the priorities I have outlined require strong capacities in evaluation, planning, strategic resource management, and research, to ensure we are incorporating the best practices, innovations, and technologies from the field.

We also must be able to recruit, hire, and retain best-in-class development professionals. 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.

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 security and our ability to account for outcomes.

The United States must be able to exercise global leadership to help countries, as they develop more stable and sustainable foundations for security, stability, and well-being. This requires the effective use of all instruments of our national security, including development. And this requires a relentless focus on results and accountability, a focus we embrace with enthusiasm.

Thank you very much, and I look forward to your questions, your guidance, and your ongoing consultation.

[The prepared statement of Mr. Shah follows:]

DR. RAJIV SHAH
ADMINISTRATOR, U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT
TESTIMONY BEFORE THE
HOUSE COMMITTEE ON FOREIGN AFFAIRS
REGARDING THE FISCAL YEAR 2011 BUDGET REQUEST
MARCH 3, 2010

I. INTRODUCTION/HAITI

Chairman Berman, Ranking Member Ros-Lehtinen, Members of the Committee, I am honored to join you here today in support of the President's Fiscal Year (FY) 2011 Foreign Operations Budget Request.

It has been less than two 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.

This past weekend, Chile suffered a devastating earthquake as well. Our thoughts and prayers are with the Chilean people at this tragic moment and we are working with the Government of Chile as they evaluate their needs to determine what assistance may be required.

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, we have 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.

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 thirty 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. But I can report to you today that while we have experienced our share of frustrations and setbacks, America's efforts have made, and continue to make, a vast difference. As the operation transitions from rescue to recovery, the United States will continue to stand with the people of Haiti.

II. 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. 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 Committee 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 – providing their people with a modicum of dignity and opportunity – 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, resources and global imperative for action that we have today. Together with other government agencies, USAID is examining our 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.
- **Leading and 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 FY 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, poverty, natural and manmade 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.

III. 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 health care system. In 2002, just 8 percent of the population had access to some form of health care, 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 3,000,000 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 health care 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 health care 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 FY 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.

IV. 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 prior U.S. international health programs and helps our 80 partner countries strengthen health systems and improve sustainable health outcomes, with a particular focus on 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 complementarity among our programs and that together we leave behind sustainable health care 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 "GHI Plus" 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 **food security**, we propose investing $1.2 billion for State Department and USAID 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 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 for State Department and USAID 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 invest $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 save lives and help make people less vulnerable to poverty and the threat of instability that extreme poverty breeds. In so doing, we honor our basic values, strengthen our national security and promote our national interests.

VI. 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, 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.

VI. 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.

Chairman BERMAN. Well, thank you very much. We appreciate your vision, and the specifics that fill it out. And I will give myself 5 minutes to begin the questioning.

Dr. Shah, could you give us an update on the status of the Quadrennial Diplomacy and Development Review, and the Presidential Study Directive on Global Development Policy? And more specifically, when can we receive the findings, and will they be made public?

Dr. SHAH. Yes, thank you, Mr. Chairman, for those questions.

The QDDR has completed now its first phase of work, which was structured around a broad set of exploratory conversations and brainstorming related to five core working-group topic areas relating to how the United States projects its power and its smart power and its diplomatic and development capacities around the world.

As we transition, we are in the process of transitioning to a series of more operationally oriented task forces that will be addressing specific topics, like how we improve our ability to do policy planning, how we develop real systems for accountability and budgeting, how we help our country's missions and our country's chiefs of missions develop long-term investment strategies for development and diplomacy, and have the flexibility to partner more effectively with the private sector with sources of innovation and with country governments themselves.

The results of those more specific operational efforts should be available in the April/May timeframe. We, at this point, do hope to have deep and ongoing conversations both about the content of the QDDR, as well as learning from the committees and the Congress around a range of views on some of these core issues. And that is an ongoing process, but one that has shifted from a larger strategic conversation to a more focused set of operational discussions.

The Presidential Study Directive is similarly making the same transition, after having completed a series of phases of work that brought together 16 to 18 different agencies throughout the Federal Government to discuss ideas and concepts in a more open space, related to the future of development. That is now transitioning into also a more operational focus, to come up with specific constructs that will define the development strategy of this administration going forward.

These two processes come together in a number of different ways, not least of which are deputy's committees that we participate in; but also just the key individuals that are part of both of these processes are often the same individuals.

Chairman BERMAN. And the PSD, when do you think that process—you mentioned April?

Dr. SHAH. Yes.

Chairman BERMAN. An initial idea of April for the QDDR. What about the PSD?

Dr. SHAH. Well, I should clarify, I don't think the QDDR will be complete in April, but I think we will have enough specifics to begin a serious consultation on a set of ideas in that timeframe.

On the PSD, I would expect the same thing, although I shouldn't speak on behalf of the National Security Council. I think they can

identify a more specific timeline, and we could come back to you with a more specific answer on it.

Chairman BERMAN. I would appreciate that. In order to fund Haiti's relief effort, you had to borrow money from other humanitarian programs across the globe until the supplemental funding arrives. Everyone understands the overwhelming needs in Haiti, but the fact is, these transfers have created some hardships and delays on the ground in other countries, such as Sudan and Congo.

What is being done to ensure that other humanitarian emergencies aren't being neglected in order to address the tragedy in Haiti?

Dr. SHAH. Well, I appreciate that question, sir. And I believe the United States Government has already committed more than $600 million to the effort in Haiti. And as you point out, that, a large percentage of that, has come from the IDA account that provides the flexible and rapid funding. We will seek, in a supplemental, to reconstitute the IDA account as fully as possible in this context.

We have been in close contact with our implementing partners in other complex crises around the world, and have asked them not to delay or slow down program implementation, working under the assumption that those additional resources will arrive prior to the June timeframe, which is when we, you know, would have to start making those trade-offs that we hope not to make.

So I am aware that a number of partners felt they might have to do that. We have tried to be in touch with everyone who has reached out to us to indicate that they should not slow down programs in other areas; that we expect the supplemental to reconstitute IDA in a manner that——

Chairman BERMAN. So you are really saying the assumption of my question is wrong. There has not been deprivation in other programs as a result of the transfer.

Dr. SHAH. That is correct, sir. I believe there have been, I know that partners have reached out to us, asking if they should. And when we did, we tried to correct that misperception right away.

Chairman BERMAN. And my time has expired. The ranking member is recognized for 5 minutes.

Ms. ROS-LEHTINEN. Thank you, Mr. Chairman. I want to touch on Cuba, Haiti, the West Bank, and Gaza, all in 5 minutes. No problem, right, Dr. Shah?

I am concerned that, with the arrest and the imprisonment of U.S. citizen Alan Gross, that USAID programs in Cuba may have come to a standstill. If we could get a commitment from you, Dr. Shah, that USAID is going to continue to carry out U.S. democracy programs in Cuba, I would appreciate that.

On Haiti, following up on the chairman's questions, how should the cost of recovery response and long-term development efforts in Haiti be shared among donor countries? And what portion of the overall aid efforts for Haiti over the coming years should the United States be expected to provide; 10 percent, 20 percent, 30 percent, whatever figures you think.

Lastly, on the West Bank and Gaza, the administration has requested another over $400 million in Economic Support Funds for the West Bank and Gaza, but, as we have seen, there has been a lot of stealing of those funds; it has not been managed well.

What kind of vetting do we have in place to ensure that the funding does not benefit violent extremists or corrupt officials, and instead reaches its intended targets? What kind of metrics are we using to ensure that we can actually accomplish what we seek to do with the funding?

Thank you, sir.

Dr. SHAH. Thank you. I appreciate those questions. On Cuba in particular, I think we can strongly affirm our commitment to execute our programs and our priorities. We have taken a number of steps working with the State Department to try to address the needs of Mr. Gross. I have been in direct contact with DAI, the partner for whom he was contracted to work with. And we have worked directly with a range of our other partners to ensure that they, given the challenging travel situation, that they come up with alternative solutions to execute and implement these programs. And we are giving them the flexibility to do that. So we are fully committed to seeing through the program there.

On Haiti, I appreciate your points and your earlier comments there, as well. We have been approximately half of the overall early relief effort. A large part of that is the Department of Defense, the costs related to Department of Defense assets, including the Marines, the Comfort Hospital Ship, the effort to rebuild the port and the airport, those were mission-critical early activities that were required for other assistance to come in.

As we transition through recovery reconstruction, we expect that percentage will go down significantly. And we are working with a range of major bilateral partners, but also the World Bank, as part of the post-disaster needs assessment, to make sure there is a strong plan going forward that is unveiled at the donors' conference later in March, this month. And that U.S. assistance is targeted, and a far more modest percentage of the overall needs. It will be a small percentage. But our leadership will be critical, and our technical support and our deep engagement in this process will be continued and unwavering.

On West Bank and Gaza, I appreciate the question, as well. As you know, we have systems for both tracking partners and vetting partners. The partner-vetting system there involves the specific identification of names of partners. It involves our database tracking systems, and we vet that very, very carefully. That system has been in place for more than 2 years.

On the cash tracking, we also have a very specific system that has been in place for more than 4 years, where we are supporting and we authorize specific disbursements from the Palestinian Authority. The resources are transferred quite closely, from a bank in Israel to a special Treasury account in the Palestinian banking system. And then all flows out of that are monitored on a case-by-case basis.

So there is a very strong system in place for tracking cash flows in that environment, as well. And our budget request going forward is to really focus on doing specific work that will achieve real outcomes in infrastructure and in health, and in humanitarian support in Gaza. And I am happy to describe that some of the things we have done have been successful, building 60 kilometers of road in the West Bank, funding seven schools that are operational and

effective, and promoting a broadly based health system in that region that is reaching many, many more people in need.

So we will continue to track those outcomes very closely, but we have special systems for tracking how we work with partners, and how we track the flow of cash.

Ms. ROS-LEHTINEN. Thank you so much. And the emphasis should always be to make sure that it is a transparent, accountable system of aid that is not corrupted by officials in the West Bank and Gaza.

Thank you, Dr. Shah. Thank you, Mr. Chairman.

Chairman BERMAN. I yield 5 minutes to the gentleman from New Jersey, the chairman of the African Global Health Subcommittee, Mr. Payne.

Mr. PAYNE. Thank you, Dr. Shah, and let me also commend you for the outstanding job that you have done in Haiti. Also, I wish we didn't have a debt, but we do have to remember we had a balanced budget when President Clinton left. However, the war in Iraq, which was unnecessary, and big tax cuts put us in the position we are in today, unfortunately.

Let me just say about the Global Fund. I see that you have cut $50 million from the Global Fund, and I wonder if you would look at that. Because, as you know, the U.N. formula is a one-third U.S., that means $150 million will be cut overall when the other nations participate.

Secondly, on the neglected tropical diseases. Although you are dealing with them, some of them, the most neglected, such as fatal vascular mineosis, sleeping sickness, Charge's Disease, and some of these other disfiguring, buruli ulcers, are not covered. And I wonder if they could be included in that.

Just real quickly, on three governance groups, Somalia, the transitional Federal Government. I wonder, will there be a significant increase in development aid, because we have to support this government or we are going to be, in my opinion, in very serious problems. If they fall, all of these—Africa, as you know, Somaliland, Putland, and Somalia, in my opinion, will go.

Secondly, are we concentrating enough on South Sudan? If, in 2011, they decide to secede, how will we support the new government with additional funds?

And finally, Liberia needs to have some consideration. Where we have strong institutions, we see elections work, like South Africa and other places. Where we don't, they fail. So if you could look at Liberia, the historical relationship between the United States and Liberia is important.

And finally, I would like to know how you are making out with AFRICOM and the coordination with that. I will just stop so that you can answer the questions. Thank you.

Dr. SHAH. Thank you, Mr. Chairman. We have, on the global front in particular, and that is in the context of the larger Global Health Initiative, we are committed to significant financial increases against Global Health. And even more than that, using those resources in a way that will be more effective against those lagging indicators within the MDGs, like maternal mortality and newborn and obstetric care.

We are working with the Global Fund, with the Global Lines for Vaccines and Immunization and other vertical programs, to try to accelerate the partnerships between them, and get more value out of the overall investment.

The overall administration request on the Global Fund is $1 billion, because it, of course, includes the Treasury component. And we will be very committed to helping the Global Fund succeed.

On neglected tropical diseases, I will take your comments as advisement, and look specifically into those cases. That is a unique area where I do believe we can have, and we have been in discussions with private partners to accelerate public-private partnerships and meet the overall needs, as they have been delineated by the World Health Organization and others. And that is very much a priority of the Global Health Initiative.

On Somalia, we will, in terms of increases in development assistance, as you know, most of our assistance is humanitarian at this point. It is flowing through the north. We continue to be in close conversation with the World Food Program to explore what can be done, and when it can be done in other parts of Somalia. And we look to use our development assistance in a strategic manner. I will follow up more specifically on what we could do to be more expansive in that context.

With Southern Sudan, we have $95 million for the referendum and for support for the referendum, and we are doing a series of activities with respect to capacity building and serving the people of Southern Sudan.

I will note that our mission is in that region there. And unlike other partners, even multi-lateral partners that are trying to serve that region from farther away, we feel we are very well-positioned to play a critical role should the needs arise, as you have identified. And so we are doing contingency planning around that, and also identifying what kind of budget flexibility we would have, and what the needs would be.

But we think we have an important role in leading that effort. We think we would have an important role in bringing other donors and multi-lateral institutions to that mission, should that be the outcome of the early 2011 referendum. And I will take your comments on Liberia as guidance.

And on AFRICOM, we continue to be in discussion with them, and do hope to have a strongly coordinated operational effort in Africa with them. I personally visited them this summer, and hope to continue that conversation.

Chairman BERMAN. The time of the gentleman has expired. The gentleman from Texas, Mr. Poe, is recognized for 5 minutes.

Mr. POE. Thank you, Mr. Chairman. Dr. Shah, thank you for being here. I am over here, far right to you.

First of all, I want to commend the workers in the field in USAID. I have traveled, you know, like everybody else on this committee, all over. And they are the greatest ambassadors for the United States and freedom that we have, are those people in the field.

And I know that USAID is developing all kinds of things. Most recently, the farmers down there at Texas A&M invented some kind of soybean that now yields nine times what they used to yield,

for Afghanistan, so that the farmers in Afghanistan don't have to raise poppies. They can raise soybeans that were invented at Texas A&M. I mean, that is all good things, those are all good.

I am concerned about, though, being good stewards of money. Last week we had before us the Special Inspector General for Iraq Reconstruction, Stuart Bowen. And he said that in reconstruction of Iraq there was, and there is, $4 billion unaccounted for.

And I asked him which, of all the agencies that are in Iraq from the United States, has the, I guess the worst record of accountability. And he said the State Department. Of course, the example he used was the $2.5 billion that went to Dimecorp for training police officers, and there is no record. We have no records about where that $2.5 billion went. And so I am concerned about the unaccountability of money we send.

And I also asked him about well, could some of that money have turned up in the hands of our enemies, like al-Qaeda? And he mentioned that there were 14,000 Glock weapons that disappeared from our possession to somewhere else. That troubles me. We have our men and women in uniform overseas trying to protect us, and guns that we ship over there end up in their hands because our Federal agencies aren't good stewards of, of the money.

So you want an increase in the budget. We have 15 million Americans unemployed. It seems like, to me, when some country is in trouble, of course they call 1–800–USAID to come over and help them out, you know. That is what we kind of do in this country. The government and the people of this country are the most giving of any nation in history.

But I would like for you to specifically address this problem of accountability. And how do we know that this money is going to be accounted for; that thieves aren't going to steal it, that crooked contractors aren't going to steal it, and the bad guys aren't going to end up with some of the aid that we send to foreign countries. Similar to some of the questions that the ranking member addressed in other parts of the world.

So how about that, Dr. Shah?

Dr. SHAH. Thank you, sir. I want to thank you for your comments about our staff, and also acknowledge that our Foreign Service nationals in that context do make us awfully proud.

I also want to address your comment about Texas A&M. We are proposing in this budget an increase in our agricultural research and development as it relates to meeting the needs in some of these priority countries in food security.

With respect to Iraq reconstruction, the contract you referred to, I would just point out that for USAID, we have a shifting strategy where we are moving toward supporting the elections that are upcoming, and providing real support to the government and the health system, and other, meeting basic human needs and the needs of IDP populations.

We are also more aggressively pursuing matching fund requirements to make sure that our resources are being matched by the Government of Iraq. And we have strong financial accountability and procurement systems in place that are tracked very closely in that context.

In general, your point——

Mr. POE. Excuse me, Dr. Shah. Are these accountability, are these accounting procedures new? Or are they the same ones where——

Dr. SHAH. No, many of them are new over the course of the last year. Some of them have all been, are based on some learning.

There are four basic strategies we use to track and ensure accountability. I agree they could be more transparent, and it is one of my priorities to make them more effective and transparent.

One is selectivity. We have rigorous systems for making sure we only work with those partners, especially in Afghanistan and Pakistan, where we can track the resources and have confidence in effectiveness of spending.

A second is around capacity building, particularly in financial management and procurement systems, both reform and tracking.

A third is on monitoring, and a fourth is on auditing, which we do in a multiple manner system in those places.

Mr. POE. Thank you, Dr. Shah.

Chairman BERMAN. The time of the gentleman has expired. The gentleman from New York, Mr. Meeks, is recognized for 5 minutes.

Mr. MEEKS. Thank you, Mr. Chairman. Good morning, Dr. Shah. It is great having you here, and I thank you for, commend you for all of your efforts, especially in helping Haiti with the aftermath of the devastating earthquake.

You talked about how complex it is in dealing with Haiti. I would like first to ask you the question, can you describe for us the international aspect of the effort to help Haiti? Specifically what I am interested in is the coordination of efforts, the coordination of funds, who is leading that effort, where do we go from here, and what role can the Haitian Government play? And how do we support that government until it has the capacity to take on more or most of the responsibility?

I know that there are a number of international communities that are calling for a Haiti Marshall Plan. And I, myself, have put in a resolution calling for a Haiti Marshall Plan. So I would like to know what your thoughts are on whether or not we need to do that clarion call, and whether Haiti needs a Marshall Plan.

Then, I just want to ask also, in the short time that we have, about Afro-Latinos in the Western Hemisphere. You know that the Obama administration has finalized the signing of the U.S.-Colombia Joint Action Plan on Racial and Ethnic Equality. And we have one on Brazil, of which I have asked also to get the report on that, so that we can continue to follow that. I know we are still making progress. But over the years, I have requested appropriators that, from the USAID funds be specifically directed toward helping marginalized communities in Latin America. And more often than not, those disproportionately means they are Afro-Latinos and indigenous populations.

So I would like to know, can you tell me about your plans to address the plight of African Latinos and indigenous populations? And have you prioritized the plans from the budget perspective?

And finally, and real briefly, I am also concerned about trade capacity and trade capacity dollars. So can you tell me if there are any plans to more comprehensively coordinate trade capacity dol-

lars across the various departments and agencies that have these funds?

I have proposed, for example, that we create an Office for Trade Capacity for the nation. I would like to know your thoughts on this kind of function.

Dr. SHAH. Thank you for those comments and questions. I will start with Haiti.

The international aspect is being led by the Government of Haiti, working with an internationally recognized system of U.N. clusters that are established sector by sector. We play a key role in each of the clusters, and directly with the Government of Haiti.

We also, in some cases, like rubble removal for the establishment of safe places in advancing, where the floods are coming in, or in food distribution or water distribution, at times when frankly we felt the clusters needed more support, we have stepped in and offered more capacity and more directed leadership from our military-civilian partnership in Haiti. So that is how it is being coordinated on an international aspect.

In terms of the plan forward, the Haitian Government has had a plan, most recently unveiled last spring, and also revised and updated for last fall, which was based on a decentralization of the population outside of Port-Au-Prince, and creating vibrant economic opportunities and centers of economic activity outside of Port-Au-Prince. We expect them to unveil that plan in a more updated and specific form at the upcoming donors' conference, and believe that does constitute the groundwork for a very strong reconstruction effort that will hopefully build back a more vibrant and more effective economy, governance system, and ability to meet human needs in Port-Au-Prince. And, perhaps more importantly, to the majority of the population outside of Port-Au-Prince.

In terms of your comments about Afro-Latinos in the Western Hemisphere, it is absolutely true and completely recognized by our agency that those marginalized communities are disproportionately suffering on health and human indicators of welfare and well being throughout the hemisphere. And that is a clear and statistically straightforward point.

I will come back to you more specifically on how our budget addresses that. But in our efforts to address food security, global health, and meeting basic human needs, we are disproportionately targeting those marginalized populations. And how that plays out in terms of budget numbers, I will come back to you more specifically.

And finally, on trade capacity building and coordination, I do believe that we need more effective coordination in that context. We have been in a conversation as part of the Presidential Study Directive, and in efforts like our Food Security Initiative, to explore how we can improve the integration of our trade policy, our trade capacity investments, and our investments in agriculture and high-value agriculture, to get more bang per buck in our development spending.

Thank you.

Chairman BERMAN. The time of the gentleman has expired, and the gentleman from New Jersey, Mr. Smith, is recognized for 5 minutes.

Mr. SMITH. Thank you, Mr. Chairman. Dr. Shah, thank you for your testimony.

About 12 years ago, Dr. Shah, I initiated an effort on the whole issue of autism, at a time when very few people were paying attention to it. And it led to the creation of the Centers of Excellence. As a matter of fact, I wrote the provisions for the Centers of Disease Control.

We quickly found that we may have an epidemic where about one out of every 100 of our children have autism or part of the autism spectrum.

I have since been focusing on the international elements of autism. And to my not shock, but certainly to my, and I think many other people's, dismay, have realized that we have a global epidemic of autism.

I am working with a number of NGOs in Nigeria, in Kenya, Indonesia, Poland, and in Ireland, in trying to combat autism. And what all of these organizations have is a deficiency in funding. Lots of thought, a lot of good expertise, but lack of funding.

I have introduced legislation, H.R. 1878, about a year ago, that would provide a small grants program, and also a teach-the-teachers program. And I am asking you if you would take a good, long, hard look at these NGOs, as I am sure you have the authority, absent the legislation, to assist these NGOs.

I will give you one on defeating autism in Nigeria, as I know some of the people involved with an NGO there. They suggest that there may be as many as 1 million Nigerians who have autism. So I would ask you to take a good, hard look at this, and provide some assistance there.

Secondly, on your three priority areas, you talk about instability from rapid population growth. I would respectfully request that you take a second look at the issue of depopulation. In places all over Europe, Russia, the U.N. estimates that by the year 2050, there will be 25 percent lower population than that which currently exists in Russia. It is the same way with all of the Eastern European countries. We are seeing a depopulation trend.

The reason why the aggregate continues to grow is that we are living longer. It is not about births; it is about the other side of the spectrum. In South Korea, they are so far below replacement—Japan has the same problem—that they are looking at a serious disproportionality when it comes to workers and those who are on the other end of the spectrum receiving benefits.

So I think your underlying assumption has been surpassed, in many ways, by a depopulation trend that is very injurious to individual countries. And in China, where the sex-selection abortions has led to gendercide, there are as many as 100 million missing girls, and a whole unique set of problems has developed there. As many as 40 million men will not be able to find wives by 2020 because they are gone, they are dead, as a result of sex-selection abortion and the one-child-per-couple policy. That is a crime against women, of gargantuan proportions.

So I would ask you to look at maybe some of the underlying assumptions about population growth. There is a depopulation trend that is very, very dangerous.

Finally, on obstetric fistula, I pushed very hard with Dr. Kent Hill when he was at USAID on behalf of building out the ability to meet women's real needs when they have obstetric fistula. Getting the surgeries that are very low cost and high-impact gives the woman her life back.

Like many of my colleagues, I have been to the hospital in Addis. I have been to other obstetric hospitals. Can you give us an assurance that you will not only continue that money, it was $12 million at the time, but hopefully significantly expand it? I yield.

Dr. SHAH. Thank you for those comments and questions. On autism, I will be happy to look at the NGOs you are proposing, and we can do that in a systematic manner.

I do believe the principles of the Global Health Initiative, which is to broaden the scope of how we think about supporting health systems and setting priorities based on medical need, and based on what are the biggest lagging indicators against meeting development goals, will help guide our work in the health sector overall going forward. And I appreciate your comments on that issue.

On instability from population growth, I do believe the 2050 population projections are significant, and they do show over 9 billion as a global population. And I think consistent with your comments, they show that those increases will happen in certain parts of the world, and certain parts of the world will stay flat, and in some cases decrease. So I appreciate that, and we will take a nuanced look at that very specifically.

Some of your comments related to gender and girls in that context, which is an immediate priority for our team and for the Secretary. And on obstetric fistula, I do believe our Global Health Initiative, in its reprioritization of obstetric care, of skilled attendants at birth, and of focusing on the needs of women and girls, will create a strong strategic priority in that space.

Thank you.

Chairman BERMAN. The time of the gentleman has expired. The gentleman from Georgia, Mr. Scott, is recognized for 5 minutes.

Mr. SCOTT. Thank you, Mr. Chairman. Dr. Shah, let me first of all commend you and the Obama administration for the very quick response to the situation in Haiti. I would like to ask you a few questions about that, if I may.

First of all, as of today, how much money has USAID spent in the disaster relief in Haiti?

Dr. SHAH. I believe the overall Federal commitment has been just over $600 million, maybe just over $630 million. We could get you a very specific number.

Of that amount, I think USAID has spent approximately $350 million, with the majority of the alternative part of that being Department of Defense spending.

Mr. SCOTT. Which leads to my next question. Where has that money been spent, by category?

Dr. SHAH. I would have to provide you a more specific breakdown, but the major areas have been out of our disaster relief account, which immediately supported priorities for urban search and rescue. We sent our two trained international urban search and rescue teams, but also four or five other teams that were stood up by FEMA, so that we had at any one time more than 500 American

search and rescue professionals with heavy equipment and specialized training at work for an extended period of time.

We made significant investments in the health space, spending resources to take disaster medical assistance teams from the Department of Health and Human Services, and put them in place supporting the treatment of more than 30,000 Haitians in that context. And then food and water were immediate priorities that accounted for a large bulk of that spending. We successfully supported the distribution of food to more than 3 million people who were at risk, and had some immediate and progressive procurements to make sure that people had as much access to water in the camps as possible. We think we successfully met the needs around water. That was a big concern in the early moments.

So those have been the big areas of disaster assistance spending. And in addition to that, the Department of Defense, with its personnel and its other resources, and the Comfort Hospital Ship, also are cost items that we are tracking.

Mr. SCOTT. And going forward, Dr. Shah, where do you feel the priority should be now? Where is the greatest need now for the people of Haiti?

Dr. SHAH. Well, the immediate needs are in two areas. One is in the collective effort to remove rubble from, and other waste, from critical sites, whether they are elevated sites where people could live, or whether they are drainage systems that will be critical when it rains.

Linked to that is shelter and sanitation. So we are aggressively pursuing those three priorities, with the common goal of reaching every Haitian in need with shelter materials, first by March 8, and then with an expanded set of shelter materials by April 8. That is probably the top and immediate priority.

A second priority is public health. And we have vaccinated more than 150,000. We are trying to reach 150,000 people. I think we have reached more than 80,000 so far, in advance of the rainy season.

Mr. SCOTT. Very good. Now, there have been some reports coming to us from Haiti that, in our efforts to really move forward and help them, particularly in our food export area, and particularly in the area of rice, which is major farming product of the farmers in Haiti; and there has been some concern that maybe our efforts to do that have undermined the basic farmers in Haiti, because we have over-supplied the market, and thereby putting disincentives in for the Haitian people themselves, in farming, to produce their own food.

Can you give us an assessment of that situation, and what are we doing to make sure we correct that?

Dr. SHAH. Well, thank you, I appreciate your raising it. It is an incredibly important point.

What we did was initially, upon sending food, we also sent some experts who could track market prices of different food commodities, including rice, vegetable oils, beans, and track the flow of charcoal and other cooking supplies in markets, to make sure that we were pursuing an assistance strategy that did not impede local market systems and resilience.

We have been tracking that closely. We do think we have had an aggressive response. The data on rice is varying. The data on beans and vegetable oil is that we have not had as significant price effect of that.

And complementary to this effort, we have accelerated our major program to support the agriculture sector, including trying to get fertilizer support and seeds and other agricultural support out to farmers in advance of this planting season. And we will continue to track the price of rice closely to make sure we are not distorting incentives for local production. You are right to point that out as a critical issue.

Mr. SCOTT. So we do have effective monitoring and evaluation and measurement systems in place to measure what we are doing?

Dr. SHAH. As best we can, in an emergency environment. We were getting wildly different price estimates from different markets, which would not take place in a normal setting. So we are doing our best, given that issue.

Mr. SCOTT. Thank you. And again, I commend you for your excellent work.

Dr. SHAH. Thank you.

Chairman BERMAN. The time of the gentleman has expired. The gentleman from Arkansas, Mr. Boozman, is recognized for 5 minutes.

Mr. BOOZMAN. Thank you, Mr. Chairman. Secretary Clinton recently stated that we hope one day to put ourselves out of the aid business. Because, due to our success, countries will no longer need this kind of help.

Can you give us some examples of how aid initiatives have been successful in permanently breaking the cycle of dependence by impoverished countries on outside aid?

Also maybe in your answer, micro-finance is something that I have a lot of interest in.

Dr. SHAH. Certainly, thank you. I think that is the long-term goal for anyone in the assistance business, which is to put ourselves out of assistance because countries effectively graduate.

The most commonly cited examples are not always the most generalizable ones, like Western Europe after the World War and after the Marshall Plan, or South Korea and some other East Asian and Southeast Asian economies that were USAID beneficiaries, and now are becoming donor countries. And so that is important, they are important examples, and we are trying to learn lessons from there to apply elsewhere.

The guidance in the Spence Commission Report I think offers a lot of interesting parallels of how we could pursue work differently in other parts of the world to achieve those outcomes.

In terms of more specifically, areas like our Global Health Initiative or our Food Security Initiative are where we are trying to use that principle in a more sector-specific manner. So in global health, in a country that we prioritize, we will look at our full portfolio of activities. We will partner more deeply with countries. We will develop a financial sustainability plan, and we will do our best to identify an exit strategy for our partners and our own financing. It may be a long exit strategy, but an exit strategy, so that we are

not, so that we are all aiming against that common goal on a more sector-specific basis.

I appreciate your raising micro-finance. This is an important area, and the ranking member also made reference to the Development Credit Authority.

We recently completed a transaction that provided credit authority support to micro-financed institutions through the Grameen Bank and its global network. That will leverage more than $160 million, and provide institutional support to institutions around the world to put resources in the pockets of women and vulnerable populations around the world that have a surprisingly high repayment rate. And in a financial system that, even though it is banking to the poorest, it is an incredibly safe bet to make in terms of repayment rates and risks that the communities take.

We are also, in the micro-finance area, looking to expand and enhance our investments in the development of other financial services for the poor. Most notably, insurance products and savings products that have, recent data and research have shown, are critically important to reducing the vulnerability of those people to all kinds of shocks and risks that they experience in their day-to-day lives. So we appreciate your comments.

Mr. BOOZMAN. Very good. One of the other things that I have experienced is, in traveling to various countries, and this is certainly not true of all areas. But it does seem like there is a duplication of services. You get into turf battles, you know, where USAID is there doing a certain function, and then you see duplicative, you know, activities by perhaps another branch of the State Department.

Do you see that as a problem? Is that something that you have experienced? And if so, how do we solve that problem? How do we get people on the same track? Right now, with the, you know, all of us being so aware of the finances, the limited finances that we have got, again, I would appreciate your comment on how we would tackle that problem.

Dr. SHAH. I appreciate that. There clearly are, in certain parts of the world, a significant duplication of services. And what is a clear priority for us is trying to get to a place where we are prioritizing efficiency and outcome, and using resources as effectively as possible.

I think you do that by really three things. The first is you set very clear and specific development goals and development priorities. We are expanding our efforts to do that, both in our hiring of expertise at USAID and in developing better policy planning and evaluation systems.

The second is we aspire to serve as a whole of government platform to point resources against those goals in an efficient and non-duplicative manner. The learnings from Haiti I think accelerate the need to do that. The health sector in Haiti is a good example, where we had some unique capabilities at the Department of Health and Human Services that were brought into the field. And we have been able to transition those capabilities to local NGO partners to expand their ability to provide more services to Haitians. We need more examples of that kind of partnership for effectiveness and outcome.

And the third is really to focus on focus and scale as we implement our programs. And so we structured our policy planning to do that on a program-by-program basis.

Mr. BOOZMAN. Thank you, Mr. Chairman.

Chairman BERMAN. The time of the gentleman has expired. And the gentlelady from California, Ambassador Watson, is recognized for 5 minutes.

Ms. WATSON. Thank you, Mr. Chairman. And Dr. Shah, welcome. I have really admired your stewardship of USAID. I have been in several informational hearings with you, and you give us inspiration that this program is working well.

I want to relate now to the Lantos-Hyde Act. And if you remember, it mandated a 5-year strategy to treat 4.5 million cases of tuberculosis under DOTS, and 90,000 multi-drug-resistant TB cases.

The Global Health Initiative, on the other hand, proposes to treat only 2.6 million TB patients, and only 57,000 MDR TB cases. Moreover, TB will soon need new drugs to combat the rise in highly resistant TB.

So what specific initiatives are planned to strengthen country responses to re-emerging infectious diseases such as TB, and how will TB treatment be incorporated into a health system-strengthening approach?

Dr. SHAH. Thank you. I very much appreciate that. I got my first experience in tuberculosis, working on a DOTS program in rural South India a number of years ago, and recognize how critical and important this issue is, and the importance of the legislative targets.

I would say that the distinction between the targets, in terms of the 4.5, 2.6, 90, and 57,000 with respect to MDR, is primarily, I believe, the distinction between what we think we can achieve in our bilateral programs with current technology and implementation protocols, and what we would hope to achieve by getting more efficiencies out of the Global Health Initiative.

And we can get those efficiencies in two ways. One is as we repackage our complete programs to be more systems-oriented, I fully expect, especially given the relationship between TB and HIV, that we will actually have more resources that are currently not counting, going toward the joint treatment of TB and HIV, and getting those numbers up.

The second is I think we will partner better with the Global Fund, and do more shared system-strengthening investments that would expand their capacity and ours to reach TB patients.

So I believe those numbers, the 2.6 and the 57,000, are really floors upon which we can build as we get more efficient, and as we partner more effectively.

The second point I would make is we will increase our research and development investments in this space. I am particularly enthusiastic about new diagnostic technologies that I think will detect TB earlier, allowing more cases to be treated in the general platform, as opposed to MDR requirements. And that would lower dramatically the cost of each treatment episode.

I also believe, with new drugs and treatment protocols, over time the length of time needed to treat an MDR patient will come down significantly, potentially to as little as 9 months. And if that hap-

pens, that would significantly expand our capacities to offer treatment more broadly.

So we will track these things very closely, and try to learn from some of the more innovative efforts that are taking place around the world in TB.

Ms. WATSON. Yes. Are you seeing TB in Haiti?

Dr. SHAH. Well, we have had all kinds of reports. We have a 51 surveillance site system that the Centers for Disease Control has set up with our support, tracking diseases. We have not had a big outbreak or any specific reporting in that area, but they are out there looking for it. And I did see some earlier episodes they thought were TB, but then I didn't get the follow-up that indicated that it had been confirmed.

Ms. WATSON. Thank you for that. The administration has stressed country ownership of aid projects. And the true meaning of this concept is really unclear to us. Words such as country-based and country-led are also in the mix.

And also, in addition, aid is coming from a variety of sectors: GHI, PEPFAR, MCC, and the Global Fund, and so forth.

So can you tell us what country ownership and its many variations means to you and the administration? And how will this be reflected in your policies? And can you expand on how health initiatives will be coordinated within countries already receiving other forms of aid, and keeping in mind the country ownership concept?

Dr. SHAH. Well, thank you. The Global Health Initiative will include all of the investments the U.S. Government makes in helping a country to achieve that goal.

Quickly, the four components of country ownership, to us, are country plan, specific guidance from countries that informs our own strategic investment, and restructuring our contracts and our programs to abide by those guidances, and sharing data, information, and personnel against the common strategy and learning platform.

I am very enthusiastic about my ability to work with Tom Frieden at the CDC and Eric Frisby at the OGEC in order to do that more effectively going forward.

Ms. WATSON. We are out of time. Thank you so much.

Chairman BERMAN. The time of the gentlelady has expired, and I recognize the gentleman from California, Mr. Sherman, for 5 minutes.

Mr. SHERMAN. Thank you, Mr. Chairman. I believe in foreign aid development because it is the right thing to do. But we are told to go to our districts and sell it as a necessary component in the war on terrorism, something we do for our national security, not just out of generosity.

And frankly, if American people were convinced that it was only altruistic, I think we would have an even more difficult time selling foreign aid.

Now, the proponents of foreign aid put forward the idea that any alleviation of poverty in the world reduces terrorism. This fits a Western morality play view of the world. Because we all desperately want to live in a reasonable world, and so something like terrorism must be the just and reasonable response of desperate people who are desperately poor.

Unfortunately, we live in an unreasonable world. Poverty does not correlate with international terrorism. Both the Christmas Day bomber and bin Laden come from some of the richest and most powerful families in the world, and a majority of those who struck us on 9/11 come from a country that has received far more infusions of cash than USAID has ever dreamed of putting into one country or all countries; namely, Saudi Arabia. They were middle- and upper-middle-class kids from a country that gets an awful lot of American cash.

Somalia is kind of a separate case. But looking at the world as a whole, the poorest 10 percent of the world's people cause less than 10 percent of the international terrorism. So simple poverty alleviation itself cannot be justified as a good investment in our, in the global war on terrorism.

Another problem we have is the bureaucracy of USAID. It took strong political push to get them to put the flag on the bag. They didn't want to say this aid is from the American people; they just wanted to give out the aid. So many of your staff are people that wanted to work at OXFAM, but wanted a retirement plan.

What can you do to make sure that when we select the countries and the projects, when we design each part of that project, and when we publicize the efforts and decide how much resources to put into publicity rather than doing good, and put the money into telling people we are doing good, that we are, in fact, honest with the American people that this is an effort to win the global war on terrorism and to protect them?

Because as good a goal as alleviation of world poverty is, and as much as I would support it, I don't support telling the American people we are doing it to stop terrorism; and then failing to select, design, and publicize so that we really are. Given your reluctant bureaucracy, what are you doing?

Dr. SHAH. Thank you, sir, for that comment. I do believe that our budget presentation prioritizes the intersection of development investments in specific places and parts of specific civilian and military strategies that are designed to defeat al-Qaeda and support a stronger and more effective global security environment for our country. It is why we present our budget in the context of Afghanistan and Pakistan, where that is being carried out as a front-line state.

I would also note that we have looked carefully at the data following the Indonesian tsunami, that I know you were involved in, with the relief effort there. The branding effort around USAID's giving in that context more than doubled our favorability rating among the Indonesian people. And in that same 6-week period after the tsunami, it actually reduced by more than half the favorability of the Indonesian people in Osama bin-Laden.

Mr. SHERMAN. I have limited time. I like your answer, and hope you will extend it for the record. I just want to urge you to do everything you can to make sure every aspect of design and selection reflects what we are telling the American people.

I want to put forward one idea, and that is, in the impoverished world, people have to pay for their kids' textbooks. If we were to print all the elementary school, middle school textbooks, A, we could make sure that the content, while not entirely politically cor-

rect perhaps from an American perspective, was good; and second, we would be helping education; and third, we would be reducing corruption, because it is pretty hard to steal textbooks and turn them into cash, although I guess you could do it.

Dr. SHAH. Thank you.

Chairman BERMAN. The time of the gentleman has expired. The gentleman from California, Mr. Costa, is recognized.

Mr. COSTA. Thank you very much, Mr. Chairman, for this important hearing. And thank you, Dr. Shah, for the good work you are doing.

I am going to cover your efforts in a host of countries that we are focused in, and I would like some quick responses. Obviously it was noted earlier about our efforts with regard to Gaza and the West Bank. How would you assess the results of the infusion thus far of aid that has been provided, and the Palestinians' ability to absorb the large amount of American aid, quickly?

Dr. SHAH. Well, we track that very carefully before making——

Mr. COSTA. No, I know, you noted that earlier.

Dr. SHAH. Right.

Mr. COSTA. How would you assess it?

Dr. SHAH. So I think there has been more success in some areas than others. There have been successes in infrastructure and the development of road networks and building schools. There have been successes in health, in particular with building a stronger health system.

I think there are real challenges, especially in Gaza, where there, for a variety of reasons, have been issues with both transport mobility of goods and individuals, as well as some interference. And so, so there is much to do to improve the effectiveness of those efforts, and we are working, through our diplomatic channels, to help improve that.

Mr. COSTA. I would like you to provide at a later date written notice of both those challenged areas. In Afghanistan and Pakistan, obviously those are harsh environments. Many of us have visited those countries in the past.

It is my understanding that USAID personnel are only there for a year at length. However, as we know, after the year ends, most people are getting their feet on the ground, getting some level of understanding of local knowledge. Do you think that is too short of a time period, as they are just becoming to be experts in their field? Are you considering extending the time?

Dr. SHAH. We would like to encourage them to stay for extended periods of time. We are doing a number of things to facilitate a more effective personnel situation in Afghanistan in particular, related to improve——

Mr. COSTA. That could be an administrative change, couldn't it? I mean, if you provide the opportunity to extend beyond a year?

Dr. SHAH. Well, we have to balance that with our recruiting and hiring and on-boarding process, and making sure we have enough numbers.

Mr. COSTA. What if an individual decides, in Pakistan or Afghanistan, they would like to stay beyond a year? What is the normal course?

Dr. SHAH. They absolutely can, if they would like to.

Mr. COSTA. Okay. As it relates, I have had a little bit of experience with some folks from my area who have actually taken the time and contributed to build a hospital in Afghanistan outside of Kabul. I have seen where some of the other money that has been spent by us, where we have had a lot of problems with corruption.

It just seems to me that we don't have it right yet, in terms of how, whether we are building a road, whether we are building a school, whether we are building housing, or in this case a hospital. For $2 million they were able to build a state-of-the-art hospital in Afshar, Afshar Hospital; 120 beds with seemingly no corruption that was involved.

What are you guys doing to figure out how you can avoid or learn from your past mistakes?

Dr. SHAH. Well, first I will say I am aware of that hospital, and appreciate the advance that that represents in the work from members of your district.

I do think our work in Afghanistan is tracked quite closely. Health is a good sector example. We were very selective in working with the Ministry of Health. It took a number of years to build the financial management and procurement system and other tracking systems to give us the confidence that we could enter into the agreement we entered into with them last year.

We have now started to flow resources through that ministry, but we track every procurement action quite carefully. We monitor every strategic decision. And in addition to that, we have a series of audits that take place, both from our IG and the Special Inspector General, to make sure that those resources are being spent effectively.

As a result of our health sector investments, we believe we have more than tripled access to the health system for the population of Afghanistan, and we think that is a tremendous achievement. We are very optimistic in that space.

Mr. COSTA. Quickly, before my time expires, Mr. Chairman, I would like to see us maybe do more work as it relates to determining how well we are applying smart power, and to ensure that the money is going into the right places.

Which brings me to Iraq. What would you say, as we ramp down and USAID ramps up in Iraq, are the lessons learned from the experience of the Department of Defense?

Dr. SHAH. Well, sir, I think there are a broad range of lessons learned. Some relate to contracting, and the risks of very large and poorly supervised——

Mr. COSTA. And you are going to apply those lessons?

Dr. SHAH. Absolutely. We have a contracting reform effort underway.

Mr. COSTA. And finally, what do you think your biggest challenges are this year?

Dr. SHAH. Well, our efforts in Afghanistan, Pakistan, and Haiti, as well as our health and food efforts. When you put all that together, we will severely strain our work force. And so building a strong work force and our ability to do that will be pretty critical to success.

Mr. COSTA. Thank you very much.

Chairman BERMAN. Thank you, Mr. Costa. Your time, the gentleman's time has expired. And now the gentleman from Minnesota, Mr. Ellison, is recognized for 5 minutes.

Mr. ELLISON. Thank you, Mr. Chair. And thank you, Dr. Shah. And let me add my voice to everybody who has thanked you and the administration for the speedy response in Haiti.

I represent Minneapolis, Minnesota, and we have a large Somali community there. And they are all—not all, but mostly all concerned about, you know, what is going on in Somalia.

And I realize that the United States reduced its funding to Somalia last year after OFAC expressed fear that the extended supply line in insurgent-heavy areas where aid agencies were operating meant that aid could be diverted to al-Qaeda-linked groups.

But on the other side of the coin, the people at the U.N. have expressed concern about that, because it results in a net reduction to food to people who need it desperately.

What are the things that you think could be done to straighten this situation out? And do you care to offer some views on this?

Dr. SHAH. Certainly, thank you. Well, first I will start by saying that we will follow and respect the law and the guidance around protecting and stewarding effectively U.S. resources.

We have been in a very in-depth conversation with the World Food Program, and they have made it—they are our primary food distribution partner, as you point out. And they have been very clear with us that this is not, that our policies are not impeding in any way their capacity to distribute food at this time. They are not distributing food more aggressively in Southern Somalia for their own safety, security, and logistics capacities to do so in a difficult operating environment. So that is not the current constraint.

We will work with them, if that becomes the constraint, and they have the ability to distribute food that we have to offer to them. If they agree to do that, then we will work with them to make sure we have a policy in place that supports those efforts.

Mr. ELLISON. Well, I am going to just submit this article for the record, with unanimous consent.

Chairman BERMAN. Without objection, it will be included in the record.

[The information referred to follows:]

UN says US aid restrictions on Somalia are hurting millions of hungry Somalis

By KATHARINE HOURELD , Associated Press

Last update: February 17, 2010 - 5:53 AM

U.S. restrictions designed to stop terrorist in Somalia from diverting aid are hurting humanitarian operations in the lawless Horn of Africa country, U.N. officials said Wednesday.

U.N. agencies have not seen any evidence from the American government that food aid is being diverted to Islamists fighting the U.N.-backed Somali government, said the top U.N. humanitarian official for Somalia, Mark Bowden.

"What we are seeing is a politicization of humanitarian issues," Bowden told journalists in the Kenyan capital of Nairobi. "The options for a lot of Somalis look pretty bleak."

The U.S. reduced its funding to Somalia last year after its Office of Foreign Assets Control expressed fear that the extended supply line and insurgent-heavy areas where aid agencies were operating meant aid could be diverted to a group with links to al-Qaida.

The reduction contributed to a shortfall in funding that meant only two-thirds of the $900 million needed in 2009 was raised, said Kiki Ghebo, the head of the office responsible for coordinating humanitarian affairs in Somalia. The U.S. is the biggest contributor of humanitarian aid in Somalia.

Bowden says agencies were being asked to comply with impractical requirements by the U.S., but he declined to give details. He said stateside employees of the U.S. government's aid agency, USAID, were eager to resolve the impasse but said that they faced resistance from higher up in the administration.

"The whole issue seems to be dragging on for far too long," he said.

A spokesman for the U.S. Embassy in Nairobi said he was not able to comment.

American reluctance to release funds is not the only problem agencies are facing. The World Food Program pulled out of much of southern and central Somalia after local Islamist commanders demanded $20,000 payments every six months to allow them to operate.

The Islamists also demanded that WFP fire all women working for them unless they were in clinics or health centers.

Mr. ELLISON. And I will send it to you. And perhaps we could flesh out a stronger answer, because I would like to get to the bottom of this. Because it seemed that there was some sort of technical requirements that we are being restricted, and I am sure you are aware of the complaint. It sounds like you are saying that it may be not a valid complaint. But we will——

Dr. SHAH. Yes. Okay, I am sorry. What I was suggesting is we have worked through that, and they are now in a different circumstance.

Mr. ELLISON. Okay.

Dr. SHAH. And the circumstance they are in right now, and we are in very direct communication, is that that is not an operating issue any more.

Mr. ELLISON. That is great, great. Next is, you know, thank you for the work that you do to support the people in Gaza. Do you think that USAID could be more effective at its work if USAID personnel were able to enter Gaza? Have you reviewed a process by which USAID personnel might actually be able to enter, and not just work through surrogates?

Dr. SHAH. Well, as a general principle, we do believe that our presence allows for improved effectiveness. We are reviewing a broad range of things we can do to improve the operations in Gaza, that include working with partner agencies, U.N. agencies more aggressively; working the diplomatic channels to reduce some of the issues in that department.

Mr. ELLISON. I am sorry, Doctor. USAID is working through surrogates now. That is already happening. I want to know, do you think it would be an advantage to having USAID personnel in Gaza, you know, since we are already in other tough areas, like Afghanistan, Iraq, and others?

Dr. SHAH. Well, I think the core constraint for us right now is actually mobility, getting items in, and a series of specific issues with respect to interference from Hamas and others in that environment.

In that context, it is not clear that sending our people in is the immediate resolution to that. I think the immediate resolution to that is solving those problems as a precondition to that. And so we are working with others to do that.

I am happy to review this more specifically, though, and come back to you with a more specific answer.

Mr. ELLISON. Yes. And you know, there are, I mean USAID does operate in Gaza. And do you feel that the UNRWA is doing all it can to keep materials and supplies away from Hamas?

Dr. SHAH. Well, you know, we believe UNRWA is an incredibly important partner, and needs to be successful at their efforts. And so we work in coordination with them.

You know, I think we all can do a better job at any number of things in Gaza, which is a very difficult operating environment for the reasons I was identifying.

Mr. ELLISON. Thank you, Doctor.

Chairman BERMAN. The time of the gentleman has expired. And the gentleman from New York, Mr. McMahon, is recognized for 5 minutes.

Mr. MCMAHON. Thank you, Mr. Chairman, and Director, it is good to see you again. And I am sure I want to join in that chorus of all those who have thanked you and your agency for the great work you are doing in Haiti in responding to that emergency there, as well. And I know the people of Chile need your assistance, as well, and that America is doing that. And you kind of put a little polish on the reputation of our country being able to respond in an effective manner, and that is something that the American people are grateful for.

I also want to thank you for your assistance in allowing the New York City Search and Rescue Team to get down there to Haiti. And as you know, we put in a resolution recently, under the chairman's leadership, commending USAID and the civilian emergency response team, as well as the military response team. And we are grateful for that.

Dr. Shah, I want to follow up a little bit on the Gaza questions that my colleague from Minnesota was asking. 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 Palestinian Authority, economic development into the West Bank, and increase the capacity of the Palestinian Authority to meet the needs of its people."

Dr. Shah, I would like to reiterate the importance of vetting this funding, and of course, supporting Israel. Just yesterday the U.N.'s Under Secretary for Humanitarian Affairs, John Holmes, dismissed Hamas's cross-border raid in 2006, the kidnapping of Staff Sgt. Gilad Shalit, and Hamas's unacceptable calls for Israel's destruction by condemning Israel. Of course, he completely neglected to mention the fact that despite Hamas's aggression, Israel allows daily shipments of food, medicine, and other supplies.

Given these statements, and to follow up again to my colleague from Minnesota, how will USAID make sure that this funding does not end up in the hands of terrorists, specifically when we are partnering with organizations like UNRWA? What sort of safeguards are in place? And if you can be as specific as possible.

And also, if you could provide an assessment of the effectiveness of USAID to Palestinians over the past several years. Which economic projects have been effective, and which have not? Has U.S. assistance helped increase popular support from moderate Palestinians in the West Bank, a goal which we all support? And what role is United States aid playing in helping to strengthen governing institutions in the West Bank? Basically, are we making a positive impact?

Dr. SHAH. Thank you for those comments with respect to Haiti, and the questions with respect to Gaza and the West Bank and Israel.

You know, we do have, as I had noted, we have a very rigorous system for vetting partners, and for tracking any cash disbursements all the way through to their end use. On partner vetting, we have a very sophisticated system; it has been in place for more than 2 years. It tracks the names of all our partners, that clearly

vets all key personnel in any partner organization against a larger database, and that allows us to follow up on any positive hits that occur in that tracking system.

After we get any positive hits, we have an aggressive process of investigation and review before going forward. So that is a very robust system.

The cash tracking system is similarly robust. We track any authorized disbursements. We transfer resources through an Israeli-based banking account into a special Treasury account in a Palestinian bank, and then we monitor all flows out of that account by every single disbursement being tracked specifically to its end use.

Most of these disbursements, or nearly all of these disbursements are used to pay off creditors, so those resources go back out to other places.

The question with respect to how are we coordinating with other partners, and what can we do to improve effectiveness, I will just say I spoke to John Holmes before he went to make the point that you are making, that our goal is about effectiveness in that environment, and that we need to look at the whole picture. It is the PRM program that primarily partners with UNRWA, and not USAID, although we believe that that is an important partnership going forward. So we will continue to have those safeguards in place.

On effectiveness, you know, there are some areas we think have been more effective than others. Health and education have been perhaps more effective than the full portfolio of infrastructure investments, which are more complex to implement, although there have been some success stories there, as well, in the West Bank in particular.

In Gaza, with the mostly humanitarian mission, it is a different operating environment.

Chairman BERMAN. The time of the gentleman has expired. And with an impressive show of efficiency of time, Mr. Connolly, within 45 seconds after entering the room, is recognized for 5 minutes of questioning.

Mr. CONNOLLY. Thank you, Mr. Chairman. I am sorry I am late, but we had a weekly breakfast meeting with the Speaker and the freshman class, and it went a little bit over. So please forgive me, Dr. Shah, for coming in so late. And I thank the courtesy of the chairman for allowing me to continue nonetheless.

Dr. Shah, one of the concerns I certainly have, and I know other members of the committee do as well, is that in some ways, USAID has been hollowed out in the last decade. And I would hope that part of your mission is to turn that around.

We had Secretary Clinton here in her first appearance before the committee—she has been here since—who is certainly committed to doing that. But we have seen, for example, a proliferation of aid-related missions that are not, however, part of USAID. The Millennium Project, and the AIDS Project, and on and on. I would even argue that an awful lot of the sort of funds that are used by the military in Afghanistan and Iraq really ought to be projectized aid, and they are being managed by our military, and hopefully well. But those sums are now so substantial, one is concerned about

what could go wrong, and would maybe preferably have them in the hands of professionals.

I wonder if you could address that subject, that whole question of how do we consolidate, how do we make sure you are the go-to person for bilateral and multi-lateral U.S. assistance? And that we remake USAID into a cutting-edge development agency that actually does something, and isn't just a place that facilitates contracts with others?

Dr. SHAH. Thank you very much for that comment and that statement. I believe that right now is an incredibly unique time to seize the opportunity to rebuild USAID as the world's premiere development agency. I think we have a President and a Secretary and an administrator completely committed to that goal, and we have such strong leadership and support in the congressional committees and in Congress to achieve that outcome.

I also believe development is a discipline. And I think it is a professional discipline that needs to benefit constantly from the learnings of the past and the learnings of the present. And we need to represent excellence in the practice of that discipline on behalf of all development activities.

Our game plan for reestablishing our effectiveness and our transparency, our accountability and our operational excellence, is really to focus on a handful of strategic priorities. We will focus our work in Afghanistan and Pakistan and try to show clear results against clear strategic metrics, in Haiti and in our series of key issues, like health, food, security, and climate change.

In each of these areas, USAID can show, through restructuring how we do our work, that we can have more impact for less; that we can serve as a whole of government platform that invites in other partners in a manner that is directed against specific goals and specific outcomes, and that makes tough choices about how we use resources so we get the most bang per buck of our spending, as we tried to do in the relief effort around Haiti.

We are also pursuing a set of operational improvements, and I want to thank the Congress for its leadership in allowing us to have the Development Leadership Initiative and rebuild the actual Foreign Service Corps of this agency, which you are right to point out has been decimated over the past 15 years.

We think we have a strong position. We have more than 4,000 Foreign Service nationals that represent people with PhDs and medical degrees, and are entirely capable leaders that any other private company would think of as a tremendous core asset, for a more globally interconnected world.

We need to rebuild our Foreign Service. We are doing that at the mid-career technical level, and we are doing that through the DLI.

Mr. CONNOLLY. If I may interrupt you, because my time is going to run out, but count me as an ally in that effort.

Dr. SHAH. Thank you.

Mr. CONNOLLY. The lead development agency, as far as I am concerned, in the United States Government has to be USAID. Not the State Department. You are the hands-on guys, you are the people with the experience, and you just enumerated that. And that is what we have got to work with.

In my 49 seconds left, one thing I just want to sort of put in your cap. USAID does provide funding both to NDI and IRI through various spigots. One of the concerns I have had about their work is that democratization works from the bottom up, not the top down. I would like to see a much enhanced effort at working with local governments in those programs.

Quite frankly, I think we haven't done such a good job over the years in doing that. We have tried, but it is a hard mechanism. But they are going to take their lead from where the money flows. And I would hope that you would take a look at that. Because I think we have the, if we really mean it about democratization, the place you build that is at the local level.

Thank you, Mr. Chairman, my time is up.

Dr. SHAH. Thank you.

Chairman BERMAN. The gentleman's time has expired. I thank him for echoing some of my sentiments on these issues, an unusual occurrence. And given the time if it is all right with you, I am going to recognize myself. No, I am sorry, Mr. Rohrabacher is here. You are next, Mr. Rohrabacher. The gentleman is recognized for 5 minutes.

Mr. ROHRABACHER. Thank you, Mr. Chairman. How much aid have we provided to Afghanistan since 2001?

Dr. SHAH. I am not sure of the precise number since 2001.

Mr. ROHRABACHER. Well, how much have we provided this year?

Dr. SHAH. Well, this year we are proposing, in the Fiscal Year 2011 budget, that we would be spending $3.9 billion. That is down from $4.4 billion in 2010, when you include the supplemental amount with the enacted amount.

Mr. ROHRABACHER. Okay. And how much will we be providing Iraq?

Dr. SHAH. I believe that is going down, as well, from $700 million to around $400 million, but I will double-check those numbers for you.

Mr. ROHRABACHER. So with Iraq it is going to be 400. And what are some of the programs we are spending $400 million for in Iraq?

Dr. SHAH. Which programs are priorities in Iraq?

Mr. ROHRABACHER. Right.

Dr. SHAH. We have, well, our immediate priority is support for the elections, and successfully completing the elections. We are also supporting the potential government transitions and ministries through a support contract that will work in the aftermath, that are currently up and running, but will also continue through that critical 4- to 6-month period after the election. And in addition to that, we have a number of programs in health and education, economics and agriculture in particular.

Mr. ROHRABACHER. Do you have the figures with you in terms of how much we have spent, how much aid has been spent in Iraq since the liberation?

Dr. SHAH. No, not at the top of my fingertips, but I will follow up on that.

Mr. ROHRABACHER. Maybe you can tell us of the almost $4 billion, $3.9 billion that will be spent in Afghanistan, what are some of the programs that Afghanistan will be receiving?

Dr. SHAH. Sure. Well, we have restructured our Afghanistan portfolio to be aligned with and very much a part of the President's Afghanistan strategy. We have had two major strategic reviews in March of last year, and in December, when the President's strategy was announced by the President.

The priorities going forward are agriculture, which is the largest employer of individuals outside of the government in Afghanistan. Our investments there have peaked this year at around $820 million; will come down to $425 million in the 2011 spending. But that continued pipeline of investment will be the single-greatest investment in productivity centers and in agriculture. And we are encouraged by some of the early outcomes with respect to performance in that sector.

We also have major investments, and will continue with major investments, in health and education. The health sector is a sector where we are partnering closely with the Ministry of Health. It has been a number of years in the making to develop a really robust partnership with strong auditing trails and financial accountability for our spending, and our priorities are on building an effective tertiary-care health system and effective primary-care health system, and getting health access out into rural areas to serve the needs of women and children in particular, to most effectively reduce some of the disproportionate health harms in that context.

We have a broader range of activities in partnership with other departments and the State Department that include security, rule of law, counter narcotics. But the USAID-administered programs will focus in the areas I described.

Other economic growth priorities include roads and power, as well.

Mr. ROHRABACHER. So how much did you say was being spent on agriculture?

Dr. SHAH. Well, the Fiscal Year 2010, when you include the supplemental, is around 820. And the Fiscal Year 2011 request is around 425. That is agriculture and food security, including alternative livelihoods in rural communities, not including counter narcotic activities.

Mr. ROHRABACHER. Not including——

Dr. SHAH. Not including counter narcotic.

Mr. ROHRABACHER. And could you give us an example of some of the agricultural spending that we have got?

Dr. SHAH. Sure. We have programs, well, first we work in close partnership with the U.S. Department of Agriculture, where they are providing significant technical support to ministries and the public sector system. And we are very focused on supporting the private sector.

We have farmer support programs that are getting seed and fertilizer out to farmers through a voucher-based private-sector system. We have programs to help farmers produce high-value products, like apples, and then export them in the region, so they have sources of cash and income in addition to the production of basic foodstuffs. And we are working to develop improved access to agricultural credit, so that farmers can really support their own pathway out of poverty through agricultural development.

Mr. ROHRABACHER. Thank you very much, Mr. Chairman. Thank you.

Chairman BERMAN. The time of the gentleman has expired. I am going to recognize myself for 3 minutes, and Mr. Smith for 3 minutes.

And I just want to follow up a little more specifically on some of the points raised by my colleague from Virginia. In the context of what the Secretary has referred to as a key foreign policy priority—that is, development and rebuilding USAID as an institution—specifically, could you talk about the restoration of a budget development capacity and a policy planning capacity within USAID? And also, in the rebuilding of the staff with the goal of doubling the number of Foreign Service officers, to the development leader initiative, your priorities for hiring and recruitment of new people at USAID.

Dr. SHAH. Thank you, Mr. Chairman. We have a strong effort underway, through the QDDR, to partner some of our new staff with the members of the F Bureau, to identify really a revised and improved budget process that would allow USAID to be financially accountable for the resources it spends.

It goes without saying that in order to be the world's premiere development agency, we have to be able to account for our spending, and be held to account for resources that are spent in a transparent and clear manner. And so we are actively working on that, through the QDDR and through other processes.

On the policy——

Chairman BERMAN. What about on the impact of developing—the accountability is very important. But the question is, are you handed a budget, or do you get to develop a budget?

Dr. SHAH. We will get to a place where we have the opportunity to develop a budget, working in partnership with others. But we clearly need to be able to make strategic resource tradeoffs in order to be held accountable for the performance of the agency.

On policy planning, similarly, sir, we are building an active policy-planning capacity. I am pleased to announce we have had real leaders in the field, like Ruth Levine from the Center for Global Development, that just joined our team. We hope to have a world-class innovative evaluation capacity that helps us learn from direct program beneficiaries, through text messaging all the way through doing a range of other efforts, to do randomized control program trials to understand the impact of our work most effectively, and rebuild our policy planning and evaluation capacities.

On staff, we have now hired in 420 individuals through the DLI. We respect the great leadership Congress has provided. My priorities are to sort of relook at how we do deployments, and more rapidly deploy the DLI individuals to our core strategic and operational priorities, and shorten the length of time that they are in the current training program.

Chairman BERMAN. My time has expired. The gentleman from New Jersey is recognized for 3 minutes.

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

Dr. Shah, as you know, WHO estimates that up to 70 percent of health care in Africa is provided by faith-based organizations. The Catholic health care alone in Africa constitutes about 40 percent.

We know that a number of other groups, Samaritan's Purse, World Vision and others are all doing yeoman's work there. They provide expertise, infrastructure, trust to the people, and an enormous number of volunteers that otherwise might not be utilized. And their ability to expand is incredible.

What is your view of increasing the partnership with faith-based organizations and NGOs, especially as it relates to implementing the Global Health Initiative?

Dr. SHAH. Thank you for that observation. I believe that the partnerships and bringing those partnerships into a whole health system construct will be critical to the effectiveness of the Global Health Initiative. So I would see whether it is in Kenya or other countries, where there are significant faith-based organizations running hospitals and doing that work, and where we are involved in providing support. Our goal is to bring that support within the context of the health system, and to make those more formally part of an integrated national health plan.

So it absolutely involves expanding and deepening our partnership.

Mr. SMITH. I hope you would be mindful that in some countries where church opposition to human rights abuses has been very strong, when integrated partnerships are formed and the government health ministries and others might be less than quick to want to embrace the faith-based community, I would hope that we would play a very positive role in suggesting, you know, when it comes to health care, we want the maximum impact.

And certainly it seems to me—and I know in places, and I have been throughout Africa—usually when there is corruption or human rights abuse by a dictatorship or an authoritarian regime, it is reflected in other parts of that government when it comes to partnering. So they shun those partnerships in some instances. So I would hope that we would help to overcome that.

Dr. SHAH. Thank you.

Mr. SMITH. And finally, in 40 seconds, in reading the enterprise results reporting, I understand that there is some real problems with meeting the 50 percent goal of providing micro-financing to the poorest of the poor.

Could you take a second look at how we might be able to reach out to those NGOs that are actually meeting, you know, we had a big fight, we did the reauthorization in 2004. I know, because that was my bill. And there is a lot of tugs and give-and-take.

But when it comes to the NGOs that are there on the ground, providing maximum benefits to the poorest of the poor, the goal is a real one. I think it is achievable. So please take a second look at that.

Dr. SHAH. We will.

Chairman BERMAN. The time of the gentleman has expired.

Because of the service for our late colleague, Congressman Murtha, we are going to adjourn the hearing. We thank you very much for being here. We look forward very enthusiastically to working with you in the future.

[Whereupon, at 10:48 a.m., the committee was adjourned.]

APPENDIX

Material Submitted for the Hearing Record

FULL COMMITTEE HEARING NOTICE

Committee on Foreign Affairs

U.S. House of Representatives
Washington, D.C. 20515-0128

Howard L. Berman (D-CA), Chairman

February 23, 2010

TO: MEMBERS OF THE COMMITTEE ON FOREIGN AFFAIRS

You are respectfully requested to attend an OPEN hearing of the Committee on Foreign Affairs, to be held in **Room 2172 of the Rayburn House Office Building:**

DATE:	Wednesday, March 3, 2010
TIME:	9:00 a.m.
SUBJECT:	U.S. Policies and Programs for Global Development: USAID and the FY 2011 Budget Request
WITNESS:	The Honorable Rajiv Shah Administrator United States Agency for International Development

By Direction of the Chairman

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

COMMITTEE ON FOREIGN AFFAIRS

MINUTES OF FULL COMMITTEE HEARING

Day *Wednesday* Date *3/3/10* Room *2172 RHOB*

Starting Time *9:00 a.m.* Ending Time *10:47 a.m.*

Recesses [ ] (_____ to _____)

Presiding Member(s) *Howard L. Berman (CA), Chairman*

CHECK ALL OF THE FOLLOWING THAT APPLY:

Open Session [✓]
Executive (closed) Session [ ]
Televised [✓]

Electronically Recorded (taped) [✓]
Stenographic Record [✓]

TITLE OF HEARING or BILLS FOR MARKUP: *(Include bill number(s) and title(s) of legislation.)*
U.S. Policies and Programs for Global Development: USAID and the FY 2011 Budget Request

COMMITTEE MEMBERS PRESENT:
See attached

NON-COMMITTEE MEMBERS PRESENT:
n/a

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

STATEMENTS FOR THE RECORD: *(List any statements submitted for the record.)*
Article dated February 17, 2010 re: US aid restrictions on Somalia, submitted by Rep. Keith Ellison

ACTIONS TAKEN DURING THE MARKUP: *(Attach copies of legislation and amendments.)*

RECORDED VOTES TAKEN (FOR MARKUP): *(Attach final vote tally sheet listing each member.)*

Subject	Yeas	Nays	Present	Not Voting

TIME SCHEDULED TO RECONVENE _____
or
TIME ADJOURNED *10:47am*

Doug Campbell

Doug Campbell, Deputy Staff Director

Attendance - HCFA Full Committee Hearing
U.S. Policies and Programs for Global Development: USAID and the FY 2011 Budget Request
Wednesday, March 3, 2010 @ 9:00 a.m., 2172 RHOB

Howard L. Berman (CA)
Donald Payne (NJ)
Brad Sherman (CA)
Gregory W. Meeks (NY)
Diane E. Watson (CA)
Albio Sires (NJ)
Gerald E. Connolly (VA)
Michael E. McMahon (NY)
Barbara Lee (CA)
David Scott (GA)
Jim Costa (CA)
Keith Ellison (MN)

Ileana Ros-Lehtinen, (FL)
Christopher H. Smith (NJ)
Dana Rohrabacher (CA)
Jeff Flake (AZ)
John Boozman (AR)
Ted Poe (TX)

Verbatim, as delivered

Chairman Berman's opening remarks at hearing, "U.S. Policies and Programs for Global Development: USAID and the FY 2011 Budget Request"

Dr. Shah, I'm very pleased to welcome you for your first formal appearance before this Committee and your first time testifying before Congress as USAID Administrator.

Less than two weeks after being sworn in, you were made the Obama Administration's point person in responding to the almost unimaginable tragedy in Haiti. Dealing with a crisis of that magnitude would be a tall order no matter how long you had served as Administrator, and by all accounts you stepped up to the task with great aptitude and aplomb.

Prior to your confirmation, USAID had been without a permanent Administrator for an extended period. So we particularly appreciate the leadership you have demonstrated and the experience and dynamism you bring to the job.

Our focus today is on the President's Fiscal Year 2011 budget request, and specifically the policies and programs for development that USAID is responsible for designing and implementing.

Secretary Clinton has rightfully identified diplomacy and development as two key pillars of our national security, along with defense. We make it a priority to reduce poverty and alleviate human suffering around the world because it is the morally right thing to do and because it reflects the compassion and generosity of the American people. But foreign assistance programs also serve our economic and national security interests.

Poor and unstable countries make unreliable trading partners and offer weak markets for U.S. goods and services. Conflict, lawlessness, and extremism that threaten U.S. interests find fertile ground in the places where basic human needs are not being met and fundamental human rights are not respected Done right, development assistance is a sound investment in a better, safer world.

One of my legislative priorities is to reform our foreign assistance laws and programs to ensure that aid reaches those who need it most, and that it is delivered with maximum effectiveness and efficiency. Our development assistance should aim not only to improve the lives of poor people, but to build the human capacity and the economic and political institutions that will sustain these gains.

I look forward to working with you as we write legislation to replace the outdated and cumbersome legal structure that currently exists with one designed to meet the needs of the 21st Century.

The Administration is now in the midst of two reviews that will have some bearing on this process. The Quadrennial Diplomacy and Development Review, or QDDR, seeks to define the capabilities that are needed and to match resources with priorities. The Presidential Study Directive known as PSD-7 will, we hope, produce a national strategy for global development that establishes clear and specific objectives for United States policies and programs, consistent with the Millennium Development Goals.

We should strive to achieve those goals not only in countries where the risk of violent extremism is most pronounced, but everywhere that children go hungry, women die in childbirth for lack of skilled assistance, and communities are ravaged by a preventable disease.

I'm particularly gratified that the President's budget places an emphasis on global health, food security and climate change. These are areas where the international community faces significant challenges, and where we know how to make a real difference. They build on one of the great foreign policy legacies of the previous Administration, the President's Emergency Plan for AIDS Relief, or PEPFAR.

To ensure that our assistance is as effective as possible, we must elevate and strengthen USAID. I applaud Secretary Clinton's call to "rebuild USAID into the world's premier development agency." We must also make good on President Bush's pledge to double the size of the USAID foreign service, a goal that President Obama has also endorsed.

To put the budget numbers in perspective, the entire International Affairs budget accounts for just over 1 percent of federal spending. And only about a third of that one percent is allocated to development and humanitarian programs.

One overarching goal of our foreign assistance is to reduce the need for putting American soldiers in harm's way. About 18 percent of the entire International Affairs budget – and about 60 percent of the growth since last year – is for the front line states of Iraq, Afghanistan and Pakistan. By building schools, training police and increasing agricultural production, we help lay the foundations for a more stable future in those volatile nations. It is an investment well worth making, considering the savings in long-term costs in American blood and treasure.

With this in mind the increases for fiscal year 2011 are quite modest and, I think, extremely well-justified.

Dr. Shah, we appreciate having you here this morning and look forward to your testimony.

Statement
Congresswoman Diane E. Watson
Full Committee: Foreign Affairs
Wednesday, March 3, 2010
9:00 a.m.

"U.S. Policies and Programs for Global Development: USAID and the FY 2011 Budget Request"

Thank you Mr. Chairman for holding this timely hearing on USAID policies and programs and the fiscal year 2011 budget.

I want to thank the new USAID Administrator, Dr. Ravij Shah, for his efforts in Haiti. Though USAID has a number of problems that we must address, I believe its function is vital to our role in the world arena. With a new President and finally a new Administrator, I hope that we will witness an increase in effectiveness, transparency, and coordination.

Development is a vital part of our foreign policy and thus an important investment. However, during a time when unemployment has reached 12% in the United States, and it is far worse in heavily urban districts like mine, we must ensure that we are not losing taxpayer's money to ineffectual policies or corrupt governments. I hope the USAID Administrator can enlighten us on how we can expect USAID to do more, do better, and do well.

Thank you Mr. Chairman and I yield back the remainder of my time.

Questions for the Record Submitted to
Administrator Rajiv Shah by
Congressman Eliot Engel (#1)
House Committee on Foreign Affairs
March 3, 2010

Haiti

Question:

Through the generosity of countries around the world, especially the United States and the Obama Administration, international financial institutions, and average citizens, billions have been raised for Haiti relief. While this represents a very strong response to the catastrophic earthquake, I am concerned that a satisfactory coordination mechanism has not been developed to manage the funds so they are used most efficiently, set aside for reconstruction of Haiti and so that duplication and waste is avoided.

Please describe how funds from international donors will be managed and coordinated.

Answer:

There are ongoing discussions between the World Bank, the United Nations (UN) and the Government of Haiti (GOH) on the preferred model for a Multi Donor Trust Fund (MDTF). The GOH has expressed a tentative preference for a single window fund managed out of the World Bank. The U.S. is working closely with the other donors on how best to implement such a fund.

In addition, the UN has established a "Cluster System" in Haiti to serve as the donor coordination mechanism on major sectors as part of the immediate relief and recovery efforts. The GOH is a part of the system that coordinates the assistance provided by other donors on the ground.

For the long-term development effort, the GOH is planning to establish a Haitian Development Authority (HDA), which will include input from the donor community. The U.S. is supporting the creation of the HDA in close coordination with the GOH.

Questions for the Record Submitted to
Administrator Rajiv Shah by
Congressman Eliot Engel (#2)
House Committee on Foreign Affairs
March 3, 2010

Haiti

Question:

There are certain types of assistance which could serve multiple purposes in the Haitian relief efforts. Agriculture, for instance, creates jobs, produces food, and helps replant a deforested Haiti. Likewise, biofuels production, in areas not suited to food production, could create jobs, produce energy, reforest barren lands, and stabilize Haitian soil.

Considering the vast need, are you emphasizing relief projects which could help Haiti in multiple areas, at once? Please specify.

Answer:

USAID wholeheartedly supports this approach, which is reflected in our Mission strategy and the supplemental request. For example, the Watershed Initiative for National Natural Environmental Resources (WINNER) project is currently working in agriculture, watershed management, and sustainable livelihoods. It also provides alternative and safe cooking fuel to help initiate a behavior change that will improve health, safety, and environmental protection. USAID's WINNER, Economic Development for a Sustainable Environment, and jobs projects and its planned single- and multi-year assistance programs are also working to rehabilitate productive infrastructure to increase agriculture productivity.

Cash-for-work (CFW) programs on canal cleaning and prevention of soil erosion reduce environmental risks to people living downstream and contribute to economic recovery by injecting money directly into the communities. These short-term jobs have

an immediate impact on displaced persons and their hosts by channeling money into their communities and a long-term impact by rehabilitating productive infrastructure for enhanced future economic opportunities, such as irrigated agriculture, environmental stabilization and disaster risk mitigation. USAID is also supporting programs to rehabilitate agricultural infrastructure through CFW programs that create jobs while improving food production. In addition, CFW supports water, sanitation, and hygiene activities, such as latrine construction and water delivery. CFW also supports health objectives by temporarily hiring and training community health workers.

Shelter and livelihoods interventions also have multiplier effects and are integrally related. Particularly in Haiti, where the most labor-intensive sector is small- and micro-enterprises, which are often run out of people's homes, providing shelter also provides a base for economic opportunities. Furthermore, moving families into adequate shelter also reduces their vulnerability to communicable diseases in temporary camps.

USAID completed an emergency market mapping and assessment in Haiti to determine ways to design programs to achieve multiple objectives. By procuring corrugated iron sheeting from local markets, for example, USAID is supporting the revitalization of small businesses. By supporting the reopening of small businesses (through layered, phased cash grants and/or targeting for small loans from micro-finance institutions), USAID achieves a variety of objectives, including allowing sheeting to be sourced locally (shelter), food to be bought from local traders, and chlorine to be procured from local outlets. As you correctly point out, agriculture creates jobs, produces food, helps control erosion, and also presents an opportunity to improve local nutrition. In another area, debris removal will also address income and employment needs and

further present an opportunity to productively engage youth. The construction of settlements will provide hurricane-resistant housing while also developing income-generating construction and other skills that will be at a premium as Haiti rebuilds. As we work to resettle communities, municipal governments will expand their coverage to respond to new demands placed on them by their citizens, and civil society organizations will be strengthened to serve as a watchdog over their elected officials, perhaps serving as a model for decentralization and long-term governance reform.

While the above provides illustrative examples of how our relief and reconstruction activities can address multiple needs, we will also be attentive to additional emerging opportunities that will enable us to multiply our impact.

Questions for the Record Submitted to
Administrator Rajiv Shah by
Congressman Eliot Engel (#3)
House Committee on Foreign Affairs
March 3, 2010

Haiti

Question:

Haiti's planting season is here, and there are widespread reports that people have eaten the seeds due to insufficient food supply. Can the relief effort integrate seed distribution in Haiti's rural areas? Are there plans to expand the cash for work programs beyond the affected areas where internally displaced people are putting pressure on the rural communities and in order to encourage decentralization of aid?

Answer:

Despite reports about Haitians eating their seed stocks, this does not appear to have been a widespread phenomenon. USAID, through existing assistance programs, provided approximately 400 metric tons of seed in time for the March planting season. FAO provided 800 metric tons, and the Haitian Ministry of Agriculture provided an additional 200 metric tons. These numbers are in addition to the locally available seeds. USAID is currently performing a robust seed systems security assessment in Haiti that will guide future seed interventions.

At this point, roughly 25,000 people are employed each day through USAID-funded short-term livelihood programs and roughly one-third of the jobs are in areas outside the immediate earthquake-impacted zone, in places like Gonaives, Saint Marc, Les Cayes, Cap-Haitien, Croix de Bouquets and Cabaret. These programs target displaced people, the families helping them, and surrounding communities. USAID has similarly already expanded its CFW programs beyond the immediately affected area to

the outlying areas to reduce the pressure put on host families and host communities. The central objective of these efforts is not to decentralize aid delivery, but to reduce pressure on host communities. One example of this type of approach is through USAID funding to the Center for International Studies and Cooperation. Also, USAID is funding Save the Children, Catholic Relief Services, and ACDI/VOCA under similar programs working towards similar objectives.

Questions for the Record Submitted to
Administrator Rajiv Shah by
Congressman Eliot Engel (#4)
House Committee on Foreign Affairs
March 3, 2010

Paraguay

Question:

Paraguay is the second poorest country in South America. It's not a country you hear much about in Washington, but it is a key U.S. partner. I led an 8 member delegation to the country in 2008 and also introduced the U.S. – Paraguay Partnership Act (H.R. 1837) last year which would add the country to the Andean Trade Promotion and Drug Eradication Act (ATPDEA).

In FY 2010, Paraguay is estimated to receive $8.3 million in development assistance. The FY 2011 development assistance request for Paraguay is $5.6 million.

Can you help me to understand why we are reducing our already small development assistance package to Paraguay? Are there other funds which we could make available to Paraguay?

I know we have a Millennium Challenge Corporation (MCC) threshold program with Paraguay, but as you know, when MCC was created, the idea was not to use MCC to replace USAID funding, but instead to use it as a supplement.

Answer:

Between Fiscal Years (FY) 2006 and FY 2010, Development Assistance (DA) funding for Paraguay has averaged $5.5 million per year, so the estimated FY 2011 DA level of $5.6 million is in line with historical levels of funding. Since 2006, additional funds from other sources for the Paraguay program, such as Child Survival and Health (CSH) which is now called Global Health and Child Survival (GHCS), averaged about $2.6 million. In early FY 2009, USAID allocated an additional $10.0 million to kick start health (family planning), agriculture, and private enterprise for Paraguay activities. MCC funding is not being used to replace USAID funding in Paraguay.

Questions for the Record Submitted to
Administrator Rajiv Shah by
Congressman Eliot Engel (#5)
House Committee on Foreign Affairs
March 3, 2010

Colombia

Question:

Colombia has made significant progress in recent years in enhancing democratic security, in part as a result of U.S. support through the Andean Counterdrug Initiative (ACI), and of course also through the strong leadership of President Uribe.

I visited Colombia in January and was briefed on our Colombian Strategic Development Initiative (CSDI) which is a US government partnership with Colombia intended to help Colombia transition away from our assistance.

I understand what this "Colombianization process" means on the so-called "hard side," but am less clear what this means for USAID's development efforts in Colombia.

How do we plan to "Colombianize" our development assistance to the country?

Answer:

In general, the term "Nationalization" or "Colombianization" refers to the process for expanding operational and funding responsibilities for U.S. supported programs to the Government of Colombia (GOC) and Colombian private sector and civil society in the most timely and efficient manner possible and consistent with U.S. government goals and objectives. For USAID/Colombia, our "Colombianization" plans focus on reducing the GOC's dependence on USAID inputs and transferring leadership to Colombian entities in the three key sectors that are priorities for the U.S. government, namely: democracy and human rights; consolidation and livelihoods; and vulnerable populations.

Democracy and Human Rights

USAID funding to the Early Warning System—a network of 22 regional offices run by the Office of the National Ombudsman that issues alerts on threatening situations leading to egregious human rights violations—has decreased from 98 percent to 15 percent in three years.

The Ministry of Interior and Justice now assumes 100 percent of its human rights protection program with an investment of nearly $40 million. Six years ago, USAID supported 18 percent of a roughly $20 million program.

USAID funding for the construction and equipment of Justice Houses has decreased from 100 percent of the cost per Justice House in 1996 to 30 percent in 2007.

This trend is also reflected through USAID's support to Colombian public defenders. Whereas USAID's justice program previously funded the salaries of 35 defenders, the GOC is now paying 100 percent of the salaries of more than 1,600 public defenders with a GOC investment of more than $31 million.

Consolidation and Livelihoods

Over the last five years, USAID-supported consolidation and livelihoods activities have leveraged over $800 million in additional investment from both the public and private sector to support alternative development initiatives. Our two flagship alternative development programs have leveraged approximately $8 of outside funding for every $1 of USG funding, from sources such as local government offices, beneficiary groups, foundations, and other private sector actors.

USAID is also transferring many of the project development models of its flagship alternative development programs to regional and local government as well as shareholders - including small and medium enterprise and small infrastructure development.

Finally, USAID is assisting the GOC to establish a government-wide policy,and budget for alternative development providing guidance regarding its implementation by the GOC and other stakeholders.

Vulnerable Populations

USAID's Internally Displaced Persons (IDP) program has leveraged significant amounts of funding from the GOC. In 2003 the GOC's budget for assistance to internally displaced persons was approximately $67 million, while USAID's was $41.5 million. In 2008, the GOC's budget for IDPs was approximately $528 million and USAID's budget was $35 million.

In addition, the IDP program has been remarkably successful in leveraging funds from the public and private sectors to complement its activities. In fact, one implementing partner has regularly negotiated counterpart contributions that are double and triple USAID's investments.

Questions for the Record Submitted to
Administrator Rajiv Shah by
Congressman Eliot Engel (#6)
House Committee on Foreign Affairs
March 3, 2010

Colombia

Question:

How do you see USAID assistance to Colombia looking in the next year, two years and five years?

Answer:

Colombianization is a key component of USAID/Colombia's overall objectives. USAID recognizes that only through Colombian leadership will sustainable solutions be developed and implemented to address social and economic development challenges. For the next few years, as part of its new strategy, USAID/Colombia will seek to maintain assistance at present levels to play a catalytic role in Colombia's development. The new USAID strategy explicitly focuses on working closely with the Government of Colombia (GOC) to support the implementation of the GOC's National Consolidation Plan. This plan consists of a strategy that integrates progress in achieving permanent peace and security with civilian-led institution building, rule of law, and licit economic livelihoods programs to consolidate state presence in strategically important parts of the country. While the Colombia Strategic Development Initiative has a regional focus, key themes such as democracy and human rights, vulnerable populations, and environment will continue to concentrate and build on successes achieved in the past ten years. If the National Consolidation Plan takes hold, we would envision a slight reconfiguration in USG assistance levels in years three through five.

Questions for the Record Submitted to
Administrator Rajiv Shah by
Congresswoman Ileana Ros-Lehtinen (#1)
House Committee on Foreign Affairs
March 3, 2010

Complex Crises Fund

Question:

Under the FY2011 budget request, funding levels for the Complex Crises Fund will double to $100 million. How does this fund operate in relation to USAID's Office of Transition Initiatives? How do you prevent duplication between the two accounts?

Answer:

The Complex Crises Fund (CCF) addresses a critical need for the U.S. Government's ability to respond rapidly and effectively to the full range of crises that impact U.S. foreign policy and security interests. In FY 2011, the authority previously provided under Section 1207 of the National Defense Authorization Act has not been requested but instead the CCF would allow for the type of response previously funded through Section 1207. The CCF injects immediate, rapid and strategic one-time funding into a crisis when other available resources are unavailable or insufficient to meet the existing need. CCF resources will be used to mitigate or respond to emerging or unforeseen complex crises overseas and to seize opportunities to advance peaceful transitions, democratic governance and development progress by providing either rapid solutions to specific, unforeseen political, social, or economic challenges that threaten stability or by helping to create conditions necessary for longer-term democratic development.

A principal criterion for the use of the CCF requires that the crisis or window of opportunity demonstrate an urgent need, which if responded to early and rapidly, will

help stem the rise of violent conflict and instability or advance the consolidation of peace and democracy. Based on lessons learned from the experience with 1207 funds, CCF funding will be used to more rapidly target urgent needs as they arise through a consultative, interagency process.

While the Office of Transition Initiatives primarily uses its own contracting mechanism to implement its programming, CCF will be made available for the most appropriate implementing mechanism which may already exist in the field or other available mechanisms across USAID, State Department and other agencies, depending on the specific need to be addressed. As part of a comprehensive approach to address a crisis, CCF funding will not replace or displace Transition Initiatives (TI) funds, emergency supplemental appropriations, or long-term development funding or programming, but instead will bolster and strengthen the capacity of USAID and the Department of State to respond quickly to urgent crises. The consultative, interagency process will include close examination and coordination of other available USG funding sources to avoid duplication prior to any decision to use CCF in a country context.

Questions for the Record Submitted to
Administrator Rajiv Shah by
Representative Ileana Ros-Lehtinen (#2)
House Committee on Foreign Affairs
March 3, 2010

Sustainable Economic Growth

Question:

Which foreign aid programs have been the most successful in sustaining economic growth?

Answer:

USAID's Strategy for Economic Growth recognizes that rapid, sustained, and broad-based economic growth is key to transforming the developing world. The income of the poor almost always rises when per capita income is increasing significantly (by at least two percent per annum), and almost never rises when per capita income fails to grow. Economic growth is the only way for countries to generate the resources necessary to address illiteracy, poor health, and other development challenges on their own, and to emerge from dependence on foreign aid.

The developing world has achieved more progress than is often recognized. Since 1950, average real incomes rose by at least half in all regions of the world. Although Africa has historically had the slowest growth of any region, its performance has improved substantially over the past decade and the outlook over the next several years suggests continued improvement. Further, since the late 1990's and including projections to 2025, Africa is on track to achieve a 50 percent reduction in poverty. However, progress is not uniform. In some countries and regions, persistent conflict and poor

governance have created conditions in which it is impossible to generate and sustain broad-based economic growth.

Ultimately, neither government programs nor foreign assistance drive economic development and poverty reduction. Economic development is the cumulative result of innumerable decisions by private entrepreneurs, firms, and families involving investments, innovation, productivity improvements, and resource allocations.

However, these decisions, and the incentives that people face in conducting their affairs, are heavily influenced by government policies, institutions, and public services. It is critical for governments to create conditions that encourage and empower all their citizens, including women and other historically disadvantaged groups, to actively participate in and contribute to the process of economic development. Programs to improve economic governance and policies are an essential foundation for fostering investment, competition, and productivity – the cornerstones for rapid growth. Significant progress has been made in most developing countries on reform of macroeconomic policies, including better management of inflation, exchange rates, and fiscal deficits. However, businesses in poor countries continue to face much more extensive, costly, time-consuming red tape than businesses in rich countries.

There is tremendous opportunity to address these constraints to growth. USAID experience has shown that well designed programs in areas such as trade facilitation, business registration/licensing reform, modernization of financial systems, tax reform, and public financial management can have a catalytic effect in generating income and welfare gains. Investments in policy reform and institutional capacity building have demonstrated large benefits per dollar of investment. USAID's Economic Growth

Strategy highlights a core principle--that programs should seek large and systemic impacts, and that the success of a few firms or communities is not sufficient since sustained growth requires reforms that affect thousands of firms and millions of people. This principle suggests greater investments in support of policy and regulatory reforms, while building local capacities to analyze, advocate and implement them and to continue the reform process. No local politician can advocate significant policy reforms based solely on foreign donor recommendations; indigenous experts and analytical institutions must be able to persuade the public that the reforms are in their own national interest.

Complementary programs that enhance access to productive opportunities for the poor, women, and other disadvantaged groups are essential to ensure that the benefits of growth are broad-based. Examples include improving basic education for poor children and girls, expanding access to financial services, and securing property rights for small farmers. Over the medium to long run, investments in health and education are also vitally important for sustaining growth through their impact on labor force skills and productivity. In addition, environmental programs are essential for sustaining growth by helping partner countries reduce the degradation of productive natural resources, mitigate the effects of climate change, and adapt to changing environmental conditions.

The greatest obstacles to growth stem not from nature, but from politics. Growth takes place within a complex setting of social and political conditions and most policy reforms involve a political cost. Economic reforms require sustained political leadership and commitment. Reforms cannot be driven by donor assistance, and the responsibility for reform lies squarely with the political leadership of our partner countries. Our

programs are most effective where we form partnerships to support and reinforce the efforts of developing country reformers.

An example of a particularly successful partnership is our support for economic reforms in Vietnam, where government efforts to undertake market reforms and integrate into the global economy have contributed to annual economic growth rates of six percent since 2000, enabling the country to reduce poverty by one-third. USAID has actively supported Vietnam's efforts to transform its policy and legal system, integrate into the global trading community, and develop the capacity to administer an open market economy.

Similarly, USAID formed an innovative partnership with the Government of Georgia that dramatically transformed Georgia's business environment. The reform program aggressively reduced government "red tape," radically reduced the time required to move goods through customs, and introduced reforms that streamlined tax filing while increasing revenue collection. The impact of these reforms contributed to consistently high GDP growth from 2004 to 2008 (interrupted by the conflict in 2008) and increased government revenues. This additional revenue has been directed toward financing Georgia's own development needs, including improvements in education and health services, infrastructure, and in targeted social assistance such as the introduction of a well targeted social safety net to protect the extreme poor.

In Liberia, USAID has partnered with another reform-minded government to introduce significant reforms since the end of the civil war in 2003. Through the governance and economic management assistance program, USAID provides assistance to government reformers to create the necessary policy conditions for the economy to

grow. There is continued progress in terms of reducing constraints to business, improving the quality of public management, and dramatically increasing revenue collections that can be used to generate the resources and public investments necessary to finance Liberia's own development needs.

Questions for the Record Submitted to
Administrator Rajiv Shah by
Congresswoman Ileana Ros-Lehtinen (#3)
House Committee on Foreign Affairs
March 3, 2010

AIDS

Question:

According to an analysis by the Center for Global Development, maintaining current efforts to assist the ever-increasing number of patients with HIV/AIDS in other countries would cause USAID's spending to swell to $12 billion annually by 2016, consuming the equivalent of about half of our current economic assistance budget. Some experts say the way out of this budgetary conundrum is to shift more resources from treatment to prevention efforts and transfer programs to local and national ownership.

Do you agree with this assessment and, if so, what is USAID. doing to support such an Objective?

Answer:

The President's Emergency Plan for AIDS Relief (PEPFAR), of which USAID is the largest implementing agency, is committed to a comprehensive and coordinated prevention, care and treatment response in the countries where it works. Addressing the HIV/AIDS epidemic requires a multi-sectoral approach that expands access to, and strikes a balance between, prevention opportunities and treatment needs.

Over the next five years, PEPFAR will be expanding both its prevention and treatment programs. In prevention, PEPFAR will be working to scale up proven behavioral, biomedical and structural prevention interventions – known as combination prevention – with a special focus on the needs of most at-risk populations. In treatment, PEPFAR will be working to expand access to treatment, with a focus on reaching the sickest first. Given that no single country can support the significant unmet need for treatment, PEPFAR is also working with countries and other donors to address the shared

global responsibility of treatment. As the largest implementer of PEPFAR, USAID supports efforts to expand prevention and treatment services.

Questions for the Record Submitted to
Administrator Rajiv Shah by
Congresswoman Ileana Ros-Lehtinen (#4)
House Committee on Foreign Affairs
March 3, 2010

Coordination

Question:

What steps do you think are most important to optimize coordination between the Department of Defense and State Department and USAID. in foreign aid programs?

Answer:

The coordination between the Department of Defense, State Department and USAID activities in foreign assistance programs can be optimized through the development of a framework where the authority and role of each Federal agency, particularly that of the lead agency, is directed and clear, the validation of the mission is understood, and execution of the response occurs in a unified manner. Using lessons learned from my experience leading the Administration's response to the Haiti earthquake, I intend to work with FEMA's Administrator, Craig Fugate, and other interagency partners to develop an International Response Framework that will establish the operational guidelines and policy for the management and implementation of U.S. foreign assistance programs when the scope of those activities necessitates the involvement of agencies beyond the Department of State and USAID.

Questions for the Record Submitted to
Administrator Rajiv Shah by
Congresswoman Ileana Ros-Lehtinen (#5)
House Committee on Foreign Affairs
March 3, 2010

Breaking Cycle of Dependence

Question:

Secretary Clinton recently stated that we hope to one day put ourselves out of the aid business, because, due to our success, countries will no longer need this kind of help.

What examples can you provide of USAID initiatives that have been successful in permanently breaking the cycle of dependence by impoverished countries on outside aid?

Answer:

Based on the legacy of the Marshall Plan's success in Europe after World War II, USAID's mandate has always included building sustainable capacity at the local level by spurring economic growth and encouraging democratic governance. Over the years, USAID has stayed true to the vision. For example, the Agency has phased-out major development programs in countries such as South Korea, Tunisia, and Costa Rica. And we have seen particularly impressive results over the last decade in Eastern Europe where USAID programs that started up in the late 1980s or early 1990s have already come to conclusion in Latvia, Lithuania, Estonia, Poland, Slovakia, Romania, Bulgaria and Croatia as these countries successfully transition to democratic systems of governance, free market economies, and join the European Union.

As we move forward, USAID will apply the principles outlined by the President and the Secretary – support country-led plans, build local capacity, strengthen partnerships, leverage multilateral resources, and invest more in women and girls - to work towards the day that most countries will no longer need ongoing outside assistance.

Questions for the Record Submitted to
Administrator Rajiv Shah by
Congresswoman Ileana Ros-Lehtinen (#6)
House Committee on Foreign Affairs
March 3, 2010

Health Systems

Question:

What steps is USAID taking to strengthen health systems on the ground? How can we be sure that doctors or nurses trained with the support of our assistance won't then emigrate to the United States or Europe? How do we prevent drugs and supplies from being stolen? How do we ensure that countries maintain budgets to sustain what we have provided after we leave?

Answer:

What steps is USAID taking to strengthen health systems on the ground?

USAID's main health systems strengthening activities can be categorized within the six core functions for a working health system, defined by the World Health Organization as service delivery; human resources; information; medical supplies, vaccines, and technology; health financing; and governance and leadership. Within these functional areas, USAID's efforts to strengthen health systems encompass activities that address a disease or health-specific area, such as training auxiliary midwives to promote maternal and newborn survival or high-quality laboratories for tuberculosis diagnosis, as well as improvements that benefit the whole system, such as communication campaigns to promote good health practices. Health system improvements can directly result in improved health outcomes. For example, the strengthening of the pharmaceutical management system in Angola, including training health staff in stock management,

helped to ensure the availability of highly effective anti-malarial medicines in nearly 100 percent of public health facilities in the country.

How can we be sure that doctors or nurses trained with the support of our assistance won't then emigrate to the U.S. or Europe?

Migration of doctors and nurses out of developing countries is a symptom of a chronic lack of investment in the health workforce and in health systems. USAID works to reverse the tide of migration by improving the working conditions for health care providers in developing countries. We invest in a range of human resource (HR) interventions aimed at creating a work environment that will prevent valuable human resources from finding more promising opportunities elsewhere. These interventions include development of HR managers and systems to better manage the workforce; contracting mechanisms to fill immediate staffing needs and task-shifting, both of which help distribute the burden of work better; and incentive and motivation programs, such as facility-based work-climate improvement and quality improvement collaboratives, to improve retention, productivity and quality. Long-term sustainability of these interventions is promoted by working with partner countries to strengthen their own health sector capacity, infrastructure and management, in order to transition responsibility for these programs to the partner country.

How do we prevent drugs and supplies from being stolen?

We strive to prevent diversion or theft of pharmaceuticals and supplies in many ways. A named stock-keeper should be accountable for any loss or discrepancy, with incentives provided (given the low salary structure) to well-performing staff. In storage facilities, reinforcing weak windows, doors and locks helps prevent easy entry and theft. Marking public sector products with "For Free Distribution—Not For Sale" labels helps

prevent leakage to the private market. The use of stock cards to track medicine distribution and consumption, coupled with periodic physical stock counts, helps detect discrepancies quickly. These efforts should be combined with rigorous marketplace inspection for leakage and legal enforcement against violators. Also, monitoring medicine consumption against the number of patients treated can reveal problems and possible leakage.

How do we ensure that countries maintain budgets to sustain what we have provided after we leave?

USAID has found that five key ingredients can contribute greatly to ensuring that countries maintain health budgets: 1) a political commitment by national leaders to the health of their people, especially to women and children; 2) a robust national health plan that focuses resources of high-priority health investments and guides their implementation; 3) a vibrant civil society that can advocate for government engagement in health, as well as civil society organizations to provide oversight on the operation of health programs to identify problems with accessibility, efficiency, and quality of services; 4) a strong monitoring and evaluation process and a functional health management information system to ensure resources are managed well and problems are identified and solved; and 5) an active policy dialogue from the U.S. and other donors to guide priority setting and support the efforts of committed national leaders and managers.

Many USAID-assisted countries do not yet generate enough tax revenue to finance all their public health sector commitments. USAID works with these country partners to design programs that can sustain gains in health and build over time their capacity for equitable and efficient health financing. In addition to the five ingredients listed above, some additional elements of sustainability include using proven

interventions so resources are not wasted, analyzing initial investments and recurrent costs to keep them as low as possible, expanding the role of the unsubsidized private sector in the delivery of health products and services, and strengthening management capacity. USAID works with countries to understand these challenges to sustainability and find more effective approaches to improving program effectiveness.

Questions for the Record Submitted to
Administrator Rajiv Shah by
Congresswoman Ileana Ros-Lehtinen (#7)
House Committee on Foreign Affairs
March 3, 2010

Linking Foreign Assistance Program

Question:

How do we evaluate the ways in which-and the degree to which-our foreign assistance programs are linked to our nation's strategic and diplomatic goals?

Answer:

USAID works very closely with the Department of State to link foreign assistance programs and foreign policy objectives. We are also engaged in joint planning processes - including joint strategic planning and through our partnership on the Quadrennial Diplomacy and Development Review (QDDR) - that focus on improving how the tools of development assistance and diplomatic state craft are used to achieve our foreign policy goals.

At the country level, our diplomatic and assistance goals are aligned and evaluated through the joint State and USAID Mission Strategic Resource Planning (MSRP) process. During the MSRP process, each U.S. mission defines how it will contribute to overarching foreign policy goals and estimates their specific diplomatic and assistance resource requirements to achieve those goals. These requests are rolled up to provide a solid analytical framework that is reviewed in Washington to ensure diplomatic and assistance resource requests are aligned with our highest priorities.

Despite these important efforts, we recognize the need to do more. My vision is to build a robust policy and planning capacity at USAID that would include a continuum

of functions from policy to strategic planning to evaluation and learning to more concretely link assistance programs with overarching foreign policy objectives.

Questions for the Record Submitted to
Administrator Rajiv Shah by
Congresswoman Ileana Ros-Lehtinen (#8)
House Committee on Foreign Affairs
March 3, 2010

Haiti

Question:

According to recent articles, the Government of Haiti has decided on a new resettlement campaign that returns Haitians back to their original dwellings.

What role is the U.S. going to play in that and how exactly is that supposed to work?

Answer:

As of April 1, approximately 1.2 million people, or 268,000 households, are considered to be internally displaced persons as a result of the January 12 earthquake. An estimated 340,000 people have left Port-au-Prince (PaP) and are living with host families – either friends or relatives – in towns outside of the city. Those who have not left Port-au-Prince are living in approximately 460 spontaneous settlements in and around the capital. The USG is working to support the Government of Haiti (GOH) in close collaboration with other donors, to support the work of international and local non-governmental organizations (NGOs) to coordinate overall settlement assistance to the people of Haiti.

The USG is supporting UN and GOH efforts to take a multi-pronged approach to quickly relocate internally displaced persons (IDPs) from camps vulnerable to flooding. Under the plan, which we support, the best option is to move as many IDPs as possible back to their homes. This requires habitability assessments of dwellings by qualified engineers to determine suitability of those structures. 150 Haitian engineers have been trained to assess homes for habitability. Approximately 15,000 homes have been

assessed, with roughly 2,500 additional homes assessed each day. The next best option for those not able to return to their home is to relocate to a settlement in near-by locations in their original communities, as this would support the reestablishment of pre-existing community ties. The establishment of camps at new sites is an option being implemented only for those IDPs who cannot otherwise return to their communities.

In the longer term, the USG supports the UN and GOH settlement strategy, which takes a two-pronged shelter redevelopment approach: (1) Rebuild communities in and around the capital, and (2) develop other job centers in secondary cities to promote the broader economic development of Haiti. Specifically, the strategy would:

- Allow people to return to the land they legally own, obtain a loan from a commercial bank, and rebuild their own home. This covers approximately 30 percent of PaP residents who are property owners.
- Provide people with legally titled, serviced plots on which they can build their own home. This would apply to the estimated 70 percent of former PaP residents, or approximately 200,000 households, who were renters or squatters. Housing microfinance will allow the poor to incrementally build and expand their homes.
- Alternatively, provide vouchers to those households who wish to purchase their own land and rebuild either in or outside of PaP.
- Create jobs in cities other than PaP to encourage some PaP residents to voluntarily relocate.
- Strengthen local authorities in secondary cities to ensure that they can effectively manage the transformation process.

Questions for the Record Submitted to
Administrator Rajiv Shah by
Congresswoman Ileana Ros-Lehtinen (#9)
House Committee on Foreign Affairs
March 3, 2010

Haiti

Question:

But how can we afford a massive program for decentralized settlement? With the rainy season appearing to have already started, what recommendations is the United States offering to provide for the immediate and long term safety of the people of Haiti with regard to shelter?

Answer:

While the scale of the disaster in Haiti will require an enormous investment by the international community and the private sector, there are ways to reduce costs both in the immediate term and in terms of the need for future humanitarian interventions. For example, starting immediately under the relief effort, USAID will utilize salvaged material from the rubble for reconstruction purposes. USAID will also encourage the use of locally available materials and will promote the use of risk reduction measures in the design of new housing. Using local materials and labor will also create jobs.

In the immediate term, over 92 percent of those families in need have already received emergency shelter assistance, which includes at least two plastic sheets, weather straps and wood, or in some cases tents. Assessments are underway as well to determine which populations are most at risk of loss of life due to flooding in the rainy season. USAID is working actively to support the Government of Haiti's plan to relocate up to 37,000 people who are considered vulnerable to flooding.

As a part of its longer-term strategy on shelter and resettlement, the USG will:

- Utilize cash-for-work for the collection of rubble to salvage any materials and dispose of rubbish, accompanied by short-term flood prevention interventions.
- Identify low-tech, low-cost design and material solutions that are appropriate to the Haitian context (e.g. can be produced locally, are culturally acceptable, etc.) and are resilient to future adverse weather conditions (storms, hurricanes) and earthquakes.
- Establish shelter resource centers, like those used in Pakistan after the earthquake there, that demonstrate model homes, provide shelter and technical construction classes/demonstrations, train masons and local builders, and sensitize homeowners to the importance of risk reduction in housing design.

Questions for the Record Submitted to
Administrator Rajiv Shah by
Congresswoman Ileana Ros-Lehtinen (#10)
House Committee on Foreign Affairs
March 3, 2010

Haiti

Question :

How can we better employ U.S. assistance so as to ultimately work ourselves out of a job in Haiti? Will outside NGOs always have to be our predominant agents for implementation of programs in Haiti, due to the prevalence of corruption there?

Answer:

Haiti's profound developmental and political challenges have been in part the result of weak public institutions, including poor public financial management, as well as political instability and vulnerability to corruption. In the absence of a strong government, NGOs have played a key role in providing basic services and have been an important implementing partner for the USG.

Our long-term strategy calls for building the capacity of national and local government to provide essential services in the short-term as well as plan, manage and budget for day-to-day operations in order to build institutional capacity for the long term. By investing, with technical assistance, in the Finance Ministry and other key institutions, the USG will partner with Haitians to improve their ability to build and manage their budget in a transparent fashion, strengthen tax collection, and effectively use limited resources in support of their development plan. We will also support local civil society institutions so that they can play an increasing role in holding government accountable in the future.

Questions for the Record Submitted to
Administrator Rajiv Shah by
Congresswoman Ileana Ros-Lehtinen (#11)
House Committee on Foreign Affairs
March 3, 2010

Haiti

Question #11:

In your view, how should the cost of the recovery, response and long-term development effort in Haiti be shared among donors? What portion of the overall aid effort for Haiti over the coming years should we expect the U.S. to provide? 10%? 20%? 30%?

Answer:

Haiti's recovery from this devastating earthquake is a strategic, economic, and development imperative for the United States. Just 600 miles off our shores, an unstable Haiti challenges U.S. national security and that of its regional neighbors. However, it is imperative that the recovery effort be truly international. To ensure a coordinated approach, we worked closely with multilateral institutions such as the UN, the World Bank and the European Commission to support the Government of Haiti in developing the Post Disaster Needs Assessment. We also worked with other bilateral donors such as Canada, Spain, France and Brazil to prepare for the Haiti Donors' Conference, which took place in New York on March 31.

The Post Disaster Needs Assessment estimated that Haiti requires at least $11.5 billion from all sources (public, NGO, and private) for reconstruction. During last month's pledging conference, public and NGO resources totaled more than $9.8 billion dollars. The U.S. pledge at the conference was $1.15 billion, amounting to 10% of the estimate of needs. Other major donor pledges include Venezuela at $2.14 billion, the EC

at $620 million, Spain at $467 million and Canada at $375 million. Additionally, the NGO network InterAction pledged more than $500 million in reconstruction funds. Burden-sharing between donors will vary across sectors, with the USG playing a larger role in some sectors and a smaller role in others.

To coordinate all these donor efforts, the Government of Haiti (GOH) is establishing an Interim Haiti Recovery Commission (IHRC). The IHRC will be a Haitian institution with central authority over planning and implementation, with representation from the major donors, the Haitian Business community, NGOs, Diaspora and others. This coordination body will review all proposals for development projects to ensure they map on to the GOH development strategy and to avoid duplication or gaps.

Questions for the Record Submitted to
Administrator Rajiv Shah by
Congresswoman Ileana Ros-Lehtinen (#12)
House Committee on Foreign Affairs
March 3, 2010

Haiti

Question:

Has the Administration contemplated some sort of coordinated public-private partnership for Haitian relief and development efforts?

Answer:

The Administration's engagement with the private sector has grown significantly in recent years, and public-private partnerships have been integrated into US foreign assistance programming worldwide. We appreciate the tremendous resources and technical capacity that the private sector can provide and are committed to developing a deeper strategic relationship across a multitude of different sectors. Given Haiti's proximity and initial interest from the private sector, we anticipate that such partnerships will be an integral part of our reconstruction efforts there. We have had some general discussions with companies interested in doing business in Haiti and are beginning to identify opportunities for specific partnerships.

Questions for the Record Submitted to
Administrator Rajiv Shah by
Congresswoman Ileana Ros-Lehtinen (#13)
House Committee on Foreign Affairs
March 3, 2010

Governing Justly and Democratically

Question:

Are our "Governing Justly and Democratically" programs completely closed out at this point? What portion of USAID assistance to Bolivia comprised our democracy programs? There is no doubt Bolivia is in need of democracy assistance - how do we plan to compensate for this loss in programming?

Answer:

The Government of Bolivia (GOB) demanded that USAID terminate its assistance in the democracy sector.

The only remaining "Governing Justly and Democratically" activity, Municipal Infrastructure, will end in June 2010. From 2005-2009, the budget for USAID's democracy activities averaged 14.2% of the total budget in Bolivia. While USAID has terminated its democracy activities in Bolivia, its remaining activities support civil society efforts in health, economic growth, environment, and integrated alternative development. For example, USAID assistance to community groups, NGOs, or producer associations on infrastructure, health, environment, and agricultural activities encourages member participation in organizations and in decision-making processes. USAID continues to dialogue with the Government of Bolivia on areas of mutual interest, including municipal infrastructure and justice center establishment, and will evaluate all new GOB requests to work in Democracy subsectors in the future.

Questions for the Record Submitted to
Administrator Rajiv Shah by
Congresswoman Ileana Ros-Lehtinen (#14)
House Committee on Foreign Affairs
March 3, 2010

Colombia

Question:

I understand our USAID mission in Colombia intends to roll out a new strategy at the end of this year that will try to incorporate some of the flexibility and innovative ways of working that our Transition Initiatives program in Colombia has employed.

Can you please elaborate on this and what it means for the future of the USAID mission in Colombia?

Answer:

Since 2007, USAID has worked in close partnership with the Government of Colombia (GOC) to pilot a model that establishes state presence in areas recently recovered from illegal armed groups and deny them the ungoverned space they need to terrorize populations and to produce coca and export cocaine. This very successful model is serving as the basis for both the GOC's National Consolidation Plan and the USG's Colombia Strategic Development Initiative (CSDI).

The new USAID strategy focuses its resources on working closely with the GOC to consolidate state presence in strategically-important parts of the country; to build social cohesion, trust, and confidence in government institutions along with a culture of legality at the community level. Establishing safe, strategically located zones will enable licit economic growth and social stability to ensue. These zones, coupled with progress

attained earlier in broad sections of the country, will enable a more permanent state-building process.

Once security has been established and coca eradication is complete, the emphasis will be on small-scale, quick-impact, community-prioritized projects implemented in the name of the GOC to show communities that it can deliver for them. As confidence in the GOC grows, projects shift to longer-term, development-oriented programming. USAID is incorporating agile impact monitoring and surveys to measure communities' evolving perception of the GOC. Many of the new USAID mechanisms will focus increasingly on building capacity of formal and informal groups at the local level to carry out activities.

The strategy relies heavily on the premise and current practice that the Colombian government (national and local), private sector, and NGO community assume an increasing share of the financial and human resource needs. In the latter years of the strategy, the USG and USAID would assume a declining share of the financial responsibility for carrying out these programs.

Questions for the Record Submitted to
Administrator Rajiv Shah by
Congresswoman Ileana Ros-Lehtinen (#15)
House Committee on Foreign Affairs
March 3, 2010

Honduras

Question:

What is the status of USAID programs in Honduras? Which programs had been previously suspended and/or terminated due to the recent governance issues there? How did these suspensions/terminations impact the objectives of USAID's mission in Honduras?

There is a significant plus-up in Development Assistance funds to Honduras in FY2011.

Is this increase expected to help get these programs back on track?

Answer:

Following the June 2009 coup d'état, USAID suspended or terminated approximately $13 million in projects that directly or indirectly assisted the Government of Honduras, including in basic education, family planning, and the environment. In line with the Secretary of State's announcement on March 4, 2010 that constitutional governance has been restored to Honduras, USAID is restarting suspended programs. Elements of the remaining unutilized 2009 funding will help Honduras address the key root causes of the recent breakdown in constitutional government and will promote national reconciliation as agreed to in the Tegucigalpa-San Jose Accords, in addition to carrying out critical development activities.

The termination of assistance impacted important USAID/Honduras programs in the following ways:

Education:

- Planned improvements to text books for grades 7-9 were not completed in time for the 2010 school year;
- Training for primary school teachers was halted;
- There was no training for volunteer community educators for preschools;
- End-of-year achievement tests to measure learning were not given to students; and
- Donor funding and activities leveraged by USAID resources for the Education for All/Fast Track Initiative were suspended.

Health:

- The planned phase-out of family planning services by 2012 was significantly delayed;
- Contraceptive availability to Honduran citizens was reduced.

Environment

- The Government of Honduras did not receive the technical assistance to help it comply with the Environmental Cooperation Act of the Central America Free Trade Agreement (CAFTA).

USAID plans to notify Congress for the remaining $21.8 million of FY 2009 funding. These resources, along with future FY 2011 development assistance (DA), will advance the Mission's priorities of: strengthening marginalized groups in local and national governance, bolstering basic education and skills training for youth and adults to increase their prospects for jobs and incomes, expanding demand-led decentralized health

care services, and increasing food security for the poorest sectors of society. Increases in employment and in productive and social investment will help spur economic growth, advance social justice, improve education and health, and engage the poorest and most marginalized members of Honduran society in the country's development.

Questions for the Record Submitted to
Administrator Rajiv Shah by
Congresswoman Ileana Ros-Lehtinen (#16)
House Committee on Foreign Affairs
March 3, 2010

Peace Corps in Indonesia

Question:

Will the new bilateral agreement signed in December to re-establish the Peace Corps in Indonesia have any effect on USAID programs for in-service training for elementary and junior secondary school teachers in the country, given the Peace Corps' stated goal "to work side-by-side on Indonesia's education initiatives?"

Answer:

It is our understanding that the Peace Corps is planning to assign its volunteers to high schools to work with teachers and students at the tenth and eleventh grade levels where USAID does not provide in-service teacher training. USAID teacher in-service programs target kindergarten; elementary (grades 1-6); junior high school (grades 7-9); and teacher training colleges. Further, Peace Corps will coordinate closely with Indonesian host ministries to assure that its efforts complement national education initiatives.

Questions for the Record Submitted to
Administrator Rajiv Shah by
Congresswoman Ileana Ros-Lehtinen (#17)
House Committee on Foreign Affairs
March 3, 2010

Post-Disaster Relief Efforts

Question:

Demands on the USAID budget to address more recent natural disasters, such as the earthquake in Haiti, raise the question: does the Agency have an effective exit strategy for post-disaster international relief efforts or is the commitment considered open-ended?

Answer:

Each post-disaster international relief effort will be different. In places like Haiti, where USAID has been programming development activities prior to the earthquake, USAID will continue to program development activities post-disaster; however, that may not be the case in a different context, such as Chile, where USAID does not have long-term development programs. However, in each case, there are transition plans from emergency relief to longer-term recovery and rehabilitation. As the USG lead on disaster response, USAID works to deliberately plan and coordinate the transition from emergency relief to longer-term recovery and rehabilitation efforts with local counterparts, the rest of the USG, and international counterparts in order to maximize the effectiveness of aid and ensure the continuity of service provision to disaster-affected populations. Successful transitions help fulfill USAID's mandate to save lives, alleviate suffering, and reduce the social and economic impact of disasters. USAID seeks to integrate transition into emergency response from the onset of disasters by determining and articulating manageable, long-term goals for the transition to recovery.

Recognizing the need to address transition efforts systematically, USAID developed a template for the design of disaster-specific transition strategies in FY 2008. The USAID transition template provides guidelines to facilitate the transition of short-term, post-disaster programs to longer-term programming managed by USAID missions and other development partners. Each disaster-specific USAID strategy identifies important partners and actions for transition, and uses situational indicators to determine the appropriate timing to initiate the transition from emergency relief to recovery efforts. The purpose of a USAID transition strategy is to facilitate a well-coordinated and comprehensive transition, maximize the use of local capacities, and improve sustainability to build on emergency programs and reduce the need for future USAID engagement on the same issues in the same locations.

The USAID disaster transition plans are living documents that can be revised as the situation changes, and also serve as an effective communication tool with the USAID mission in the affected country to help plan and coordinate the continuum of assistance. USAID coordinates closely with U.N. agencies and other donors to identify partners and resources to address long-term needs that extend beyond immediate relief assistance.

Questions for the Record Submitted to
Administrator Rajiv Shah by
Congresswoman Ileana Ros-Lehtinen (#18)
House Committee on Foreign Affairs
March 3, 2010

Burma

Question:

As part of post-cyclone relief efforts, the USAID Administrator Henrietta Fore and then PACOM Commander Admiral Keating flew into Rangoon in May 2008 on the initial relief flight to meet with Burmese junta officials. Following that visit, Ms. Fore appeared before the Senate Foreign Relations Committee, where she discussed her visit as follows: "As I stood watching our aid - from the American People - move one step closer to reaching those in desperate need, I realized once again the impact our efforts can have around the world." But as you are aware, Admiral Keating was forced to abort a relief mission involving four U.S. navy vessels off the Burmese coast only one month later when the Burmese junta not only refused to allow the navy to off-load relief supplies but told the Burmese people that an American Armada was preparing for a military invasion.

How can one conduct an assistance program with a regime that harbors such paranoia and hostility towards the United States?

Answer:

USAID provides assistance to the people of Burma primarily through carefully-audited non-governmental organizations. USAID focuses on lifesaving humanitarian assistance that saves lives in Burma, a country ranked near the bottom of most socioeconomic indices. By addressing the urgent basic human needs of populations neglected severely by their own government, we demonstrate that the U.S. Government and its people care about their welfare. There is precedence for the U.S. providing humanitarian assistance to desperate people in countries with repressive governments (e.g., North Korea, Somalia).

Our assistance to build capacity helps meet the basic needs of Burmese people to put them in a position to focus on more than immediate survival and be prepared to take advantage of change when it occurs eventually.

Questions for the Record Submitted to
Administrator Rajiv Shah by
Congresswoman Ileana Ros-Lehtinen (#19)
House Committee on Foreign Affairs
March 3, 2010

Trans-Sahara Counterterrorism Partnership

Question:

Please describe the relationship between the State Department's Office for Counterterrorism (S/CT) and USAID. in terms of implementing the Administration's "counter extremism" and "global engagement" initiatives.

Specifically, what role does USAID play in implementing and/or advancing the goals of the Trans-Sahara Counterterrorism Partnership and the East Africa Regional Security Initiative (EARSI)?

Answer:

The goal of USAID's counter-extremism programs in sub-Saharan Africa is to support host nation efforts to counter radicalization, recruitment, and support to violent extremist organizations. USAID programs are helping to define the most effective role of development assistance to counter violent extremism. USAID is also the lead agency in expanding the empirical foundation on the role of development in counterterrorism, and it is one of the three key implementing agencies for the Trans-Sahara Counterterrorism Partnership (TSCTP), alongside the Departments of State and Defense. USAID also has limited, indirect participation in the East Africa Regional Strategic Initiative (EARSI) coordinating framework.

USAID has undertaken an ongoing, multi-year effort to develop analytical and programmatic tools to better understand the risks that may create an environment in which terrorism can flourish and to design appropriate development responses to mitigate those risks. This research resulted in the production of two guides that can be used to

conduct country-level assessments that more precisely identify risk factors and target those communities most at risk to violent extremist organizations or ideology. The guides have been used to refine ongoing counter-extremism programs in sub-Saharan Africa (Chad, Mali, Mauritania, Niger, and Kenya) as well as north Africa. The guides are now also being introduced to programs in the Middle East and elsewhere around the world.

TSCTP was envisioned from the start as a fully integrated interagency effort. One of the hallmarks has been the creation of numerous avenues for coordination that foster a structured and routine collaboration between the key actors. This ranges from assigning one person in each of the operating units within each agency to focus on TSCTP and interagency coordination, to supporting different events that promote coordination within and outside each agency. USAID and the Department of State Office of Counterterrorism, as well as other offices in the Departments of State and Defense, meet, at a minimum, on a weekly basis on planning, implementing, monitoring, and reporting of TSCTP programs. The Office of Counterterrorism is the focal point for State-led initiatives to promote collaboration on TSCTP beyond the U.S. Government and has, for example, organized a day-long event for representatives of the UN Counter-Terrorism Committee Executive Directorate and multiple U.S. Government agencies to discuss UN programs in the Sahel.

Questions for the Record Submitted to
Administrator Rajiv Shah by
Congresswoman Ileana Ros-Lehtinen (#20)
House Committee on Foreign Affairs
March 3, 2010

Trans-Sahara Counterterrorism Partnership

Question:

How do the cuts in ESF for the Trans-Sahara Counterterrorism Partnership (TSCTP) and the East Africa Regional Security Initiative, as well as the cut in development assistance to Algeria, Djibouti, Mauritania, and Uganda impact your ability to carry out programs designed to "drain the swamps" that breed extremism?

Answer:

The budget for the Trans-Saharan Counterterrorism Partnership (TSCTP) has been somewhat variable over the life of the program, but in recent years has stabilized. The total budget managed by USAID for the four core countries of Chad, Mauritania, Mali, and Niger during FY 2005-FY 2008 totaled just over $44 million, including $13.9 million in funds transferred from the Department of Defense using Section 1207 authority. USAID-managed funding increased to nearly $21 million in FY 2009 and $27 million in FY 2010. In FY 2011 development assistance requested funds are $16 million—an amount that reflects both the end of the expansion phase of TSCTP, as well as improvements to our analytical framework that have allowed us to more precisely target our programs. The FY 2011 request level, if straight-lined in future fiscal years, is expected to be adequate to ensure sustainable counter-extremism programs.

The USAID programs under the East Africa Regional Strategic Initiative (EARSI) are more modest, largely because they are integrated into and complement larger USAID assistance programs in the Horn of Africa. USAID EARSI programs have been funded

from the State Department's Africa regional budget request. The FY 2011 request of $2.5 million is the same as in FY 2010.

The proposed reductions in development assistance for Algeria, Djibouti, Mauritania, and Uganda do not affect counter-extremism efforts, since they were never designated for counter-extremism programming. In the case of Algeria and Mauritania, both are non-presence countries that already have active counter-extremism programming funded through regional missions. Uganda is not a priority country for counter-extremism; conflict mitigation , reconciliation, and security sector reform programs are more appropriate. In Djibouti, any counter-extremism program would be tied to a regional, Somalia-driven, Horn of Africa counter-extremism strategy, and the USAID regional mission is better placed to support any counter-extremism programming.

Questions for the Record Submitted to
Administrator Rajiv Shah by
Congresswoman Ileana Ros-Lehtinen (#21)
House Committee on Foreign Affairs
March 3, 2010

Trans-Sahara Counterterrorism Partnership

Question

A report by GAO, issued on July 31, 2008, found that fluctuations in State's and USAID's distribution of funds for TSCTP activities had resulted in the suspension of a peace-building program in Mali and recommended corrective measures for future programs. Have remedial measures been taken to avoid such disruptions in the future?

Answer:

Since the issuance of the GAO report, funding for the Mali program has stabilized. USAID-managed activities in Mali under the Trans-Saharan Counterterrorism Partnership (TSCTP) had previously received $4.0 million in regional economic support funds. The FY 2010 budget request for Mali for the first time included $4.0 million in development assistance funds for TSCTP programs. The FY 2011 budget requests the same level of development assistance funding for Mali TSCTP programs.

Questions for the Record Submitted to

Administrator Rajiv Shah by
Congresswoman Ileana Ros-Lehtinen (#22)
House Committee on Foreign Affairs
March 3, 2010

Somalia

Question:

How has implementation of the State-USAID.-Treasury Department Office of Foreign Assets Control agreement governing the provision of humanitarian assistance in Somalia functioned? Have our implementing partners complied with requirements to exercise "enhanced due diligence" and report any accidental or unintentional diversions of assistance to al-Shabaab – a designated foreign terrorist organization – or entities controlled by al-Shabaab? Has the World Food Program complied? What does "enhanced due diligence" mean?

Answer:

To ensure that our assistance is implemented in accordance with U.S. law and foreign policy with respect to Somalia, USAID has incorporated language in our grant agreements for assistance in Somalia to minimize the risk of any benefit to al-Shabaab. The language requires partners to exercise enhanced due diligence when implementing assistance activities in Somalia and to refrain from making payments or providing other benefits to al-Shabaab or related individuals.

As part of the State-USAID-OFAC agreement, USAID also has required our partners to report any payments or provision of benefits to al-Shabaab. Besides UN agencies, the majority of USAID's partners have agreed to this reporting requirement and have either received funding or are in the process of negotiating agreements with USAID. Partners receiving USAID funds must agree to exercise enhanced due diligence and must agree to the associated reporting requirements.

Enhanced due diligence requires USAID partners to take extra precautions to ensure that USAID money or commodities do not fall into the hands of designated foreign terrorist organizations, including al-Shabaab, and to ensure that no other benefits are provided to such terrorist organizations. Examples of enhanced due diligence might include setting up more robust management, oversight and accounting systems than those typically in place; vetting local contractors and service providers with additional scrutiny; and requiring more frequent and stringent reporting by local staff and sub-awardees.

Most of the USAID awards that have been signed following the State-USAID-OFAC agreement have only recently begun implementation. Since that time, USAID has received only one incident report from one partner working in south/central Somalia, and USAID staff are working to provide follow-up guidance as requested by the partner.

With respect to the U.N. World Food Program (WFP), on January 5, 2010, the WFP made an internal decision to withdraw from operations in areas controlled by al-Shabaab. This decision was not based on legal considerations, but instead was the result of continued harassment, threats and interference by al- Shabaab. Therefore, WFP is now only using U.S. Government-funded food aid resources in areas where al-Shabaab does not control access to the populations served by WFP. Should WFP resume operations in al-Shabaab-controlled areas, all of these issues will have to be revisited to determine whether and how we will be able to provide resources to WFP for use in those areas.

Questions for the Record Submitted to
Administrator Rajiv Shah by
Congresswoman Ileana Ros-Lehtinen (#23)
House Committee on Foreign Affairs
March 3, 2010

Somalia

Question:

How have these requirements, coupled with the absence of a general license from OFAC, impacted the work of humanitarian organizations in Somalia? Have any pulled out?

Answer:

The State-USAID-OFAC agreement has allowed the U.S. Government to continue providing humanitarian assistance to millions of vulnerable Somalis. The majority of USAID's NGO implementing partners have agreed to the Somalia requirements and those NGOs are currently providing life-saving assistance through much of Somalia. A few former USAID partners are uncomfortable with the reporting requirements, and are thus no longer operating with USG funding in Somalia.

Questions for the Record Submitted to
Administrator Rajiv Shah by
Congresswoman Ileana Ros-Lehtinen (#24)
House Committee on Foreign Affairs
March 3, 2010

Somalia

Question:

Are you able to conduct effective oversight of U.S. assistance in Somalia given our lack of presence on the ground?

Answer:

Currently, oversight of U.S. humanitarian and development assistance in Somalia is conducted through USAID's East Africa Mission in Nairobi and by staff in Washington DC. Oversight is also conducted through detailed reporting by partners and frequent contact with program implementers. USAID personnel with expertise in humanitarian programs help implementing partners troubleshoot issues and develop and design more effective programs.

Of course, USG access, if permitted by the security environment, would allow USAID to better monitor and evaluate program implementation and impact.

Questions for the Record Submitted to
Administrator Rajiv Shah by
Congresswoman Ileana Ros-Lehtinen (#25)
House Committee on Foreign Affairs
March 3, 2010

Zimbabwe

Question

What is the status of U.S. technical assistance to support reform-minded elements of the transitional government in Zimbabwe? Is USAID still committed to seeing this work done by contractors rather than by USG employees? If so, why?

Answer:

USAID is providing an array of technical assistance to reformists within the transitional government. In particular, USAID is supporting the Office of the Prime Minister and the Ministry of Parliamentary and Constitutional Affairs with broad communications support. Technical assistance to the Office of the Prime Minister is focused on helping to establish priorities, delineate roles and responsibilities, and identify an effective office structure. USAID is now finalizing paperwork to participate in a multi-donor effort to support Zimbabwe's official constitution-making process under the leadership of the Ministry of Parliamentary and Constitutional Affairs. Pending necessary waivers, USAID also plans to provide technical assistance to the Ministry of Finance, the Zimbabwe Revenue Authority, and the Central Statistical Office to strengthen public financial management through the analysis of revenue leakages, identification of measures to plug such leakages, improvement of revenue collection systems, measures to facilitate trade and customs, and enhancement of economic analysis for decision making purposes.

The assistance outlined above is being provided through a number of mechanisms, depending on the urgency of what is required, the expertise needed, and the ability of partners to deliver. For example, USAID is working through a local nongovernmental organization to provide consultants to the Office of the Prime Minister on a range of technical matters; however, at the same time, USAID has utilized the expertise of a USAID/Washington-based expert to provide the Office of the Prime Minister organizational support. Similarly, communications support provided to the Ministry of Parliamentary and Constitutional Affairs will be provided through a local nongovernmental organization, but the United Nations Development Program will take the lead on the multi-donor constitutional work, in cooperation with local partners. The macro-economic technical assistance is envisioned to be delivered through contractors since USAID currently does not have a deep reserve of such skills in-house to deliver support of this kind over a sustained period of time.

Questions for the Record Submitted to
Administrator Rajiv Shah by
Congresswoman Ileana Ros-Lehtinen (#26)
House Committee on Foreign Affairs
March 3, 2010

Zimbabwe

Question:

What is the status of efforts to "graduate" groups in Zimbabwe so that they may become direct USAID grantees rather than sub-grantees of larger U.S.-based NGOs?

Answer:

Most of USAID's prime partners work through local organizations as a way to build the capacity of those local implementing partners. Under the Mission's civil society program, approximately 18 civil society organizations receive capacity-building support on an annual basis to help them achieve sustainability. This program is having great success. This year, USAID has been able to enter into direct grants with three local organizations that "graduated" from our umbrella civil society program: Zimbabwe Lawyers for Human Rights, the Institute for Democratic Alternatives in Zimbabwe, and Women's Trust. A fourth organization, the Counseling Services Unit, has also "graduated" from the program.

Questions for the Record Submitted to
Administrator Rajiv Shah by
Congresswoman Ileana Ros-Lehtinen (#27)
House Committee on Foreign Affairs
March 3, 2010

Zimbabwe

Question:

USAID justified the need for contractors in Zimbabwe by asserting that the Mission was severely understaffed and could not provide effective oversight of groups who lack experience as direct grantees. Is this still the case? How many groups have been graduated over the past year? How many of the new USAID employees proposed to be hired under the FY 2011 budget request will be going to Zimbabwe?

Answer:

The Mission is in the process of increasing staff numbers in each of the technical offices to more effectively manage program expansion. In FY 2010, USAID will increase its staff of U.S. Direct Hires in Zimbabwe by four: an Economic Growth Officer, a Food For Peace Officer, a Controller, and a Junior Health Officer. We have attempted to fill a newly created Project Development Officer position with a U.S. Direct Hire but we may have to look for a U.S. Personal Services Contractor given the lack of eligible Foreign Service Officers in this field. The Mission also expects to gain a Deputy Mission Director by the summer of 2011. In addition, the Mission is hiring local staff to further strengthen the technical and support offices. As the Mission's staffing level increases it will be able to more readily provide effective oversight to groups who lack experience as direct grantees. Four civil society organizations have "graduated" to date.

Questions for the Record Submitted to
Administrator Rajiv Shah by
Congresswoman Ileana Ros-Lehtinen (#28)
House Committee on Foreign Affairs
March 3, 2010

Zimbabwe

Question:

What are the Agency's highest priorities in Zimbabwe and how will they be addressed? Does the State Department share your view? How often do the relevant interagency process groups meet to discuss Zimbabwe?

Answer:

USAID's highest priority goals in Zimbabwe are to support the constitution-making process and preparation for elections, as well as other democratic processes and reformists to consolidate gains within the transitional government. In addition, the Agency continues to prioritize programs that help to expand access to basic health care services and that provide humanitarian assistance to the most vulnerable. The Mission is also focusing on agricultural programs that will help revive agricultural production, productivity, and competitiveness and thereby provide a means for the country to transition away from emergency interventions.

The USAID Mission and U.S. Embassy have a very close working relationship, and USAID programs directly support the USG policy priorities in Zimbabwe. This is reinforced by the unified Washington interagency coordination process. The Interagency Policy Committee meets on a periodic basis to revisit policy, and in addition, USAID and State personnel frequently meet informally to discuss Zimbabwe issues.

Questions for the Record Submitted to
Administrator Rajiv Shah by
Congresswoman Ileana Ros-Lehtinen (#29)
House Committee on Foreign Affairs
March 3, 2010

Sudan

Question

Please provide a full description of the Agency's programs in Sudan, particularly those aimed at building the capacity of the nascent government of South Sudan and spurring economic development in the South and in Darfur.

Answer:

Since the signing of the Comprehensive Peace Agreement (CPA) in 2005, USAID has focused on supporting the implementation of and reducing threats to the agreement, including providing peace dividends through basic service delivery and infrastructure that help maintain the CPA's viability and addressing the root factors that fuel conflict in Sudan. In support of these goals, USAID programs build institutional and human capacity, increase access to accurate and reliable information, and develop systems for participatory governance, accountability and transparency, and infrastructure development.

USAID also conducts an extensive humanitarian assistance program across Sudan. In Darfur, where conflict affects more than 4.7 million people, USAID has provided life-saving assistance since 2004, including food aid, health services, water sanitation and hygiene, and shelter and camp management. In other parts of the country, USAID meets immediate humanitarian needs while funding activities that support the CPA, lead to longer-term recovery, and support Sudan's transition to peace and security.

USAID has played a major role in assisting the establishment and strengthening of the CPA-mandated Government of Southern Sudan (GOSS), and in preparing the GOSS to function as a viable government after the 2011 referendum on southern Sudan's future status, whether southern Sudan becomes an independent country or remains a regional government within Sudan. Since 2004, USAID has focused on establishing and strengthening core institutions and systems that would enable the GOSS to perform the essential tasks of government and effectively deliver basic public services through an accountable and transparent public finance system in order to safeguard against corruption; establish and implement a civil service meritocracy based on rational organizational planning; and draft laws and a basic legal framework to enable a functioning government.

A significant focus area has been on public sector financial and fiscal management, supporting the Ministry of Economy and Planning, the Bank of Southern Sudan, and the Ministry of Labor, Public Service and Human Resource Development. Since 2004, key achievements include the facilitation of a Cabinet-wide process to resolve ministerial authority overlaps, the development of an automated accounting and reporting system for all GOSS ministries to improve financial management, accountability, and the monthly generation and distribution of expenditure reports for all GOSS spending agencies, and the development of the draft GOSS anti-corruption strategy. In addition, in support of the first critical power-sharing benchmark of the CPA, USAID technical assistance, training, and commodity support enabled successful census enumeration across the 10 states of the south and provided equipment essential for establishing basic operation of the south's data processing center.

USAID support is now deepening GOSS capacity to formulate and implement sound macroeconomic, monetary, and fiscal policies. Building on USAID-supported GOSS public expenditure management and controls, the Agency plans to expand these efforts into line ministries and into each of southern Sudan's 10 state governments. In addition, USAID is providing technical assistance to the Bank of Southern Sudan, instituting the safeguards needed for and management of public revenue, especially oil revenues. With USAID assistance, the GOSS now has a new revenue law and technical advisors are supporting the drafting of the regulations for this law. USAID support also focuses on issues such as revenue-sharing, fiscal, monetary, currency, foreign exchange, and foreign trade policies, as well as building a private sector enabling environment, which covers commercial regulation, dispute settlement, property protection, and investment facilitation.

To complement and build upon efforts at the GOSS level, USAID launched the Building Responsibility to Deliver Government Services (BRIDGE) program in early 2009, providing technical assistance to support state and local governments' ability to handle resources more effectively and deliver services in southern Sudan's conflict-prone northern states. USAID is assisting emerging state and county government institutions to understand and meet community needs through training in strategic planning, budgeting, managing, delivering, and accounting for public goods and services. This technical assistance is building the capacity to implement administrative reform, effectively manage financial and human resources, and develop local sources of revenue.

USAID's sectoral programs, particularly in infrastructure, health, and education, provide technical support to GOSS-level line ministries to formulate policy, plan and

manage programs, establish transparent procedures, and strengthen the systems that deliver critical basic services and infrastructure.

One of USAID's major areas of focus to spur economic development in southern Sudan has been infrastructure development. USAID is building bridges and electricity generating systems and rehabilitating hundreds of kilometers of road across southern Sudan, including the major transport route from Juba to Nimule (a border crossing to Uganda), as well as a major trade corridor in the southwestern "breadbasket" of Sudan. In 2009, seven permanent bridges were completed along the Juba-Nimule road, the entire road was maintained, and critical repairs were done. As a result, travel time has been reduced from 6 hours to 3.5, and daily traffic has nearly doubled. In 2010 and 2011, the road will be paved, creating the south's first paved road outside a state capital.

To help stimulate market-driven, commercial agriculture in southern Sudan, USAID has awarded a new program in 2010 that will help increase production, storage, processing, and commercialization of smallholder production in regional markets bordering southern Sudan. The program will focus on agricultural commodities that perform well and are traded throughout southern Sudan, including groundnuts, sorghum, cassava, maize, sesame, horticultural crops, poultry, and livestock.

In Darfur, in parallel with existing humanitarian programs, USAID supports civil society and community organizations in early recovery and peace-building activities, as appropriate and as conditions allow. USAID is currently examining opportunities for additional early recovery activities that could quickly deliver benefits for selected Darfur communities, while building a base of experience and including local partners that would

allow USAID to scale up into a larger development program when peace and security further stabilize and as the broader policy environment allows.

Questions for the Record Submitted to
Administrator Rajiv Shah by
Congresswoman Ileana Ros-Lehtinen (#30)
House Committee on Foreign Affairs
March 3, 2010

Promoting Stability and Good Governance

Question:

Have the Agency's programs in South Sudan been successful in promoting stability and good governance while safeguarding against corruption, which reportedly has become a serious problem?

Answer:

The 2005 Comprehensive Peace Agreement (CPA) ended Sudan's long and bloody north-south civil war and established the Government of Southern Sudan (GOSS) as a subnational, autonomous government. But as of 2005, there was no structure in southern Sudan to undertake the most basic functions of government—no offices, pens, paper, staff. Every government agency and system had to be created from scratch in a region the size of Texas where 85 percent of the population is illiterate and there were essentially no paved roads. Southern Sudan was then, and remains now, hindered by a lack of basic infrastructure and institutional capacity, which continue to impede economic and social progress.

USAID's goal to support the implementation of the CPA has focused on averting and resolving conflict and promoting stability, recovery, and democratic reform. To avert and resolve conflict, assistance has focused on supporting power-sharing and wealth-sharing protocols of the CPA, as well as the protocols related to the Three Areas (Abyei, Blue Nile, and Southern Kordofan), on reducing tensions within the south and establishing a more secure environment for returning displaced persons and refugees.

One threat to the CPA is community conflict in southern Sudan, which worsened in 2009, displacing approximately 350,000 people and leaving 2,500 dead, according to the UN Office for the Coordination of Humanitarian Affairs. This type of conflict may negatively affect Sudan's CPA-mandated political processes. Lack of infrastructure in the south has hindered the ability of authorities to respond quickly to conflict. To address this threat, USAID started a conflict mitigation program in southern Sudan in October 2009, which targets two zones of high conflict and focuses on supporting reconciliation and consensus-building events; expanding youth employment, training, and sports; supporting traditional leaders who have a key role in community harmony; and extending the presence of government so that they are able to provide security to their communities.

To promote stability, recovery, and economic reform, USAID has focused its efforts on supporting the establishment of core governance structures, supporting the administration and civic participation in key CPA political processes, and reintegrating conflict-affected communities through basic service provision and peace dividends.

Results from FY 2009 highlight the incremental, yet significant, strides made by the maturing GOSS to slowly build a foundation for longer-term development steeped in sound democratic principles of good governance. The CPA has offered the GOSS and its state and local governments the opportunity to achieve participatory and inclusive governance characterized by transparency, accountability, and equitable resource allocation. Since 2004, USAID has been supporting efforts to establish and strengthen GOSS core functions, including greater participatory governance, transparency, and financial accountability. In FY 2009, the U.S. Government worked with 11 critical GOSS institutions, supporting improvements in public executive functions to develop

stronger linkages between policy priorities, policy legislation, budgeting, and implementation. At the local level, 45 sub-national government entities were strengthened, improving performance and expanding efforts to develop transparent public finance accountability systems, planning, and service delivery along the sensitive north-south border. U.S. support resulted in enhanced skills at both GOSS central and state levels, and 1,896 government officials received training to build their capacity, improve key governance functions, and promote gender equity.

The Ministry of Finance expanded its financial management system and reinstituted a weekly Cash Management Committee, which systematizes payment procedures for transparent budget execution, tightens cash controls, forces prioritization of payments against appropriation, and strengthens planning efforts to set aside funds for core expenses such as salaries.

Capacity-building continued at the Bank of Southern Sudan, increasing its supervision and oversight of banks and currency exchange bureaus. The Taxation Act was drafted and passed—a key milestone providing the legal framework for GOSS to begin collecting non-oil taxes. The act also harmonizes tax rates and collection procedures with states, thereby reducing GOSS dependence on oil revenues. Seventeen additional laws were drafted with U.S. assistance, helping to establish a more conducive legislative and policy environment for good governance.

The United States continued to support the Ministry of Labor, Public Service, and Human Resource Development in civil service reform and the development of a pension policy. In FY 2009, U.S.-funded technical advisors worked with GOSS officials to draft policies and performance criteria for recruitment, as well as organizational reference

manuals that classify existing civil servant positions. These actions lay the foundation for right-sizing and "professionalizing" the bloated civil service. U.S. assistance was also critical for the completion of a draft anti-corruption strategy that will strengthen accountability across the GOSS.

In the wake of its 2009 fiscal crisis, GOSS is continuing to strengthen financial sector management and accountability with the assistance of U.S. advisors. Transparent financial controls are being strengthened, banking supervision enhanced, and the legal framework broadened to expand the non-oil revenue base. The Juba Compact, signed in June 2009, set out actions to be taken by the GOSS independently or jointly with donors to mitigate the adverse effects of the fiscal crisis. The Juba Compact commits the GOSS and its donor partners to key objectives designed to strengthen transparency and accountability and ensure the fulfillment of the objectives of the CPA to deliver peace dividends and enhance the overall quality of life for the people of southern Sudan.

The foundation for good governance and transformational development is also being established at the state level. U.S. assistance is enhancing capacity to deliver peace dividends and mitigate conflict in the run-up to the 2011 referenda on the future status of southern Sudan and Abyei. Vertical and horizontal linkages between levels of government were improved in four southern states along the north-south border, as well as in Abyei and Blue Nile state. Participatory planning processes for education, water, and agriculture services have strengthened the relationship between citizens and local government. Financial management training, accounting, bookkeeping, and intensive English language training, provided 614 local government officials with tools for effective performance. U.S.-funded technical assistance also helped state authorities

launch public service reform in Unity state. The resulting clarification of job descriptions strengthened human resource management capacity and the introduction of proctored teacher testing will improve the quality of public education.

Looking toward 2011 and the end of the CPA interim period, USAID in collaboration with the GOSS and other donors completed an assessment of the capacities required for GOSS to function as a viable government after 2011, whether southern Sudan becomes an independent country or remains a regional government within Sudan. The study prioritized areas of GOSS capacity needed to carry out the full range of government responsibilities by 2011, including executive leadership, financial resource management, human resource management, oil and land resource management, and equitable social service access. The conclusions and recommendations of the assessment are informing, shaping and refining USAID's and other donors' existing and future governance assistance leading up to the January 2011 referendum and beyond.

Questions for the Record Submitted to
Administrator Rajiv Shah by
Congressman Ileana Ros-Lehtinen (#31)
House Committee on Foreign Affairs
March 3, 2010

Democracy in Governance

Question

What is the status of USAID's support for democracy in governance, including elections support, in Sudan in the lead-up to elections next month and the referendum in 2011? It has been reported that there were significant delays in releasing funds to the International Republican Institute and the National Democratic Institute to conduct programs for elections support in Sudan. Why? Have these problems been resolved?

Answer:

USAID is implementing a holistic, nationwide, $95-million elections support program, encompassing support for administering the elections, promoting and enabling civic participation, and conducting international observation. The administration component includes all phases of the electoral process: voter and candidate registration, constituency delimitation, ballot design, voter education, polling, and dispute resolution. Civic participation assistance includes civic and voter education, political party capacity building, media assistance, and domestic observation support. International observation includes observation of all aspects of the electoral environment, including the role of media; election-related violence; freedoms of movement and assembly; participation of women, youth, and marginalized groups; and the impact of security or insecurity on the electoral process.

USAID has also planned a holistic assistance program to support the both the southern Sudan and Abyei referenda, scheduled for January 2011, as well as the popular consultations in Southern Kordofan and Blue Nile states, as required by the

Comprehensive Peace Agreement (CPA). USAID expert technical assistance will enable the Southern Sudan Referendum Commission, the Southern Sudan Referendum Bureau, and the Abyei Referendum Commission to prepare for, administer, and oversee the referenda processes. Assistance will cover all areas of the processes under the commissions' mandates: voter registration and education, ballot design, polling, and dispute resolution. It will include technical assistance, capacity building, logistics, equipment and supplies, and provision of referendum commodities.

For the popular consultations, USAID is engaged in a series of preparatory activities. In December 2009 and January 2010, USAID supported Sudanese delegations on study tours to Indonesia and Kenya to learn from those countries' recent experiences with popular consultation processes. USAID aims to assist the CPA partners in reaching consensus on the design of the institutions and processes that will guide the popular consultations, maximizing the likelihood that the process contributes to a final, binding, and peaceful solution to the protracted political conflicts in Southern Kordofan and Blue Nile states.

The release of FY 2009 funds to the International Republican Institute (IRI) and the National Democratic Institute (NDI), two of USAID's long-time implementing partners in Sudan, and critical partners on election assistance, was not delayed, nor was either organization at risk of running out of funds. As the election portfolio is the first nationwide assistance program for USAID in Sudan, its implementation required the concurrence and approval of the Government of Sudan. A lengthy negotiation process with the Government of Sudan Ministry for International Cooperation was required to secure implementation protocols (IPs) for each organization to carry out election

assistance activities. These IPs provide the legal and political space needed by USAID partners to undertake activities and are pre-requisites for launching any long-term development programs in Northern Sudan. They were signed later than hoped (in July 2009 for IRI and August 2009 for NDI), because of the lengthy negotiation process, but this had no impact on release of funds. Once the IP were negotiated and approved, the process required further consultation with the Government of Sudan on each organization's work plans and the resolution of elements of NDI and IRI programs perceived by the GOS to be sensitive. Each step of the process was time-consuming, considering the sensitivity surrounding election activities in Sudan, securing Sudanese Government approval for the implementation protocols and work plans was an accomplishment.

NDI's work plan was approved in November 2009 and IRI's in February 2010. However, throughout the course of the negotiations, NDI and IRI continued working; there was no stoppage. NDI and IRI activities are well underway.

Questions for the Record Submitted to
Administrator Rajiv Shah by
Congresswoman Ileana Ros-Lehtinen (#32)
House Committee on Foreign Affairs
March 3, 2010

Pakistan

Question:

The most recent audit by the USAID Office of Inspector General on U.S. programs in Pakistan notes "that security conditions have either hindered program accomplishment or had the potential to create implementation problems." Those audits also identified trends in inadequate contract oversight or activities management and data integrity or quality issues.

Bearing these issues in mind, how does USAID propose to responsibly implement some $1.5 billion in non-military assistance to Pakistan? What is your plan for strengthened oversight and transparency, and on what timetable will it be fully implemented?

Answer:

This audit concluded the program has "not yet achieved the goal." The audit was conducted in year two of a three year project, which is slated to end in December 2010. The audit reports that some progress had been made, while certain specific objectives had not been completed. USAID/Pakistan agreed with the audit's four recommendations, and has already taken action on all of them.

I would also like to address your questions regarding oversight and transparency. USAID is in the process of increasing our staff not only in Islamabad but Karachi and Lahore as well. These new personnel will be focused primarily in the areas of project management, contracts and financial management. Procedures are being developed with the Government of Pakistan at both the national and provincial levels to channel resources through governmental agencies with the capacity to implement programs effectively. The USAID Mission in Pakistan has been conducting pre-award surveys of

almost 70 governmental and non-governmental institutions that may be recipients of US assistance resources.

Questions for the Record Submitted to
Administrator Rajiv Shah by
Congresswoman Ileana Ros-Lehtinen (#33)
House Committee on Foreign Affairs
March 3, 2010

Pakistan

Question:

As you know, Ambassador Holbrooke, the President's Special Representative for Afghanistan and Pakistan, has made it a priority to rapidly transition away from utilizing U.S.-based NGOs and contractors in Pakistan and rely principally on Pakistani governmental and non-governmental implementers.

Can you spell out in some detail how USAID intends to carry out this transition and on what timetable it will be accomplished? Would a rapid, as opposed to phased, transition to working with qualified Pakistanis hinder or help U.S. support for the "hold and build" phase of ongoing counter-insurgency and counterterrorism operations? Why or why not?

Answer:

As is consistent with best practices in international development, U.S. assistance will be directed increasingly through a broad range of local governmental and non-governmental organizations (including the private sector) with the capacity to implement programs effectively and accountably. This approach will help increase host country ownership, capacity, and show U.S. commitment to building a long-term partnership with the Pakistani government and people.

That said, we will not be stopping programs prematurely. We realize that in some cases, we will need to rely on U.S. or international contractors in the short-term, as we continue to build up local capacity. For example, the ramp-up of large infrastructure programs will require a short-term increase in the need for architectural and engineering, monitoring and evaluation services, and other specialized U.S. - based experts. We will

not channel funds through local organizations for which reliable monitoring, auditing and evaluation does not yet exist.

Questions for the Record Submitted to
Administrator Rajiv Shah by
Congresswoman Ileana Ros-Lehtinen (#34)
House Committee on Foreign Affairs
March 3, 2010

Pakistan

Question:

While there are many challenges for USAID in the Pakistani environment, none may be more difficult than operating in the Federally Administered Tribal Areas (FATA) and surrounding regions.

Can you articulate to the Committee what your priorities will be for programs in the FATA, broadly identify near-term implementation partners, and talk a bit about constraints imposed by the current security climate?

Answer:

USAID priorities in the FATA over the next year will focus on stabilizing and rebuilding conflict-affected and vulnerable communities, creating income generating opportunities for the people of FATA, and improving the effectiveness of the government of Pakistan in delivering basic social services delivery.

About half of FY 2010 funds intended for FATA will be dedicated to stabilization, rebuilding, and infrastructure development efforts. In addition to providing visible evidence of the Government of Pakistan's and the international community's commitment to the people of FATA and to helping communities that support peace, infrastructure projects will help lay the foundation for economic growth. Quick-impact projects, which respond both to community, government of Pakistan, and U.S. priorities, will be implemented by international implementing partners under the management of USAID's Office of Transition Initiatives (OTI). Post-conflict reconstruction and larger

infrastructure initiatives will be largely implemented through the Government of Pakistan's FATA Secretariat. To facilitate implementation of this effort, USAID will engage private partners, both Pakistani and international, for supportive engineering, design, and monitoring and evaluation work.

Livelihoods activities implemented through international NGOs such as CHF International and AED, will create income opportunities, both short and long-term, for the people of FATA. Targeted activities will:

- improve the job skills/capabilities of beneficiaries through vocational training, apprenticeships, literacy/numeracy training, and higher education scholarships;
- re-start economic activity among those displaced or otherwise affected by conflict, including distribution of seeds and livestock and through microenterprise grants;
- increase agricultural productivity through improved land use/management, development of irrigation systems, breed and seed improvements, applications of improved farming practices and technology, and training of agriculture producers and extension agents; and,
- support the growth of private enterprise with training, technical assistance, and equipment grants to improve product quality and marketing.

Social service delivery is essential to extending the reach of the government and affecting sustainable improvements in the quality of life of the people. USAID will support the government of Pakistan to expand health, education, and water services in key locations. Projects will include rehabilitation/construction of facilities; provision of materials, supplies and equipment; community mobilization and engagement; and

training of service providers. Projects will be implemented by the FATA Secretariat. USAID may also use private firms and NGOs, both local and international, to address capacity building requirements in the FATA Secretariat in these areas.

The security situation in FATA remains tenuous. Over the past two years, though, USAID has learned a great deal about how to operate in the environment and has seen a continued expansion of our portfolio of FATA activities. USAID and the Pakistani government have created a civilian-military coordination committee to share information about the security environment and plan activities. USAID has implemented a robust and innovative monitoring and evaluation system, including the use of GIS mapping and third-party validation, to get current information on projects in areas USAID staff cannot access. USAID partners have developed strong protocols, both internally and with the FATA Secretariat, to enable access to project areas while protecting staff to the greatest extent possible. Over the next year, USAID will manage a larger amount of assistance (particularly in social service delivery) in a small number of densely-populated largely urban areas prioritized by the FATA Secretariat. This approach makes it easier for the government to provide security for development work.

Questions for the Record Submitted to
Administrator Rajiv Shah by
Congresswoman Ileana Ros-Lehtinen (#35)
House Committee on Foreign Affairs
March 3, 2010

Pakistan

Question:

The PBS investigative journalism show "Frontline" recently aired a program called "Pakistan: The Lost Generation," that examined that country's failing public education system. One of the themes to emerge from that show was that while the United States has already spent considerable sums devoted to strengthening the education sector, these expenditures have not generated significantly beneficial or sustainable outcomes – in part, perhaps, because, to date, education has not been considered a priority sector by Pakistan's elites.

In the context of a conflict-wracked country that has roughly 70 million children between the ages of 5 and 19 – of which fewer than 30 million are in any type of school – how does this Administration propose to work with Pakistan to make truly meaningful and lasting improvements in Pakistan's education system?

Answer:

USAID programs are designed to hold the GOP accountable for management of USG resources where indicated and to encourage increased investment by the government in social services, including education. To do so, USAID seeks to improve both the supply (government) and demand (civil society) sides of governance. We work with government officials on accountability, transparency, and efficiency while encouraging community mobilization and strengthening civil society participation in the education sector. Targeted technical assistance builds the capacity of the government, especially in the areas of financial management, procurement, and monitoring and evaluation. USAID also works to strengthen community organizations, such as Parent Teacher Councils, that can play a key role in ensuring community ownership of schools,

implementing projects, and monitoring use of government resources. Such efforts will lead to increasing leverage for Pakistanis to demand government investment in social services and to be responsive to education needs, such as staffing of schools.

Through Implementation Letters and other mechanisms, USAID outlines expectations for national and provincial governments to provide complementary education services that improve access to and quality of education in return for U.S. assistance. For example, in the Balochistan Middle School Program, the agreement will state that the government of Balochistan must hire additional teachers and cover their salary costs for the additional middle schools upgraded with USG funding.

In another example, USAID contracts local architecture and engineering firms to ensure that all buildings are constructed to the required quality and specifications, and USAID engineers provide oversight and monitoring of the construction. Additionally, USAID contracts with a local capacity building firm that will work directly with program implementation units that are responsible for monitoring and evaluation of projects.

The school renovation and construction projects are just one component of USAID's strategy to improve education in Pakistan. These quick impact initiatives are complemented by the work of existing interventions such as teacher and administrator training and the provision of teaching and learning materials. They lay the foundation for expanded long-term provincial education plans funded by the U.S. and the Pakistani government that focus on improving education quality and governance in Pakistan.

Questions for the Record Submitted to
Administrator Rajiv Shah by
Congresswoman Ileana Ros-Lehtinen (#36)
House Committee on Foreign Affairs
March 3, 2010

Pakistan

Question:

In an effort to bolster social protection for the neediest in Pakistan, President Zardari launched the Benazir Income Support Program (BISP) in September 2008 to provide cash grants to poor families. Under the BISP, each eligible family is to receive 1,000 rupees per month (or about $12). To date the U.S. has contributed $85 million toward supporting this program. However, according to the International Monetary Fund, the program until very recently has lacked "an objective targeting mechanism" to identify those most in need, with beneficiaries instead being designated by Members of the National Assembly. This appears to suggest that distribution was accorded on the basis of political patronage without any viable program accountability or transparency.

Can you assure this Committee and American taxpayers that U.S. funds in support of this program are, in fact, going to families most in need?

Answer:

To ensure that the bimonthly payment of $25.00 is provided to the poorest of the poor who urgently need the money for food and daily necessities, the US Government conditioned the disbursement of the funds for the BISP on the development of "a strategy and time-bound action plan for the adoption of the specific measures to strengthen the social sector support and improve targeting for the poor." We consider this condition met when the GOP provides a plan satisfactory to USAID for rolling-out (a) the poverty scorecard method of identifying eligible families; (b) improved payment methods with stronger fiduciary controls to guard against leakages; and (c) satisfactory organization support provisions on the BISP's plan. These conditions have been met. BISP has

provided the assessment of progress and it is acceptable for disbursement; the World Bank agrees.

An enhanced system to identify poor families using the poverty scorecard method has been piloted in 15 districts. USAID/Pakistan is working closely with Pakistan and World Bank to expedite the rollout of this method nationwide. The Pakistan Poverty Alleviation Fund, with World Bank funding, will recruit local partners to administer the scorecard instrument in about 20 new districts. BISP is conducting a competitive solicitation for other local partners to administer the rollout in the balance of the country. BISP hopes to complete the scorecard rollout nationally by December 31, 2010.

The scorecard contains 13 questions about the household, selected so that they correlate as well as possible with the household's income. (The correlation was carefully tested in the pilot phase using data from the massive Pakistan Income, Expenditure, and Consumption Survey.) While observing "income" is extremely difficult and expensive, answering the scorecard's questions is quick and the answers are easy to verify if BISP wants to spot-check. This system is thus a cost-effective approach to poverty targeting.

To ensure disbursements go to the right family, the senior female member of eligible families receives payments in cash delivered by Pakistan Post. The postman obtains a receipt with a fingerprint from the female beneficiary. BISP is experimenting with IT-based payment mechanisms and the World Bank is assisting with a study of options.

Families eligible for BISP must, like IDP families, be registered in a national identity database that is also used by the Ministry of the Interior to search for wanted terrorists and, if found, to track them via family information. Consequently, insurgents

associated with terrorist organizations actively avoid registration of themselves and family members. Thus, in general, potential terrorists and their extended family members are not in the database and therefore are not eligible for BISP benefits.

Question for the Record Submitted to
Administrator Rajiv Shah by
Congresswoman Ileana Ros-Lehtinen (#37)
House Committee on Foreign Affairs
March 3, 2010

Yemen

Question:

The recently released FY2011 budget would increase Economic Support Funds to Yemen almost sevenfold in just one year, from $5 million in FY2010 to $34 million for FY2011. It also increases funding for Global Health and Child Survival from $8 million to $21 million, a 162.5 percent increase.

Where is our absorptive capacity on the ground to accommodate this type of increase in funding?

Answer:

The total FY 2011 assistance request for Yemen represents a funding increase of $11.2 million, or 25 percent. The increase in ESF is more than offset by the elimination of DA funding. The table below illustrates previous and current funding levels and accounts.

The shifts in funding accounts in FY 2011 reflect the emphasis on community livelihoods and governance in USAID's new three-year stabilization strategy that will address Yemen's most pressing stability and development needs. An increase in GHCS funding will allow USAID to expand existing health care service programs to vulnerable populations in additional regions in Yemen. This does not involve significant new management burdens.

USAID funding levels for Yemen by year and account:

	FY09	FY10	FY11
DA	**11,233**	**35,000**	**0**
ESF	**19,767**	**5,000**	**35,000**
GH/CS	**3,000**	**4,800**	**21,000**
	34,000	44,800	56,000

Question for the Record Submitted to
Administrator Rajiv Shah by
Congresswoman Ileana Ros-Lehtinen (#38)
House Committee on Foreign Affairs
March 3, 2010

Yemen

Question:

Does the Embassy have the ability to project its presence on the ground to implement this funding and programming effectively?

Answer:

The Embassy is keen to have an amplified presence of foreign aid in the country. USAID cooperates with the Embassy Regional Security Officer (RSO) and Department of Defense in Sana'a to coordinate in-country travel. While this process will continue, for the time being USAID will be principally working through NGO grantees to extend its presence in remote communities. In addition to our program activities, USAID will have a robust monitoring and evaluation system. This will allow an independent reporting source on implementing partner activities and impact – information which will be fed back to USAID, allowing it to more effectively track and manage programming.

Question for the Record Submitted to
Administrator Rajiv Shah by
Congresswoman Ileana Ros-Lehtinen (#39)
House Committee on Foreign Affairs
March 3, 2010

Yemen

Question:

How does the Yemeni Government itself have the absorptive capacity to accommodate this kind of increase?

Answer:

USAID's new Responsive Government Program (RGP) will help build central government absorptive capacity to use donor funds more effectively. Increasing the Government of Yemen's capacity in this respect will help eliminate one of the chief problems preventing donors from fulfilling existing pledges. More broadly, the RGP will look for opportunities to build capacity at various levels of government; for example, it will work with local councils and offices of line ministries to better allocate resources and design and monitor small development projects. This work will be done in the same communities where USAID is implementing its new Community Livelihoods Program, so the two programs will be complementary.

While money is not directly spent through Government of Yemen institutions, USAID/Yemen works with reliable partners within the government. For example, the Mission has agreements with the Ministry of Agriculture to help farmers increase their market access and also with the Ministry of Planning and International Cooperation for anti-corruption activities.

Question for the Record Submitted to
Administrator Rajiv Shah by
Congresswoman Ileana Ros-Lehtinen (#40)
House Committee on Foreign Affairs
March 3, 2010

Yemen

Question:

What are our performance metrics for this funding and programming?

Answer:

USAID is establishing robust a monitoring and evaluation (M&E) system for its new stabilization strategy in Yemen.

The new M&E program will develop baseline data, collect information on performance, and generate reporting. This will enable continuous monitoring of individual project inputs and outputs, as well as the overall impact of USAID programs on stability in different parts of Yemen. Illustrative categories of stabilization indicators include local perceptions of improvements in service delivery and responsiveness of Government of Yemen entities.

The project will maintain a state-of-the-art information database and a capacity to conduct surveys and analysis, to provide continuous program information and generate ongoing reporting and to ensure environmental compliance of all USAID work.

Question for the Record Submitted to
Administrator Rajiv Shah by
Congresswoman Ileana Ros-Lehtinen (#41)
House Committee on Foreign Affairs
March 3, 2010

Yemen

Question:

What conditions for the Government of Yemen are we placing on U.S. assistance, particularly regarding the Government's implementation of its financial sector/economic reform program?

Answer:

USAID assistance is not specifically tied to conditions relating to Government of Yemen financial sector/economic reforms.

Current International Monetary Fund (IMF) discussions with the Government of Yemen focus on furthering specific financial/economic reforms in return for any IMF assistance. More broadly, the United States participates in the multilateral Friends of Yemen process that will help to support the Government of Yemen as it implements its reform agenda in these – as well as other – issue areas. The Friends of Yemen include the U.S., UK, Western Donors, GCC countries, UN, IMF, World Bank and others.
The goal of Friends of Yemen is to build concerted political, diplomatic and strategic support to help Yemen implement its own solutions to its problems.

USAID's strategy is integral to the broader interagency strategy to promote stabilization in Yemen by constricting the space for Al Qaeda in the Arabian Peninsula (AQAP) to operate.

Questions for the Record Submitted to
Administrator Rajiv Shah by
Congresswoman Ileana Ros-Lehtinen (#42)
House Committee on Foreign Affairs
March 3, 2010

West Bank and Gaza

Question:

Administrator Shah, the Administration has requested another $400.4 million in Economic Support Funds for the West Bank and Gaza. But a former Palestinian anti-corruption official has reportedly revealed that Palestinian officials have stolen hundreds of millions in foreign aid.

1) What kind of vetting do we have in place to ensure that funding does not benefit violent extremists or corrupt officials, and instead reaches its intended targets?

Answer:

USAID has procedures and mechanisms in place to ensure transparency and that any assistance provided to the Palestinian Authority (PA) is only used for its intended purposes. The USAID program in the West Bank and Gaza operates on a 100 percent audit basis; none of the audits has ever found evidence of funds being diverted.

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 to private sector financial institutions providing credit for purchases from these companies.

Vetting of specific private sector creditors is a prerequisite to disbursement of funds. Funds are transferred into a separate local currency sub-account of the PA's Single Treasury Account, and USAID has 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 Account, including the amount disbursed and the recipient. The Regional Inspector General also audits each cash transfer. We anticipate the same process for FY 2011 budget support.

Additionally, USAID provides project assistance through international organizations, U.S. nongovernmental organizations and local organizations that are vetted.

Before making either a contract or a grant award, or a subcontract or subgrant, to a local NGO, USAID checks the organization name and key personnel of the organization through databases maintained by U.S. intelligence agencies.

In addition, all NGOs applying for grants from USAID are required to certify before award of the grant that they do not provide material support to terrorists. All contracts and grants also contain a mandatory clause reminding awardees of their duty to comply with U.S. laws and Executive Orders prohibiting assistance to terrorist organizations.

Questions for the Record Submitted to
Administrator Rajiv Shah by
Congresswoman Ileana Ros-Lehtinen (# 43)
House Committee on Foreign Affairs
March 3, 2010

West Bank and Gaza

Question:

What kind of metrics are we using to ensure that this funding actually accomplishes its stated objectives?

Answer:

To measure the impact of programs, USAID identifies indicators annually and reports on their impact. The Mission has a state-of-the-art Geographic Information System (GIS) into which partners input progress on indicators; staff members can then follow up through site visits to ensure progress and program performance. USAID/West Bank-Gaza reports annually on these indicators through the Performance Plan and Report (PPR) process in Washington D.C. Key results are also reported through the Congressional Notification process.

USAID conducts Portfolio Reviews each year to assess the overall performance of our programs. We then use the results of these program reviews to analyze progress with regard to project- and program-level indicators that track performance, and to inform decision making on future programming. Each fall, through the PPR process, we report results that were achieved during the previous fiscal year and set targets for results projected for the current and out fiscal years.

Questions for the Record Submitted to
Administrator Rajiv Shah by
Congresswoman Ileana Ros-Lehtinen (#44)
House Committee on Foreign Affairs
March 3, 2010

Iraq

Question:

Administrator Shah, given that the U.S. military drawdown will have a profound effect on USAID's presence in Iraq, what planning has taken place at both the operational and the strategic level for the transition? Is there an overall USAID transition plan and has there been a coordinator assigned for these activities? If so, could you please describe the plan to us?

Answer:

USAID is working through the established interagency process led by the National Security Council to coordinate its activities for the transition with the Military, the Department of State and other U.S. Government agencies.

In Baghdad, the Deputy Chief of Mission (DCM) is the coordinator for the transition process; the USAID Mission Director is part of the DCM executive committee. In Washington, DC, USAID participates in a Transition Working Group co-chaired by the Department of State and the Department of Defense. USAID will contribute to Iraq's development with programs that support the political process and advance democratic governance, health, education, private sector development and job creation.

USAID field presence in Iraq will transition to three regional platforms located in Baghdad and regional consulates from where it will monitor USAID programs and implementing partner activities in all provinces in which USAID works, including the disputed internal boundaries (DIBs) provinces of Ninewa, Kirkuk and Diyala.

Iraq's political transition through 2010 will guide the USG's strategy to support Iraq's shift from stabilization activity to a long-term partnership.

As USAID transitions to support Iraq's focus on sustainable development, it will partner more closely with Government of Iraq (GoI) leadership and other key Iraqi stakeholders to design, implement, and co-fund appropriate development assistance strategies and activity.

As the USG interagency transitions to a civilian-led partnership with Iraq, USAID is well-positioned to support GoI-led and co-financed initiatives by providing training and technical assistance for long-term institutional capacity building at the national, regional, provincial; and local levels. Technical assistance will be provided in private sector development and job creation and in support of the political process and the growth of civil society.

Questions for the Record Submitted to
Administrator Rajiv Shah by
Congresswoman Ileana Ros-Lehtinen (#45)
House Committee on Foreign Affairs
March 3, 2010

Security Needs in Iraq

Question:

How will USAID continue to meet its security needs? What will be the USAID footprint?

Answer:

USAID staff members serve under Chief of Mission authority and their security needs will be addressed by the Regional Security Office of the U.S. Embassy in Iraq.

In addition to headquarters in Baghdad, USAID plans to staff regional platform offices in the U.S. Enduring Presence Posts as they are established. USAID's goal is to recruit additional local Iraqi staff to work side by side with USAID staff and implementing partners, thus utilizing their ability to move more freely.

Questions for the Record Submitted to
Administrator Rajiv Shah by
Congresswoman Ileana Ros-Lehtinen (#46)
House Committee on Foreign Affairs
March 3, 2010

Pakistan

Question:

In recent months, there have been news articles raising concerns that U.S. foreign assistance in Afghanistan is ending up in the hands of the Taliban. The FY2011 request for Afghanistan assistance is $3.9 billion.

What assurances can you provide that these funds won't support Taliban activities? What mechanisms are in place to prevent that?

Answer:

I am aware of the recent articles questioning whether U.S. foreign assistance funds end up in the hands of the Taliban. I want to state up front that no independent information substantiates this allegation. Nonetheless, we take the allegations very seriously.

These allegations surfaced in news reports last fall. Once USAID learned of these allegations, we immediately contacted our Inspector General and the Special Inspector General for Afghanistan Reconstruction to ask them to investigate. We were also in immediate touch with the World Bank who administers specific joint funding efforts to ask them to investigate the allegations.

Following a formal request by USAID, this issue was added as an agenda item at the November 2009 Afghanistan Reconstruction Trust Fund (ARTF) Quarterly Donors meeting where this was discussed openly.

While these allegations have not been substantiated, USAID understands, that management and oversight is vital. USAID has multiple oversight systems in place to safeguard U.S. taxpayer funds.

These systems range from pre-award conferences to reviews of all claims for payment and regular monitoring and evaluation actions. Even before a contract is awarded, USAID contract specialists and project teams meet to establish high standards of oversight and reporting.

Regular oversight includes a comprehensive review of all payment claims, requiring contractors to submit invoices for work completed. Through these examinations, mission activity managers review and approve claims before they are authorized for payment. USAID conducts mid-term and year-end evaluations to track contractor/grantee progress and expenses against work plans and agreed-upon deadlines.

USAID oversight also includes:

- Implementation audits and conferences
- Site visits by USAID staff, including local staff
- Project management assessments by USG project and management officials
- Review of weekly/monthly reports or meetings by USAID staff
- Annual assessments and semi-annual portfolio reviews by USAID project directors
- annual internal control/risk assessment of internal policies and procedures, identifying among other things internal controls needing to be implemented, strengthened, and/or changed
- Technical assistance offered by sector advisors

- Incurrent cost audits by the Defense Contract Auditing Agency – This agency reviews all major U.S. for-profit contractors annually in conformance with requirements under the Federal Acquisition Regulations.
- Per USG standards, USAID scrutinizes contractors through government-wide terrorists filters, including:
    - OFAC's "List of Terrorist Organizations and Individuals and Specially Designated Nationals" http://www.treas.gov/ofac;
    - The United Nations' "1267" list http://www.un.org/sc/committees/1267/consolist.shtml
    - State Department's Terrorist Exclusion List http://www.state.gov/s/ct/rls/other/des/123086.htm

Should a problem be brought to our attention, we have a number of systems in place to investigate any allegation:

- USAID Inspector General (IG): USAID reports to the IG any allegation that comes to its attention. The IG then conducts an internal review based on the allegation, determines whether the allegation warrants an investigation, and moves forward or closes the case based on the internal investigation.
- Special Inspector General for Afghanistan Reconstruction (SIGAR): USAID can report any allegation to the SIGAR, which has its own internal investigation processes.
- U.S. Government Accountability Office (GAO): USAID programs are submitted to audit by the GAO. As the non-partisan Congressional watchdog on spending responsible for monitoring the "health of an organization," the

GAO responds to requests from the Hill. USAID cooperates fully with all GAO audits and reviews.

Lastly, as part of the citizen uplift currently underway, we have significantly increased the numbers of contract and financial specialists in Kabul to more closely monitor the significant tax payers' dollars in Afghanistan.

Questions for the Record Submitted to
Administrator Rajiv Shah by
Congresswoman Ileana Ros-Lehtinen (#47)
House Committee on Foreign Affairs
March 3, 2010

Afghanistan

Question:

Administrator Shah, you note with respect to Afghanistan that "in 2002, just 8 percent of the population had access to some form of health care, but by 2009, that number had increased to 84 percent." You also note that "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."

Administrator Shah, the Afghanistan-Pakistan Stabilization Strategy, provided to Congress earlier this week, states that "we have also introduced performance-based implementation mechanisms and significantly decreased the number of multi-year contracts to U.S. entities." Please elaborate on what those specific mechanisms are.

Answer:

The U.S. Mission's new approach in Afghanistan, to implement the President's Afghanistan strategy, is to support Afghan leadership, Afghan capacity-building efforts at all levels, Afghan sustainability (for, with, and by the people), and to increase local procurement initiatives such as "Afghan First." The guiding principle of Afghan-led development will ensure that Afghans lead, not follow, in their path to a secure and economically viable Afghanistan, in partnership with the U.S. An agile, flexible and responsive U.S. strategy will provide the framework in which we operate to maximize all USG resources by sector and by geographic location to promote stability. A whole-of-government unity of effort approach through integrated planning and operations will also help us coordinate and integrate with our international community partners.

This significant change in contracting, management, resources, and focus of our foreign assistance is intended to engage the Afghan people in ways that demonstrate our commitment to promote a responsive and capable Afghan government. Additional assistance to Afghanistan must be accompanied by new contracting principles and delivery mechanisms to mitigate risks, and to ensure greater accountability, immediate action, and sustained commitment.

In short, we seek a stronger and more effective Afghan-U.S. development partnership. At the national level, more U.S. assistance will be channeled through the Government of the Islamic Republic of Afghanistan (GIRoA) core budget. At the field level, we are increasing our focus on sub-national and local communities through establishment of regional platforms of operation.

U.S. assistance in Afghanistan is shifting to smaller, flexible, and faster contract and grant mechanisms to increase decentralized decision-making in the field. In each program and project design, we will outline how field input has been incorporated, and how field staff will be involved in implementation. These new contracts and grants will have rigorous annual reviews with the award of subsequent years depending on performance.

Factors we will consider prior to awarding contracts and grants will include: 1) the degree to which Afghan content (labor and materials) is emphasized; 2) the bidders track record; 3) anticipated results and impact; and 4) flexibility and agility. For example, contracts and awards will include an evaluation factor which allows for special consideration to offerors who propose procurement mechanisms to purchase more products and services locally.

We will also continue to build on past successes and lessons learned, including working more closely with our Special Inspector General for Afghanistan Reconstruction (SIGAR) and Regional Inspector General (RIG) colleagues to provide adequate oversight.

Questions for the Record Submitted to
Administrator Rajiv Shah by
Congresswoman Ileana Ros-Lehtinen (#48)
House Committee on Foreign Affairs
March 3, 2010

Afghanistan-Pakistan Stabilization Strategy

Question:

Administrator Shah, the Afghanistan-Pakistan Stabilization Strategy, provided to Congress earlier this week, states as one of its milestones the "deployment of dozens of additional USAID and other personnel by early 2010 to enhance oversight of contracts and improve management of programs."

Could you provide us a numerical, functional and geographic breakdown of these additional personnel? How many are actually on the ground now?

Answer:

Afghanistan

- Current US Staff Targets: 333
- US Staff on the ground as of 3/19/10: 261
    - Kabul-Based—113
    - Field-Based – 148 (In Regional Commands North, South, East and West)
- Functional Expertise broken out as follows:
    - Provincial Reconstruction Team
    - Social Sector Development
    - Democracy and Governance
    - Economic Growth
    - Agriculture
    - Infrastructure, Energy and Engineering

- Program and Project Development
- Financial Management
- Acquisition and Assistance
- Management
- Legal
- Senior Management (Director and Deputies)

Pakistan

- Current US Staff Targets: 94
- Current US Staff on the ground as of 3/19/2010: 61
  - Islamabad-based -- 51
  - Field-based staff -- 9 in Peshawar and 1 in Karachi
  - Additional U.S. Field-based staff in Lahore in process
- Functional Expertise broken out as follows:
  - Senior Management (Director and Deputies)
  - Management
  - Acquisition and Assistance
  - Financial Management
  - Legal
  - Program Resource
  - Education
  - Health
  - Democracy and Governance
  - Economic Growth

- Infrastructure
- Agriculture
- Energy
- Foreign Disaster Assistance

Questions for the Record Submitted to
Administrator Rajiv Shah by
Congresswoman Ros-Lehtinen (#49)
House Committee on Foreign Affairs
March 3, 2010

Egypt

Question:

Could you elaborate on the FY2011 request for $250 million in ESF for Egypt? What performance metrics and evaluation mechanisms does the Administration have in place to ensure that these funds are spent effectively?

Answer:

USAID complies with the Government Performance and Results Act (GPRA) of 1993 which establishes requirements for strategic planning and performance measurement for all USG agencies.

USAID/ Egypt is responsible for measuring progress towards the results identified in the planning stage of all projects to achieve foreign assistance objectives. The concept of performance management encompasses the tools used by the mission for assessing, learning, and reporting. Much of our performance information for Egypt can be found on page 470 of the Regional Annex of the Foreign Operations Congressional Budget Justification for FY 2011.

Performance Management tools used by USAID/Egypt include:

1. A mission developed performance management plan (PMP) that includes sets of indicators, with established targets, measuring results identified in the planning stage of each project. The PMP is used in monitoring the achievements of program operations.

2. Mission conducts semi-annual portfolio reviews of implementation and performance for each project. The portfolio reviews allow the mission to analyze performance information to track progress toward planned results. The mission uses performance information and evaluations to influence decision-making and resource allocation.
3. Formative evaluations are conducted on a periodic basis to identify the reasons for success or lack of it, to assess effects and impacts, or to indicate which, among a range of program or project/activity alternatives, is the most efficient and effective. Summative evaluations are conducted at the end of projects to draw lessons for future interventions.
4. In addition, the Egypt mission is in the process of developing a performance management information system that will standardize tracking of performance and facilitate information retrieval and analysis.

Questions for the Record Submitted to
Administrator Rajiv Shah by
Congresswoman Ileana Ros-Lehtinen (#50)
House Committee on Foreign Affairs
March 3, 2010

Egypt

Question:

Given Egypt's continued failure in meeting economic and political reform benchmarks, is the Administration planning to phase out ESF to Egypt?

Response:

Egypt has made considerable economic progress. It has one of the most improved and diversified economies in the Middle East, having climbed from a low income country to a lower middle income country by World Bank classification. However, many development challenges remain and the United States' development program is yielding positive results for the people of Egypt. In addition, policy implications of a unilateral cut to ESF would be severe.

The USG remains committed to supporting economic growth and development in Egypt. We also remain committed to supporting programs that promote political pluralism, good governance, and greater respect for the rule of law and human rights.

As in the past, in FY2011, we will fund programs addressing three priorities: access to justice and the protection of human rights, participatory local governance, and civil society (including the media).

Questions for the Record Submitted to
Administrator Rajiv Shah by
Congresswoman Ileana Ros-Lehtinen (#51)
House Committee on Foreign Affairs
March 3, 2010

Egypt

Question:

Why should Congress reduce its leverage by locking in part of our aid to Egypt away from the normal authorization and appropriations process?

Response:

Any request for Economic Support Funds (ESF) to support an endowment would be subject to normal annual authorization and appropriation processes, and subject to the availability of funds. We view an endowment as a cooperative mechanism to institutionalize our assistance relationship, supporting economic and social development in Egypt as part of a larger, continuing assistance portfolio, and as a potential future legacy should ESF to Egypt be phased out. It is our desire to work with Congress to ensure appropriate oversight of any bilateral endowment with Egypt.

Questions for the Record Submitted to
Administrator Rajiv Shah by
Congresswoman Ileana Ros-Lehtinen (#52)
House Committee on Foreign Affairs
March 3, 2010

ESF Endowments

Question:

Don't the precedents for ESF endowments, including the "enterprise funds," provide warning signs due to concerns over the lack of oversight of their management?

Answer:

The U.S. Government proposes that the endowment be housed in a U.S. or internationally-based non-profit corporation that would be subject to U.S. law and standard audit and management oversight procedures. The management structure, controls and decision making in the endowment would be critical to establish appropriate accountability on use of proceeds and management practices. An endowment agreement would ensure accountability and transparency, including language defining the permissible types of investments and requiring prior USG approval. Any agreement would also include legal requirements for conditions precedent to disbursement and covenants concerning continuing USAID oversight, approval requirements, management structures and controls to avoid mismanagement of funds while ensuring transparency and propriety in the operations of the endowment.

Questions for the Record Submitted to
Administrator Rajiv Shah by
Congresswoman Ileana Ros-Lehtinen (#53)
House Committee on Foreign Affairs
March 3, 2010

Egypt

Question:

How much of this endowment would be spent on staffing and other overhead costs?

Answer:

The U.S. and Egypt have not yet developed a shared vision over the initial size, institutional structure and technical details of an endowment mechanism. We hope we can work with Egypt to reach agreement on an instrument that reflects both our countries' interests. Until we develop this shared vision, however, we cannot estimate how much of an endowment would be spent on staffing and other overhead costs.

Questions for the Record Submitted to
Administrator Rajiv Shah by
Congresswoman Ileana Ros-Lehtinen (#54)
House Committee on Foreign Affairs
March 3, 2010

Egyptian Human Rights

Question:

Given continuing U.S. concern over Egyptian human rights violations, and given that the forthcoming State Department Country Reports on Human Rights Practices will likely display further evidence of Egypt's human rights abuses, isn't an endowment likely to send the worst possible signal to Egyptian victims of human rights abuses?

Answer:

The U.S. Government remains firmly committed to advancing human rights in Egypt and to senior-level engagement with the Government of Egypt (GOE) on this issue. A similar percentage of the bilateral budget as in the past will fund programs addressing three priorities: access to justice and the protection of human rights, participatory local governance, and civil society (including the media).

The USG also remains committed to supporting economic growth and development in Egypt alongside human rights. We view a possible endowment as another tool to fund development priorities such as education and human resource development.

Questions for the Record Submitted to
Administrator Rajiv Shah by
Congresswoman Barbara Lee (#1)
House Committee on Foreign Affairs
March 3, 2010

Sudan

Question

We understand that following the expulsion of 13 NGOs and the closure of three Sudanese human rights organizations in March 2009, programs, including those to combat sexual violence, in Darfur have been degraded or even halted in some cases.

At what capacity are these programs running in comparison to one year ago, prior to the initial expulsion of NGOs by the Sudanese government?

What can USAID do to ensure these valuable programs (which it has funded) are re-instated immediately?

Answer:

The March 2009 NGO expulsions severely impaired the capacity to implement protection and sexual and gender-based violence programs (SGBV) in Darfur and slowed ongoing activities. Many camp management and protection activities were stopped, women's centers closed, livelihoods activities could not be effectively supported, and humanitarian staff presence was reduced in many areas of Darfur, resulting in under- or non-reporting of human rights abuses and humanitarian protection issues. These kinds of protection programs, including SGBV interventions, continue to be severely restricted by the Government of Sudan (GOS). Open dialogue about protection issues remains difficult, and NGOs are hampered in the collection of comprehensive information on protection issues.

Despite the difficult operating environment, USAID's remaining partners have continued to conduct some protection activities in a discreet manner, including support

for victims of SGBV and development of child-friendly spaces. USAID continues to seek opportunities to expand these activities, and also requires its implementing partners to include mainstreamed protection elements into each sector of implementation (i.e., incorporating SGBV considerations into other health, or water, sanitation, and hygiene programs). The UN Population Fund (UNFPA) has been able to make some progress in garnering support for SGBV programs at the state and federal levels. In North Darfur, the GOS Humanitarian Aid Commission has authorized the re-establishment of nine women's centers, and UNFPA has GOS approval to revitalize a women's center in an IDP camp in West Darfur, including a training curriculum on sexual and gender-based violence. USAID continues to support the UN in advocating for improved GOS engagement in all humanitarian sectors, including protection. USAID also regularly advises the Office of the U.S. Special Envoy to Sudan on challenges to program implementation and seeks the Special Envoy's engagement on expanding humanitarian space.

Questions for the Record Submitted to
Administrator Rajiv Shah by
Congresswoman Barbara Lee (#2)
House Committee on Foreign Affairs
March 3, 2010

Neglected Tropical Diseases

Question:

The current proposed White House budget includes a substantial increase for neglected tropical diseases (NTDs). However, the budget only appears to focus on a limited subset of the 14 World Health Organization (WHO) recognized as neglected diseases, leaving out those described by the WHO as the "most neglected." These diseases -- including the fatal visceral leishmaniasis, sleeping sickness, and Chagas disease; and the disfiguring Buruli ulcer -- need funding for both treatment of patients with currently available medicines, and for innovative research and development to support the creation of new more effective medicines.

Will there be an opportunity for the targeted NTDs to be expanded in this year or subsequent years of the Global Health Initiative (GHI)?

Answer:

USAID's Neglected Tropical Disease (NTD) Program targets the NTDs that are considered "tool ready" by the World Health Organization (WHO), including onchocerciasis (river blindness), schistosomiais, lymphatic filariasis (elephantiasis), trachoma and three soil-transmitted helminths (hookworm, roundworm, and whipworm). This group of NTDs constitutes 90 percent of the global burden and prevalence of the 14 WHO neglected diseases. USAID focuses on the diseases for which a strategy has already been developed and for which safe and effective drug therapies are currently available, which enable the treatment of affected populations on a mass scale through preventive chemotherapy, without requiring individual patient diagnosis. Preventive chemotherapy consists of single-drug doses that can be administered once or twice yearly

to large segments of the population in disease endemic areas through "mass drug administration." The drugs for these NTDs have strong safety profiles, and the WHO endorses their administration by non-medically trained personnel, such as community volunteers and teachers, which significantly increases the cost-effectiveness and population coverage of the program. Research has demonstrated that co-administration of these therapies is safe and effective, and an integrated program approach can be applied and scaled-up nationally in disease-endemic countries. Most of the drugs used to treat this group of NTDs are donated through large public-private partnerships that bring together pubic health implementers, public- and private-sector donors, and major pharmaceutical companies that provide generous drug donations valued at hundreds of millions of dollars per year (Glaxo, Smith Kline, Johnson & Johnson, Merck and Co., Inc., Pfizer). This strategic approach leads to efficiencies of delivery, enhanced effectiveness, increased health benefits and better use of limited resources that permit more at-risk people to be reached. As a result of all of the factors that exist for this subset of "tool ready" NTDs, USAID's program is able to make a large-scale and cost-effective impact on the enormous burden they pose and is contributing significantly to global control and elimination goals.

The NTDs referenced in your question -- fatal visceral leishmaniasis, sleeping sickness, and Chagas disease, and the disfiguring Buruli ulcer -- are not amenable to preventive chemotherapy and cannot be controlled through an integrated treatment approach, either because a safe treatment is not available or because treatment is not suitable for mass distribution. In some cases, such as for sleeping sickness, there is no universal methodology for control, and patients face treatment with highly toxic drugs.

Approximately five percent of patients die from side effects caused by the treatment itself. The diagnosis and treatment of many of the diseases not considered "tool ready" by WHO require health expertise and diagnostic tools that are not often available in disease-endemic settings, which usually impedes implementation of control activities by national health services. Currently, the National Institutes of Health is the lead agency within the USG on basic research on pathogen biology and new treatments, particularly for those NTDs that do not currently have safe and effective intervention strategies. As new drugs become available for these diseases that can be used as part of an integrated mass drug administration approach, USAID will consider adding these diseases to its program. Through the Global Health Initiative, USAID intends to: strengthen health systems and improve their capacity to detect and manage complex NTDs, such as buruli ulcer, leprosy and guinea worm; and support late-stage trials to move promising new drugs into implementation, opening the door for additional diseases to be added to the list of those considered "tool ready", e.g., dengue, Chagas, and Leishmaniasis.

Questions for the Record Submitted to
Administrator Rajiv Shah by
Congresswoman Barbara Lee (#3)
House Committee on Foreign Affairs
March 3, 2010

Child Malnutrition

Question:

Malnutrition accounts for 11% of the global burden of disease, contributes to the deaths of 3.5 to 5 million children younger than five each year. A World Bank evaluation reviewed the cost of implementing key nutrition interventions in the most affected countries at $11 billion of public funds. Current international nutrition funding approximates a paltry $350 million.

How will the Administration's important focus on food security and maternal and child health meaningfully tackle the massive under-nutrition problem in the malnutrition hotspots where malnutrition is a seasonal phenomenon with a cycle of food insecurity that comes regularly?

Answer:

As part of the U.S. Government's Global Hunger and Food Security Initiative (GHFSI) and the Global Health Initiative (GHI), the Administration plans to substantially increase funding for nutrition. We are working in close collaboration with other donors to ensure that our efforts catalyze increased global attention and commitment to nutrition. Our efforts are focused on the highest burden countries for maximum impact. The vast majority of these countries -- like Ethiopia, Bangladesh and Zambia – suffer from substantial chronic and acute undernutrition challenges. More than half of the GHFSI focus countries are also Food for Peace (Title II) countries, which offers opportunities for strategic integration of resources to maximize synergies in different sectors. We will address seasonal hunger and undernutrition in these countries through complementary

strategies that include rural livelihood strategies to increase income and agricultural production; social safety nets to protect livelihoods and assets and reduce vulnerability to future shocks; humanitarian or emergency programming that is geared toward accelerating recovery from shocks and building community and household resilience; and nutrition programs that focus on prevention in the critical 1,000-day period from pregnancy to children aged two years and community management and treatment of acute undernutrition.

As part of this approach, we will build in-country capacity to anticipate food security shocks and reduce vulnerability to seasonal undernutrition. We are working with the public and private sectors and multi-lateral partners on risk reduction, nutrition and food security surveillance, and social protection mechanisms, including building on the successful USG-supported Famine Early Warning System (FEWSNET). We are integrating community management of acute malnutrition (CMAM) into national health systems to facilitate earlier detection of acute undernutrition and more cost-effective solutions to treatment. Our core strategy focuses on prevention and protection, which will target today's acute undernutrition hotspots.

Questions for the Record Submitted to
Administrator Rajiv Shah by
Congresswoman Barbara Lee (#4)
House Committee on Foreign Affairs
March 3, 2010

USAID Internal Capacity

Question:

How does the FY11 International Affairs budget request build USAID capacity, move away from an over-reliance on contractors, and enhance long-term, local capacity?

Answer:

Moving away from a reliance on contractors, enhancing local capacity, and rebuilding USAID capacity are intimately connected USAID objectives. We need to expand the implementation capacities within USAID and in local institutions. The FY11 budget request will enable USAID to increase its Foreign Service Officer (FSO) workforce by 200, thus bringing FSO staffing from 1305 career officers at the start of FY 2010 to well over 2000. USAID also will hire some mid-level and some senior officials to help fill critical vacancies and increase our Foreign Service National staff in order to accelerate implementation by U.S. Direct Hire (USDH) staff and by local institutions with enhanced capacity.

USAID's consolidated workforce planning model projects a workforce where many of our current personal service and institutional support contractor functions are in-sourced. Our direct-hire workforce will grow to the levels needed to accomplish USAID's mission more effectively and efficiently.

Almost all of our program and project designs begin with local capacity development. Increasing our own professional staff allows us to accelerate that process

by being able to assess, assist and monitor the capacity and performance of local implementing institutions.

Questions for the Record Submitted to
Administrator Rajiv Shah by
Congresswoman Barbara Lee (#5)
House Committee on Foreign Affairs
March 3, 2010

International Conference on Population and Development

Question:

What specific plans does State Department or USAID have to meet ICPD goals, particularly expanding women's access to education, health care, and economic opportunity in developing nations?

Answer:

Education

The International Conference on Population and Development (ICPD) Programme of Action called for universal primary education and closing the gender gap in secondary education. Education is a priority for USAID with a special emphasis on improving opportunities for girls, women, and other underserved and disadvantaged populations. In FY 2009, nearly 24 million girls benefited from USAID programs in primary and secondary education.

USAID assists developing countries to improve access to and quality of education, including in fragile, conflict or emergency-affected states. Quality basic education establishes a foundation for increased educational opportunities, employment and civic participation. USAID works to coordinate assistance to each sub-sector: basic and higher education and workforce development.

Gender inequalities in education vary by country and region and must be addressed with country and situation-specific approaches. USAID education programs take gender dynamics, inequalities and roles into consideration during program design,

and create more equitable learning environments for all students include providing scholarships and mentoring to girls; developing bias-free curricula; training teachers to treat boys and girls equitably; and working with community leaders to mobilize local support for girls' education. USAID will continue to design program interventions that work toward achieving gender equality in education.

Health Care

USAID's family planning and reproductive health activities support the goals of the ICPD and its Programme of Action, which placed the health and rights of women at the cer development. Consistent with the ICPD, the Agency is firmly committed to promoting the reproductive health and well-being of women and families around the world. USAID's fan planning program is designed to expand access to and use of high-quality, voluntary family planning/reproductive health information and services, with the objective of reducing unint pregnancy, decreasing abortion, and improving maternal and child health and survival.

Out of more than 30 USAID-assisted countries, 23 countries demonstrated an increase in the number of married women of reproductive age using a modern contraceptive method from 2005-2009 (projected). USAID continues to shift its family planning funding from countries with more mature programs to countries with high need for family planning, most of which are in Africa and South Asia.

Family planning is a critical component of the President's Global Health Initiative (GHI). Under the GHI, USAID expects to accelerate reduction of maternal and newborn mortality and to increase access to reproductive health. The GHI will also maintain robust funding and a strong commitment to the fight against HIV/AIDS, a crucial investment to improve women's health and key to achieving the reproductive health goals of the ICPD.

The GHI embraces the principles of woman-centered programming, strategic integration and coordination, country ownership, sustainability and systems strengthening, and improved monitoring and accountability, which are essential for realizing the goals of the ICPD.

Economic Opportunity

Empowering women economically can lift entire families and communities out of poverty. Women in poor countries are more likely than men to spend their income on food, education and healthcare for their children; thus, investing in women creates powerful, positive and measurable benefits to society. Over 800 million women are economically active worldwide, undertaking critical roles in industry, agriculture, manufacturing, and services, and as producers, traders, and owners and operators of micro- and small-enterprises. USAID supports projects and programs that expand women's economic opportunities and promotes full participation of women in economic development and a greater understanding of the gender-based constraints to women's participation in economic activities. Programs to promote women's economic growth fall into four main areas: small and medium enterprise development, microfinance, workforce development, and economic policy and governance.

In light of the many impacts on women, economic programs targeting women are critical to development outcomes. In Ethiopia, USAID is working with the Bank of Abyssinia to provide a $4.28 million loan portfolio guarantee for women-owned and managed small and medium-sized enterprises. The loan guarantee will provide access to finance, and enable women entrepreneurs to grow their business beyond the bounds of microfinance. In Afghanistan, USAID is providing women the tools they need to begin a

microbusiness or to take an existing business to the next level of development. As of September 2009, USAID had provided over 108,000 microfinance loans to Afghan women via its Agriculture, Rural Investment, and Enterprise Strengthening Program. The program has also provided skills training to 4,300 female business owners over the past two years. In Lebanon, U.S. Government assistance promoted employment and increased the income of rural women through expansion of skills, resources, technology and information into economic activities in agri-business and rural tourism. In Tanzania, USAID is helping to establish a secured lending system based on movable and intangible property. Women often do not have legal title to land or building for use as collateral, but can use movable, income generating property to obtain loans. The new system will provide greater credit access to women. With USAID assistance, more than 2,600 women in El Salvador received agricultural training to raise efficiency and ensure occupational safety and 850 women received trade/investment support to take advantage of the Dominican Republic-Central America Free Trade Agreement.

Questions for the Record Submitted to
Administrator Rajiv Shah by
Congresswoman Barbara Lee (#6)
House Foreign Affairs Committee
March 3, 2010

Cyprus

Question:

The Fiscal Year 2011 budget recognizes the reunification of Cyprus as an opportunity to advance U.S. interests in the region and requests $11 million in Economic Support Funds (ESF).

The continuing Turkish military occupation in Cyprus presents a unique situation, and in light of Congressional concern about lack of transparency and advanced consultation with the Government of the Republic of Cyprus, I would like to kindly request that USAID closely monitor the recipients of ESF funds, the uses to which those funds will be put, and most importantly, what role those funds have in helping achieve the reunification of Cyprus.

Can I have your commitment that USAID will do its utmost to work transparently and with advanced consultation with the Government of the Republic of Cyprus on these programs?

Answer:

The foreign assistance program in Cyprus is unique and USAID takes it very seriously. The United States is committed to consultation and transparency with the Government of Cyprus (GOC) on our foreign assistance program. USAID has and will continue to offer advance notification about the obligation and use of funds in Cyprus, provide full information on all projects, and be sensitive to recognition, property concerns, and other issues raised by the GOC. Likewise, we will continue to consult with and be sensitive to the concerns of the Turkish Cypriot community.

Questions for the Record Submitted to
Administrator Rajiv Shah by
Congressman Gus M. Bilirakis (#1)
House Committee on Foreign Affairs
March 3, 2010

Cyprus

Question:

The on-going division because of the continuing Turkish military occupation in Cyprus presents a unique situation that warrants a level of scrutiny concerning the provision of United States assistance that goes beyond that which is required for other countries. Indeed, in recent years, there have been concerns in Congress regarding the lack of transparency related to the uses of this funding on the island.

According to officials in Nicosia, there have several attempts to engage USAID in discussions about developing a memorandum of understanding on the use of U.S. funds in Cyprus in order to provide a mechanism for meaningful consultation and increased transparency. However, USAID has to date rebuffed this idea. Are you aware why this has occurred?

Can I have your commitment that USAID will engage in discussions with the Government of Cyprus about developing a memorandum of understanding on the use of U.S. funds in Cyprus?

Answer:

The foreign assistance program in Cyprus is unique and USAID takes it very seriously. The United States is committed to consultation and transparency with the Government of Cyprus (GOC) on our foreign assistance program. USAID has and will continue to offer advance notification about the obligation and use of funds in Cyprus, provide full information on all projects, and be sensitive to recognition, property concerns, and other issues raised by the GOC. Likewise, we will continue to consult with and be sensitive to the concerns of the Turkish Cypriot community.

There remains concern that signing a Memorandum of Understanding with the GOC would be counterproductive, in that it would invalidate the basic premise of over 30 years of bi-communal programming. It risks implying that the United States has taken sides in the ongoing

negotiations process and could discourage Turkish Cypriots from participating in U.S.-funded programs.

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