

**STATE, FOREIGN OPERATIONS, AND RELATED
PROGRAMS APPROPRIATIONS FOR FISCAL
YEAR 2007**

THURSDAY, JUNE 8, 2006

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

The subcommittee met at 3:04 p.m., in room SD-124, Dirksen Senate Office Building, Hon. Mitch McConnell (chairman) presiding.

Present: Senators McConnell, Brownback, and Leahy.

UNITED STATES AGENCY FOR INTERNATIONAL
DEVELOPMENT

STATEMENT OF HON. RANDALL L. TOBIAS, ADMINISTRATOR

OPENING STATEMENT OF SENATOR MITCH MC CONNELL

Senator McCONNELL. Okay, why don't we get started?

Welcome, Ambassador Tobias. As you wear two hats these days, as the administrator of the U.S. Agency for International Development and director of Foreign Assistance at the State Department, this hearing will examine the President's fiscal 2007 budget request for USAID and the administration's efforts to reform foreign assistance.

I know my colleagues are keen on asking questions on specific programs and activities, and will, therefore, make only a few brief opening observations.

Let me begin by expressing this subcommittee's support for your efforts to improve the efficiency and effectiveness of U.S. foreign assistance programs and activities. We're aware of the significant achievements of the President's emergency plan for AIDS relief under your leadership, and I expect you have the gratitude of millions of HIV-positive people across the globe for getting that important initiative up and running. This was certainly no small achievement, and we wish you similar success with your new responsibilities.

According to the budget justification materials, the fiscal 2007 request for USAID programs and activities totals \$3.9 billion, a decrease of \$371 million below last year's enacted level. As I'm sure you're aware of the strong congressional interest in health and development programs, it would be helpful if you could explain the rationale for the decrease in the Child Survival and Health Programs Fund and Development Assistance accounts. I'm specifically

interested in the impact the reduction will have on USAID's democracy activities and programs that promote economic growth, agriculture, and trade.

With respect to foreign aid reform, the subcommittee would appreciate an update on the administration's efforts up to this point. We've tried, over the years, to underscore the importance of foreign assistance programs to U.S. security interests overseas. Our country learned, at great cost, that ungoverned spaces, such as those that allowed al Qaeda to train in Afghanistan, pose great risk to our way of life, and that all elements of our national power—military, economic, and diplomatic—must be integrated if we are to prevail in the long struggle against Islamic extremists.

Be it through assistance to countries at risk of increasing acts of terrorism, like Indonesia or the Philippines, or assisting representative governments that will directly contribute to regional stability, such as in Afghanistan and Iraq, the allocation of our assistance resources should support strategic objectives.

It is important to underscore two basic assumptions underlying any foreign aid reform effort.

First, programs must support policy. For this reason, the Senate recommended a new Democracy Fund account last year, the purpose of which was to consolidate all democracy programs and activities under a single account. I'm pleased that the President made the expansion of freedom abroad a major component of America's foreign policy, but, to succeed, USAID and the State Department will need to coordinate all of our programs and policy in support of the national security strategy to a degree this subcommittee has, frankly, yet to see. I hope, under your leadership, that will be the case.

Second, given limited resources, our assistance must be prioritized to those countries important to U.S. national interests. Frankly, this is sometimes out of kilter in the budget request. For example, in fiscal 2007, only \$733,000 is requested for democracy and government programs in the People's Republic of China, while \$4 million is requested for similar programs in the Democratic Republic of Timor-Leste. Need I say more? I can assure you that democracy programs for China will be significantly increased as the legislative process moves forward.

So, thank you for being here today, Mr. Ambassador. With that, I'll turn it over to my friend and colleague Senator Leahy.

STATEMENT OF SENATOR PATRICK J. LEAHY

Senator LEAHY. Thank you, Mr. Chairman.

Ambassador Tobias, you had a nice writeup in the Wall Street Journal yesterday. I think you deserved it. We're going to spend an hour or so to cover the entire world of USAID's programs, so I'm going to put most of my statement in the record.

I join the chairman in welcoming you to this subcommittee for the first time as both USAID Administrator and Director of Foreign Assistance. I also want to thank you for the job you did as the Global AIDS Coordinator. My impression is that you got that program off to a good start, despite some less-than-helpful constraints in the law. Fighting AIDS is different from other problems you're going to face now: reforming dysfunctional judicial systems, build-

ing potable water systems, responding to famines or hurricanes, stopping deforestation, supporting nascent political parties, providing economic alternatives for opium growers, and building democratic institutions and market economies. Your new role will require more interaction with Congress. While the chairman and I tried to bring out a bill that had strong bipartisan support, we still have 100 different views here. Then you go across the street to the House, and there's another 435. The President's priorities are often ours, but not always. So, you have to balance presidential priorities and congressional ones.

PREPARED STATEMENT

I will put the rest of my statement in the record, because I really would like to hear from you, and then I'll have some questions.
[The statement follows:]

PREPARED STATEMENT OF SENATOR PATRICK J. LEAHY

Ambassador Tobias, we have 90 minutes to cover the entire world of USAID's programs, so I will be very brief.

I join Chairman McConnell in welcoming you to this Subcommittee for the first time as USAID Administrator and as the Director of Foreign Assistance. I also want to thank you for the job you did as Global AIDS Coordinator. My impression is that you got that program off to a good start, despite some less than helpful constraints in the law.

Yours is a heavy responsibility. While your previous role involved some of the same countries and problems, fighting AIDS is different from reforming dysfunctional judicial systems, building potable water systems, responding to famines or hurricanes, stopping deforestation, supporting nascent political parties, or providing economic alternatives for opium growers.

Building democratic institutions and economic systems that offer real opportunities for people to improve their lives within a just society, presents unique, long term challenges and opportunities.

Your new role will also involve more interaction with the Congress than you are accustomed to. Some of it may not always be welcome, because in the Senate we have 100 different points of view of what's wrong in the world and what USAID should do about it. And you also have to deal with the House.

I hope you understand that the way we get this bill passed is by balancing the President's priorities with the Congress's priorities. They are often the same, but not always. Let me give you some friendly advice: don't forget who pays the bills.

You have already discovered that USAID has outstanding people. But its staff is a fraction of the number that are needed to effectively manage programs in so many countries with so many problems. It is also plagued by burdensome and self-defeating procurement and contracting procedures that one might expect to find in Russia, but not here. I want to know—not today but soon—how you plan to fix these problems.

I have long believed that the United States needs a Director of Foreign Assistance. We need far better coordination, and I only wish your oversight extended to the international programs of other agencies besides State and USAID, like the Departments of Agriculture and Energy, the U.S. Foreign Service and the CDC. At the same time, there are good reasons for USAID's autonomy, and we want to protect it.

I am concerned that there has not been nearly enough consultation with the Congress about your position or the Secretary's "transformational diplomacy" initiative. Your testimony today does not give us much more than the vague generalities we have heard already. One thing we have learned over many years is that when it comes to foreign policy and foreign assistance, real reform is difficult and it doesn't happen unless the Congress is fully on board.

We know what the problems are and there is a lot we can do to make our foreign assistance programs more effective. But we have to work together, from the beginning, which has not been the practice of this Administration. I hope this will be different because there is a lot at stake for all of us.

Thank you Mr. Chairman, and thank you Ambassador Tobias for being here.

Senator McCONNELL. Thank you, Senator Leahy.

Mr. Ambassador, why don't you tell us what you think we need to know without reading a very lengthy statement—that would be appreciated—and we'll get to the questions.

SUMMARY STATEMENT OF HON. RANDALL L. TOBIAS

Ambassador TOBIAS. Thank you, Mr. Chairman. Thanks for the opportunity to testify before the subcommittee today.

I want to begin by expressing my appreciation to you, Mr. Chairman and to Senator Leahy, for your guidance and support in my former role as U.S. Global AIDS coordinator, and to thank you for your commitment both to that and to our foreign assistance programs. I look forward to working with both of you, and with the other members of the subcommittee, in my new capacity.

My first couple of months as USAID Administrator have reinforced my belief that the men and women of the Agency are motivated by a true sense of mission and commitment, and I'm eager to do all that I can to sustain their dedication and ensure that their experience and capabilities are fully engaged as we embark on reforming our approach to foreign assistance.

I have submitted a more detailed statement for the record, but I would like to focus some very brief opening remarks on the administration's reform of foreign assistance for fiscal year 2007 and beyond. Beyond the discussions that we're going to have in a few minutes, my staff and I certainly stand ready to address any detail of the fiscal year 2007 budget request with you or your staff as we go forward.

Secretary Rice launched her Transformational Diplomacy and Development Initiative in January to address the incoherence and lack of focus in our foreign assistance programs. In doing so, she noted that both the content and the organization of foreign assistance require adjustment to meet the new challenges of today's world. The Secretary noted that "The current structure of America's foreign assistance risks incoherent policies and ineffective programs, and perhaps even wasted resources. We can do better, and we must do better." Today, I want to commit to you that we will do better.

In our current environment, the locus of national security threats has shifted to the developing world, where poverty, oppression, and indifference are exploited by our foes to provide haven for terrorists and the preparation of terrorist acts. As you have recognized with your attention to democracy programs, Mr. Chairman, foreign assistance can be an effective tool for countering these new threats. For this reason and others, foreign assistance has become a foundational pillar of our new national security architecture.

As you know, under the reform initiative, the President has appointed me to be the Director of U.S. Foreign Assistance, in addition to my Senate-confirmed position as Administrator of USAID. The President and the Secretary have assigned me the task of bringing greater strategic coherence to our planning, our budgeting, and our implementation of foreign assistance. I intend to do this first by focusing on our three greatest challenges: the lack of strategic focus in our programs, our fragmented budgeting process, and our inability to adequately track, transparently and in suffi-

cient detail, where our funding goes, all problems that I know the Congress has recognized for some time.

First, as your staffs have been briefed, we have begun to introduce a new strategic framework to bring focus to the foreign assistance funding appropriated to both the Department of State and to USAID. The framework establishes a set of broad objectives for foreign assistance that will help transform countries into better, more effective partners to create a safer and more just international system.

On the country level, this framework serves as a roadmap, guiding programming to help us achieve our overall goals. Here in Washington, with essential input from Congress, the framework will more clearly establish the goals toward which foreign assistance will be directed, and the measures by which we will track progress. Under the leadership of each of our ambassadors, U.S. Government country teams in the field will define the activities for which funds will be used to most effectively pursue those goals. These plans will then be reviewed in Washington for their consistency with overall goals and expectations, with funds allocated only after the plans are approved. It is my expectation that this approach will not only help us better manage foreign assistance, but will also help Members of Congress perform their oversight responsibilities more effectively.

Second, with this framework in place, budgetary decisions and program funding proposals will be weighed against how they contribute to the overarching goal the Secretary has set for helping countries become more effective partners.

Finally, we will track where the money goes, including the results it is producing. As you know from your experience in working with me on the President's Emergency Plan for AIDS Relief, I have placed a great deal of emphasis on transparency for our funding, and I want to do the same for all of foreign assistance.

It is our intent to produce joint country plans for 35 countries for fiscal year 2007 that we can share with you in February. By August 2006 we aim to have our new information system in place to begin to collect and track this data.

Beyond this more strategic approach to planning and budgeting and the transparency we intend to provide, I also want to improve our responsiveness at USAID to the Congress in other ways. So, beginning today, I want to commit that USAID will provide answers to you for your information requests within 48 hours, and to formal letters within a week, or when that is not possible, we will be in touch with your offices within those timeframes to explain the reasons why and to work with you to establish a reasonable schedule that we will then meet. Along the same lines, I want to also commit to delivering congressional reports on time to enable you to do your necessary oversight to make our programs stronger.

As articulated by both President Bush and by Secretary Rice, we are entering a new era of foreign assistance where our resources will be better aligned with our strategic priorities. We will be more accountable to the American taxpayers, and use their resources more efficiently and effectively.

None of this will be easy. But, in recognition of the fact that our future as Americans is inextricably linked to those we seek to as-

sist, we must be certain that our investments are producing the greatest results at the lowest cost to the taxpayers, and we will need the help of the Congress to achieve this aim.

On a final note, Mr. Chairman, as you know, Abu Musab al-Zarqawi was killed in Iraq yesterday by U.S. Armed Forces. President Bush noted that “The ideology of terror has lost its most visible, aggressive leader.” What I want to note here is that in 2003 al-Zarqawi was convicted in absentia and sentenced to death by a Jordanian court for masterminding the 2002 assassination of Laurence Foley, a USAID official in Jordan. The death of Laurence Foley was but one of al-Zarqawi’s many awful crimes, but I can think of no better way to articulate the deep connection between foreign assistance and our Nation’s fortunes in the world. The people who carry out our foreign assistance programs are literally on the front lines in the battle between hope and darkness. We must all take very seriously the responsibility to enable them to manage the best and most efficient programs possible.

Thank you very much, Mr. Chairman. I look forward to addressing your questions.

[The statement follows:]

PREPARED STATEMENT OF HON. RANDALL L. TOBIAS

Thank you, Mr. Chairman, for the opportunity to testify before the Subcommittee today on the fiscal year 2007 USAID budget.

I want to express my appreciation to you, Mr. Chairman, and to you, Senator Leahy, for your guidance and support in my former role as U.S. Global AIDS Coordinator and to thank you for your commitment to our foreign assistance programs. Your attention to strengthening democracy, Chairman McConnell, and your commitment to augmenting the voice of the disenfranchised, Senator Leahy, have helped citizens hold their governments more accountable across the globe. I look forward to working with you both, and with the other Members of the Subcommittee, in my new capacity as Director of U.S. Foreign Assistance and Administrator of USAID.

My first couple of months as USAID Administrator has reinforced my belief that the men and women of the Agency are motivated by a true sense of mission and commitment. I am eager to do all that I can to sustain their dedication and to ensure that their valuable experience is brought to the table as we embark on reforming our approach to foreign assistance.

I just returned from two weeks of travel through Pakistan, then Afghanistan, and Iraq—where hundreds of brave USAID employees put their lives on the line every day in an effort to help people in nascent democracies build a free and prosperous future for themselves. As I traveled through the region, the full range of USAID programming was on display, from the humanitarian intervention in societies ravaged by natural disasters to the reconstruction of societies ravaged by tyranny and war; from efforts to secure peace and security to efforts to invest in people and help them build richer fuller lives for themselves.

The message I took to President Musharraf of Pakistan and President Karzai of Afghanistan, as well as to President Jalal Talabani, Prime Minister Nuri al Maliki, and the newly-formed government of Iraq was of our commitment to a long-term strategic partnership between the United States and their countries.

Democracy is taking root in Afghanistan and Iraq and the leaders I met are committed to a new direction for their countries. We are seeing some economic progress and through programs like Afghans Building Capacity—a multi-year investment of up to \$125 million that amounts to the largest and most comprehensive such USAID effort in perhaps 20 years anywhere in the world—we will assist the Government and the people of Afghanistan as they develop the physical and human capacity in the public sector, private sector and civil society to sustain growth both in Kabul and the provinces.

I recognize that my testimony this afternoon will be somewhat different from traditional budget testimony. I will briefly review the fiscal year 2007 budget request for USAID, but will focus my testimony on the Administration’s reform of foreign assistance for fiscal year 2007 and beyond. In addition to the discussion we are

going to have today, my staff and I stand ready to address any detail of the fiscal year 2007 budget request with you and/or your staff after this hearing.

FISCAL YEAR 2007 BUDGET

The fiscal year 2007 program budget continues efforts to build democracy, good governance and economic growth in Iraq and Afghanistan, and requests funds in support of other frontline states in the Global War on Terror. USAID will play a critical role in the Provincial Reconstruction Teams that will be deployed throughout Iraq and Afghanistan. In Sudan, we are well on our way to standing up a mission in Juba. This will enhance our influence in helping move the country to peace, reconciliation and a better future.

USAID is requesting \$3.15 billion for its fiscal year 2007 programs. In addition, we anticipate working with the Departments of State and Agriculture on joint programs that total \$5.4 billion in Economic Support Funds (ESF), Assistance for the Independent States of the Former Soviet Union (FSA), Assistance for Eastern Europe and the Baltic States, the Andean Counternarcotics Initiative and Public Law 480 Title II. We will also manage a portion of the \$2.9 billion requested for the Global HIV/AIDS Initiative by the Global AIDS Coordinator and a portion of the \$3 billion for the Millennium Challenge Corporation. USAID is requesting a total of \$679 million for Operating Expenses and \$132 million for contributions to the Capital Investment Fund.

ENHANCING THE IMPACT OF FOREIGN ASSISTANCE: REDUCING INEFFICIENCIES AND INCOHERENCE

Secretary Rice launched her Transformational Diplomacy and Development initiative in January to address the incoherence and lack of focus in our foreign assistance programs. In doing so, she noted that both the content and organization of foreign assistance require adjustment to meet the challenges of today's world. The Secretary noted, "The current structure of America's foreign assistance risks incoherent policies and ineffective programs and perhaps even wasted resources. We can do better and we must do better." Today, I want to commit to you we will do better.

Under the previous USAID and State organizational structure, each agency maintained independent budgeting and planning offices to focus on their own part of foreign assistance. This required two staffs to develop multiple and parallel iterations of their individual budgets in the same program areas, two staffs to agree to and integrate a set of numbers, two staffs to brief the Hill, and a myriad of programs that may be redundant—or worse, at cross purposes. While each agency collaborated with the other, in spite of the best efforts of the people involved, it was done at great cost in time, personnel, and impact.

Of great concern to me—and I know to many of you—is the inability of our Washington information systems to capture "all-spigots" funding levels across sectors or in a variety of other dimensions—information that is vital to the oversight work of both Congress and the Administration. I know it will not be easy, but we need to bring transparency and accountability to explaining the use and result of our foreign assistance funds.

I realize that as I outline the challenges we face, I do not need to convince you this afternoon of what we need to do. Congress has consistently called for improved transparency in the way budgets are put together and funds expended—and vastly improved accountability for the results. I simply want to emphasize that I, too, am focused on that goal, and that I look forward to working with you in achieving it.

In our current environment, the locus of national security threats has shifted to the developing world, where poverty, oppression, and indifference are exploited by our foes to provide haven for terrorists and the preparation of terrorist acts. As I know you have recognized with your attention to democracy programs, Mr. Chairman, foreign assistance is an effective tool for countering these new threats. For this reason and others, foreign assistance has become a foundational pillar of our new national security architecture.

OUR APPROACH: WE WILL DO BETTER

As you know, under the reform initiative, the President has appointed me to be Director of U.S. Foreign Assistance, in addition to my Senate-confirmed position of Administrator of USAID. The President and Secretary Rice have assigned me the task of bringing strategic coherence to our planning, budgeting and implementing of foreign assistance. I intend to do this first by focusing on our three greatest challenges: the lack of strategic focus in our programs, our fragmented budgeting process, and our inability to track, transparently and in sufficient detail, where our funding goes—all problems I know that Congress has recognized for some time.

First, as your staffs have been briefed, we have introduced a new Strategic Framework for foreign assistance appropriated to both the Department of State and USAID. This framework establishes a set of broad objectives for foreign assistance that will help transform countries into better, more effective partners to create a safer and more just international system. We believe that this goal of transforming countries can be accomplished if we focus on five objectives: achieving and maintaining peace and security; helping improve governance and democratic participation; contributing to and promoting investments in people; helping engender economic growth; and maintaining our commitment to respond to humanitarian disasters.

At the country level, where the “rubber of our programs meets the road,” this Framework serves as a “roadmap,” guiding programming to help us achieve our overall goals. My intent is that we here in Washington—with essential input from Congress—will more clearly establish the goals toward which our foreign assistance will be directed and the measures by which we will track progress. Then, under the leadership of each of our Ambassadors, country teams in the field will define the activities for which funds will be used to most effectively pursue those goals.

With their expert knowledge of country circumstances, our staff in the field will produce better integrated, more coherent country operational plans that indicate, for each activity, the partner, the amount of money, the expected outputs, and ultimate outcomes that will contribute most effectively to achieving the established goals.

The country operational planning approach differs from the status quo in that all assistance agencies in country will work together as a country team to identify unified resources, both human and financial, to bring to bear on the goals and performance targets of each sector of assistance planned to drive country reforms. This process produces a single USG document detailing our approach to assistance guided by strategic goals.

These unified plans will be reviewed in Washington for their consistency with overall goals and expectations, with final allocation decisions made only after plans are approved. By requiring detailed and specific planning up-front, directly before fiscal year 2007 funds are appropriated, we hope to improve the strategic focus of our programs sooner and increase the speed their implementation.

Second, with the Framework in place, budgetary decisions and program funding proposals will be weighed against how they contribute to the overarching goal the Secretary has set of helping countries become effective partners. To ensure that our budget staffs at USAID and State allocate funds according to this goal in an integrated and consistent way, I have joined them into one budget, performance planning and results monitoring organization, under my direction. By bringing this staff together into one office, we have begun to streamline processes, improve efficiency and effectiveness, and reduce the burden that redundant functions place on our field staff.

Finally, we will track where the money goes, including the results it is producing. As you know from your experience in working with me on the President’s Emergency Plan for AIDS Relief, I have placed a great deal of emphasis on transparency for our funding. To bring that same level of accountability to the rest of our foreign assistance spending, we are in the process of building a new strategic information system for USAID and State funds that will tell both you and me exactly who is receiving our funds, what they were doing with the money, what is expected as a result, and how that result will help us reach our goals.

These changes represent a substantive shift in the planning, allocation, and programming of foreign assistance resources, including new responsibilities for both Washington and the field. Accordingly, this effort will remain a work in progress for some time, but we are moving as quickly as we can. It is our intent to produce joint country operational plans for USAID and State funds for 35 countries for fiscal year 2007 that we can share with you in February. By August 2006, we aim to have our new information system in place to begin to collect and track this data.

Beyond this more strategic approach to planning and budgeting and the transparency we intend to provide, I also want to improve our responsiveness to the Congress in other ways. Beginning today, I want to commit that USAID will provide you with answers to your informational requests within 48 hours and to formal letters within a week; or, when that is not possible, we will be in touch with your offices within those timeframes to explain the reasons why, and to work with you to establish a reasonable schedule for getting the information to you. Along those same lines, I also commit to delivering Congressional reports on time to enable you to do your necessary oversight to make our programs stronger.

CONCLUSION

As articulated both by President Bush and by Secretary Rice, we are entering a new era of foreign assistance where our resources will be better aligned with our strategic priorities. We will be more accountable to American taxpayers and use their resources more efficiently and effectively.

None of this will be easy. But in recognition of the fact that our future as Americans is inextricably linked to those we seek to assist, we must be certain that our investments are producing the greatest results at the lowest cost to the taxpayer. We will need the help of Congress to achieve this aim.

Thank you very much, Mr. Chairman. I will be happy to answer any questions you may have.

Senator McCONNELL. Thank you, Mr. Ambassador.

I appreciate your reference to the big news of the day. There has not been a whole lot of good news in Iraq recently, but certainly the death of al-Zarqawi and the appointment of the defense and interior ministers gives us some hope that progress will continue to be made.

HEALTH PROGRAMS

I want to shift to another subject entirely, and that's health programs. I've been a strong supporter of polio eradication programs, along with Senator Leahy and other members of this subcommittee. I was curious as to why the budget request includes no funding at all for programs related to polio eradication in Nigeria, a country which the World Health Organization has identified as of concern with respect to polio.

Ambassador TOBIAS. Mr. Chairman, my understanding is that we had significant polio eradication activities in fiscal years 2004 and 2005 in Nigeria. We spent about \$10.5 million. In 2006, we developed a number of concerns about both mismanagement and corruption in the system, although we did continue to fund programs using some money that was carried over. A number of changes have been made in Nigeria to tighten up the system. So, in 2007 we expect that USAID Nigeria will receive polio funds. The level will be decided later in the year. We will take into account the epidemiology, the current pipeline, the scope of USAID's role, what other donors are doing, what the Government of Nigeria is doing. But it's clearly a very serious issue there, and one that we need to be addressing.

BURMA

Senator McCONNELL. Thank you. I'm glad you're moving in that direction. I also want to turn to another country that I have a long-standing interest in, and that's Burma. I think we all know what the humanitarian situation is there, from significant HIV/AIDS infection rates to avian flu and now the potential for polio to re-emerge. While negligent in providing for the welfare of the Burmese people, the military junta that runs the place, the State Peace and Development Council (SPDC), is guilty of human rights abuses against ethnic minorities, including murder, torture, and rape.

Now, we all understand the solution to Burma's humanitarian problems is political in nature; namely, reconciliation between Aung San Suu Kyi, and her political followers, who won the election in 1990, and the SPDC. In the wake of all this, what can the

international community do to effectively address these Burmese health crises?

Ambassador TOBIAS. Well, I think there are a lot of things that we can do, but we need to be sure that the things that we are doing are really supporting the people in need, and that we're doing it separate from the government in power there.

Senator MCCONNELL. They're basically running the NGOs out, aren't they? Denying them space—

Ambassador TOBIAS. We have to find NGOs with whom we can work, who are working with Burmese both inside and outside the country. We're doing a number of things there, some from Thailand along the Thai/Burma border. But this is a situation that calls for creativity when the governments of countries are oppressing their people and not willing to step up to meet the needs of their people, and we have to find organizations that we can work with. That's exactly what we're trying to do.

Senator MCCONNELL. Are there some?

Ambassador TOBIAS. Yes, I think there are. I'm certainly not an expert yet on the circumstances there, but I believe there are some organizations that we are working with, and can work with.

IRAQ

Senator MCCONNELL. You mentioned Iraq. What is your perception of progress in Iraq, as measured by USAID programs, and the likelihood of such programs achieving some level of success?

Ambassador TOBIAS. I just came back from Iraq about 2 weeks ago, and there is real progress being made, but there's a great deal more that can be done.

Senator MCCONNELL. You met with the Prime Minister, did you not?

Ambassador TOBIAS. I met with the Prime Minister. I met with the President. I met with all of our military and civilian leadership on the ground. I'll tell you, one interesting experience I had was sitting in a room one day in a town 40 or 50 miles south of Baghdad with a group of about seven or eight leaders of Iraqi NGOs. Now, just think about that in the context of somebody trying to start an NGO in the time of Saddam Hussein. These people were enthusiastically explaining what their organizations were doing. They had already figured out that if they created an association among themselves they could have more influence on the provincial government that was being put in place. It was the beginning of democracy really happening there.

But one of the things that we need to do with our USAID programs, and I took some steps both while I was there and since coming back to do this, is, certainly, to be focused on the long term, but we also need to be focused on what I refer to as short-interval scheduling. So, what I have asked my people to do is take it 90 days at a time. What can we do, in the next 90 days, that can demonstrate real progress and demonstrate our support to the new Iraqi Government?

I had a great conversation with General Corelli, the commander of the ground troops, about ways in which USAID and the military can collaborate in going into neighborhoods, starting in Baghdad, working on the last mile of connecting electric lines, water, sewer,

cleaning up the garbage, trying to get neighborhoods back to a more habitable circumstance, where people can get back to their lives.

Our people there are working under extraordinary circumstances. The security requirements are enormous just to move around. I'm very impressed and very proud of what they're doing. But I think there's more that we can do by focusing on some smaller projects more quickly.

AFGHANISTAN

Senator MCCONNELL. One more question, and then I'll turn to Senator Leahy.

Bring me up to speed on how you feel you're doing in Afghanistan. Let me just say that when I first went there, in the fall of 2003, I had the typical country-team briefing. I never met a more enthusiastic bunch of Americans about, (a) the way they were being greeted, and (b) how successful they were. That was almost 3 years ago. Now we read reports that there's some backtracking, and that the Taliban are more of a problem than they were previously. So, I'm interested in whether the enthusiasm level is still high for your people there, and whether they still think they're making great progress.

Ambassador TOBIAS. It is very high. I'm, again, very impressed with the morale and the commitment that our people there have. But I think it's a situation that could tip either way, and we need to ensure that we're continuing to do the things that need to be done.

I met with President Karzai. I met with all of our own people, of course. I had some interesting experiences on the ground, including a meeting with a group of former poppy farmers, who, somewhat to my surprise, talked to me about how growing poppies is contrary to the teachings of the Koran and how they were eager to progress with our alternative-livelihoods program. These were people who were being taught skills like pruning fruit trees and getting orchards back into shape and growing other crops. But it's more than that, it's a need for roads—probably that's the greatest need—and the need to develop markets. I also visited a USAID program where we are training people, who are going to all have jobs when they leave this training program, in some very basic construction skills of plumbing, working with electricity, building concrete-block walls, and some of those kinds of things.

Senator MCCONNELL. In that regard, during my trip to Afghanistan we had extensive discussions with Karzai and others about the need to get trees planted. Afghanistan has basically turned into a desert, because all the trees have been cut down. Has any reforestation effort been initiated? I know there are a number of American foundations that are interested in this issue.

Ambassador TOBIAS. There's work going on in reforestation, which is a very pressing issue.

There is a lot of focus on building new government capacity and capacity in the private sector, and getting citizens to understand the role that they can play in a democracy. I saw, for example, the program that we're sponsoring with Voice for Humanity, which is

using new technology to communicate with people in rural areas. I think that's making some progress. We need to try new things.

Senator MCCONNELL. Good.

Senator Leahy.

Senator LEAHY. Thank you, Mr. Chairman.

TRANSFORMATIONAL DIPLOMACY INITIATIVE

I understand that the Director of Foreign Assistance position was created as part of Secretary Rice's Transformational Diplomacy Initiative, in an attempt to better coordinate foreign policy priorities with foreign aid programs. But there's a lot of concern that this may strip USAID of decisionmaking authority over what little remains of its budget. What is your response to that?

Ambassador TOBIAS. That's not the case. In fact, as I have said to a number of people at USAID, what now happens is that the person who is the Administrator of USAID has a seat at the senior-most tables in the decisionmaking processes at the State Department that no Administrator has ever had before.

Senator LEAHY. Is that the most transformational part of it?

Ambassador TOBIAS. No, but it's something that will help in the beginnings of bringing USAID's efforts in foreign assistance, and the Department of State's efforts in foreign assistance into sync so that we're moving forward together in a more strategically aligned way. We are beginning to make good progress as we put processes in place.

Senator LEAHY. What is the most transformational part of this initiative?

Ambassador TOBIAS. Well, the first thing that we've done, Senator, is to take the USAID people who are engaged in policy planning, budgeting, and monitoring and evaluation of programs and the people in the State Department who have been engaged in those same functions, and put them together into an integrated staff. They have all focused on foreign assistance, but they've been operating totally separately—they haven't even been on the same planning calendars. As we go forward, our intent is not to have a USAID budget or a State Department budget, but a Foreign Assistance budget that will make all of it more coherent in a way that I think all of us can better understand. I think you're going to be in a better position to make your decisions.

Senator LEAHY. Well, we'll be anxious to see what is done with the budget and how it will be structured. I would hope that there would be discussion with us as that goes along.

STRATEGIC FRAMEWORK FOR FOREIGN ASSISTANCE

In your statement, you speak of your strategic framework for foreign assistance. Let me make sure I have this right. You have five objectives: achieving and maintaining peace and security; helping improve governance and democratic participation; contributing to, and promoting, investments in people; helping to engender economic growth; responding to humanitarian disasters. What is new here? What is USAID doing today that does not already fit into one of these five objectives?

Ambassador TOBIAS. I don't know that there is, but at USAID today there are 1,400 strategic objectives. We need to bring focus

and coherence to the way in which we are doing these programs so that we are looking at them on a country-by-country basis across all of the programs, so we can get a total picture of what are the objectives we're trying to achieve on the ground.

Senator LEAHY. But you're not suggesting that one size would fit all?

Ambassador TOBIAS. No, quite the contrary. To some degree there are 154 countries where we're currently doing some type of foreign assistance. I think there are buckets or categories that certain countries with similar characteristics will fit into that will have similar kinds of programs, and that's also a part of this framework. But we intend a process here where the Secretary is going to be able to provide specific guidance to the field, to each country, that will be very country specific.

Senator LEAHY. Well, I think you'll probably find a lot of those 1,400 objectives will be in many of those countries. I'm not suggesting it's not a wise thing to reexamine our strategic objectives and determine how to make them more relevant. I would not want to change simply for the sake of change. But no matter what you do, if you don't have the money, it's not going to make much difference. We spend a very small part of our budget on foreign aid, especially for a country that's our size and much less than a lot of other countries do as a percentage of their budgets.

FOREIGN AID BUDGET

As you've talked about refocusing foreign aid, have your inter-agency discussions included a discussion of the need to significantly increase the budget for anything other than HIV/AIDS and Millennium Challenge Corporation, or are we going to have cuts in next year's budget similar to cuts that we've had this year to many key USAID programs?

Ambassador TOBIAS. The amount of foreign assistance, from the beginning of this administration to the present time, has almost tripled. It has been, obviously, the partnership of the administration and the Congress that has made that happen.

Senator LEAHY. Well, except that in this year's budget, the President cut global health programs by about 15 percent, \$136 million; and yet, one of the places we show the good face and generosity of our country has been in these programs. But that's been cut.

Ambassador TOBIAS. But there's still significant money in those programs.

Senator LEAHY. Do you think there's enough?

Ambassador TOBIAS. I don't think it's ever enough.

Senator LEAHY. Well, is \$136 million less than last year's level enough?

Ambassador TOBIAS. If there was more I could probably find a way to effectively spend it. But my real focus, at the moment, is to ensure that we are spending the money that we have as efficiently and as effectively as we possibly can. I don't believe we're doing that.

Senator LEAHY. Well, we've—

Ambassador TOBIAS. I think we can generate some more funds by doing it all more efficiently.

Senator LEAHY. We've cut the contribution of the Global Fund to Fight AIDS, TB, and Malaria by \$250 million. We spent almost twice that this week alone in Iraq. Actually it's \$350 million, if you count the additional \$100 million taken out of the Labor, Health, and Human Services bill. In countries where USAID works, there are few doctors, and hospitals are often crumbling cement structures built in the 19th century. As someone who understands the crisis in public health, why would you cut these funds?

If we are spending roughly a billion dollars or more a week in Iraq, and we want to win the hearts and minds of people, I might suggest to you that the work we do on Global Fund to Fight AIDS and global health is probably winning more hearts and minds. These global health programs are the faces of America that are most welcome around the world.

Ambassador TOBIAS. We shouldn't lose sight of the size of the base in these programs. You mentioned HIV/AIDS. We're increasing the financial commitment to our very successful PEPFAR programs in order to meet the commitment that the President made at the beginning of that. That's been a very successful use of resources. We do need to support the Global Fund, but not at the expense of our bilateral programs.

Senator LEAHY. I understand, but at the same time the President's budget would cut family planning and reproductive health programs from \$425 million to \$357 million—an 18 percent cut. By the President's statement, he said he knows that one of the best ways to prevent abortion is by providing quality, voluntary family-planning services. Yet, despite the administration's strong opposition to abortion, they want to cut a program that would primarily reduce unintended pregnancies and abortion and reduce child mortality. This defies logic.

My time is up, but you know, I have a great deal of respect for your background and what you have done. I have no question in my mind of your commitment. I worry, as an American, that we have not just financial and security issues, but we have great moral issues to care about. Since we have so much more than most people, there's a certain moral obligation to give back. I look forward to sitting down and chatting about this.

I appreciate having you here today.

Ambassador TOBIAS. I'd be happy to do that, Senator.

Senator MCCONNELL. Thank you, Senator Leahy.

Senator BROWNBACK.

Senator BROWNBACK. Thank you, Mr. Chairman.

Ambassador, welcome. Good to see you here.

Ambassador TOBIAS. Thank you.

Senator BROWNBACK. Thank you for meeting with me on some of these topics previously. I also want to congratulate you on the announcement, I guess even just this morning, on inclusion of new countries in the President's Malaria Initiative—Malawi, Mozambique, Rwanda, and Senegal. I think that's an excellent move forward.

I want to talk with you about a couple of idea areas that I'm curious about, and, you know, get your thoughts on them. It sounds like we're tracking on the same line on this. The last trip I took, with Senator Durbin, to—went to Congo, Rwanda, and Kenya—it

was very striking to me the breadth of programs. It looked like, what you were saying, that we had 1,400 different strategic initiatives, when you can only probably get a couple of these accomplished. In eastern Congo, where people are striving to just live, it seems like, to me, you've got a hierarchical set of needs, and you need to hit those first, that they need food, agriculture, they need water, they need healthcare and education, and you've—you get past that, that pretty much is going to eat up most of your efforts—and should, because that's what, you know, people need to survive, to start off with.

I hope you can get this honed down to a few areas. We're working on a bill in my office to take the assistance programs to Africa and, in a blunt-instrument approach, just say, "Half of this money has to go in one of these four areas, and it has to go for either commodities in these fields or training of people on the ground in those countries." As we saw in the malaria program, when we were studying that, that only 7 percent of our malaria money—this is 2 years ago—was going for actual commodities of bed nets, sprays, or medicine, and 93 percent was going for conferences and consultants and who knows what else. We had a hard time figuring out just what the money was going for. But the African leaders we met with said, "We know what to do with malaria, we just don't have the money to do it with." The same with drilling a water well; you know, it's a pretty simple piece of equipment if you're not going too deep, not particularly sophisticated to operate, but they've got to have it. If they don't have it, there's not clean water in your—we may be behind the eight ball in a lot of places. So, I applaud that effort, and we're trying to do a similar bill to address those areas, in particular.

I want to applaud your effort on AIDS. The President's initiative on HIV/AIDS is saving lives, and lots of them. That's one I hope the President and you are very proud of, because people are alive today because he went out on a limb to do that. I believe we're going to do the same with malaria.

In suggestion areas, there's an emerging group of new NGOs and private groups that want to help out, particularly in the continent of Africa. I think there's a real opportunity here for you and your office to help point the way. Gates Foundation is doing beautiful work in the health field. I met with some people associated with another great company the other day that want to put significant money into Africa. I've heard of another group today. They're—you've got a great opportunity to help point people in the right direction and marry them with local NGOs. I would urge you to host a private donors summit, AID to host it, and to bring in some of these key new players. I think everybody knows the people that have been in the field for some period of time, and don't ignore 'em, because, you know, God bless 'em for the work they've done for years. But you've got a number of emerging new players that have significant new resources and new energy, and just a hosting, really, of a private donors conference, like we do public donor conferences for Iraq or Afghanistan, of these groups, and have your targets of, you know, "Okay, one of our key targets is water-well drilling or orphans in Africa"—I think people would respond to it.

If you could see fit—and you may not, on this one—but there’s a burgeoning youth movement. There was 140 places across the United States, about a month ago, that walked on a night walk for the “Invisible Children” of northern Uganda. This is a college-student movement that a group of college students went over there, did a film, spread it around here, and then started chapters around the country. Then, I had a young man in my hometown last Sunday night sit down with me, saying, “I want to go to northern Uganda and help these kids I just found out about.” He’s never left the United States. He may not have been out Kansas previously. But he’d like to help these kids in northern Uganda. I’m seeing a lot of that. I think there’s a moment you can harvest, if you had a targeted set of programs of what young activists could be a part of. I don’t know how you would do that. You’ve got great minds that could help out with that. I think you’ve got a great moment to be able to harvest some of those activities and marry ’em together, and you’ve got a left/right coalition that’s coming together to sponsor that.

Hope those are things you’re looking at. I don’t know if you could comment, for a minute or two, about that.

Ambassador TOBIAS. Senator, I think those are wonderful ideas. As part of the malaria event that we had this morning that the First Lady hosted and that you referred to, we had a group of people from the private sector and foundation representatives who are interested in partnering with each other, and with the President’s Malaria Initiative, to leverage what we’re all doing together on the ground. When I was running the AIDS initiative, we started a New Partners fund where we set aside \$200 million that was only available to organizations that have done less than \$5 million with the Government on HIV/AIDS work in the last 5 years in order to create an opportunity to bring new partners in. Part of that program is to train them and give them the skills to work their way through the contracting and procurement process with the Government.

But there are other organizations out there. As you and I talked before, large churches, for example, have the resources and the wherewithal, but they don’t know quite where to go.

Senator BROWNBACK. Don’t know where to go. I—

FOREIGN AID COORDINATION

Ambassador TOBIAS. I’ve got people working to create kind of a clearinghouse.

Senator BROWNBACK. If you’ve got the people on the ground I don’t mean to butt in, but you’ve got people on the ground, and they’ve taken me to a number of just phenomenal facilities. You know, Dick Durbin—

Ambassador TOBIAS. Right.

Senator BROWNBACK [continuing]. I went to an orphanage in Rwanda—600 kids in this orphanage—and they asked Dick and I—we said—we asked, “Can we help?” And they said, “Yeah, we need a cow.” “Okay,” you know, “we can help with that.” But I was just thinking, your people knew about that, and if there was some clearinghouse you had here, and then somebody here that contacts a big church in Kentucky or Kansas, saying, “We’ve got this orphanage in eastern Rwanda, and 600 kids, and, frankly, they need

help. Would you adopt them?"—I think these guys would jump all over it. Or a small corporation. Or a foundation. But you've got expertise on the ground that none of them have. If they could feed it here, and then you network with people here, it would be a—it would be a beautiful thing and really help people here who want to do that sort of thing. But you're probably the only clearinghouse possibility we've got, to do that.

Ambassador TOBIAS. Frankly, I think part of what happens is that our people on the ground who have ideas like that, or people outside the Government who want to be involved, sort of look at the bureaucratic challenges, and they sort of give up. Part of what we have to do—and I think we can—is to get past that and make it easy, or make it sufficiently easy, for organizations to find the front door, to find the right place here, to get the information that we—that we can have, and—

Senator MCCONNELL. May I—

Ambassador TOBIAS [continuing]. Put them in touch.

Senator MCCONNELL [continuing]. Interject on that point? Senator Brownback is right on the mark. I run into that all the time—

Ambassador TOBIAS. Yeah.

Senator MCCONNELL [continuing]. Particularly with churches, who have both the interest and the wherewithal to help, but limited experience with Government bureaucracy. I think Senator Brownback is really onto something in suggesting that if you could harness those interested groups and people, you could magnify your impact exponentially.

Ambassador TOBIAS. It also has the impact of building greater grassroots support among the American people for—

Senator BROWNBACK. Right.

Ambassador TOBIAS [continuing]. Our whole foreign assistance program—

Senator BROWNBACK. Yeah.

Ambassador TOBIAS [continuing]. And understanding why America needs to do what we're doing. I do, I think it's a wonderful idea, and—

Senator BROWNBACK. Well, if you could—

Ambassador TOBIAS [continuing]. We'll pursue all these things.

Senator BROWNBACK. If there's any way I can help out with that, I'd love to do it, because—

Ambassador TOBIAS. Thank you.

Senator BROWNBACK [continuing]. You know, we think we're going to have, what, 20 million AIDS orphans in Africa, and I've been to some of these places, and it's just enormous. It looks like, to me, what you're going to end up with is a lot of these children matriculating to towns, and then they're going to get trafficked or involved in crime or whatever, because their village structure is blown up and it's not just not going to happen, and the sooner we can get people to hook into there and help—and they would, but they need—they need your door—

Ambassador TOBIAS. Right.

Senator BROWNBACK [continuing]. That you could do that.

Then, finally—I'm past my time, but if you could personally host some of these corporate chieftans, and maybe just go to meet with

them, with the CEO of Pfizer, others, and just say, “Hey, you know, there’s a great thing you can do here, and I’ve got a specific project for you.” It may not be something they are interested in, but some of these guys that I’ve met with, they’d really like to help, and—but you’ve got to—I think, frankly, too, you’ve got to get ’em on the ground there to do that.

Mr. Chairman, thank you very much.

Senator MCCONNELL. Senator Brownback, I have a meeting I’m going to have to make, but would you like to continue—if the Ambassador has a little more time—and then wrap the hearing up?

Senator BROWNBACK. Good. If you wouldn’t mind, I’d appreciate that.

Senator MCCONNELL. Thank you very much for being here, Mr. Ambassador.

Ambassador TOBIAS. Thank you, Mr. Chairman.

Senator MCCONNELL. You’re doing a wonderful job, and we’re proud of you.

Ambassador TOBIAS. Thank you very much.

Senator BROWNBACK [presiding]. Mr. Ambassador—I don’t mean to drive you overtime, but we’ve got you here—have you thought about that, a meeting with some of these business leaders? You’ve come and been in that environment, and personally taking some to some of these places that you would host ’em?

Ambassador TOBIAS. Yes. Back in 2003, when I first came onboard as the AIDS Coordinator, then-Secretary Thompson of HHS had organized a trip to Africa that included a number of business leaders that I thought that was very successful. Many of them got very motivated. The problem was, at that point in time we weren’t really in a position to say, “Okay, now that we’ve got your interest, here’s how we can harness that. Here’s what you can do.” We do have a program in USAID that is specifically focused on trying to find partnerships with the private sector. One of the most successful that has come to my attention recently is a program where we spent about \$10 million over 5 years in Rwanda helping about 40,000 farmers who were engaged in growing coffee, but hadn’t really been growing it in a commercial way. They were helped to do a better job of cultivating and sorting and cooperatives were formed. The bottom line is that there are now 4,000 Starbucks stores in the United States that are carrying a premium brand of Rwandan coffee that came out of that project. USAID is out of the picture.

That’s what development is all about. There are skills that the private sector, in this case, Starbucks, can bring to bear in a whole variety of ways. I agree with you, having been a CEO, that there are ways in which we can harness that expertise and skill.

Senator BROWNBACK. Or even contacting ’em, saying, if they’re interested in going on their own, which I think a lot of ’em would want to—say, “You know, I’ve got the wherewithal myself to go. It’ll be a time issue,” but that if you can make it easy for them to see some of these front-line orphanages, healthcare clinics, I think—

Ambassador TOBIAS. Right.

Senator BROWNBAC [continuing]. People, once they see it, they're just dramatically different. I think that's what happened to Bill and Melinda Gates when they went to Mozambique.

Ambassador TOBIAS. I think it's a very under-utilized resource, and we should not only be encouraging the private sector on what it can do on its own, but ways in which we can partner. I saw a program in Africa a couple of years ago in the AIDS prevention area for young people, where Coca-Cola was loaning marketing people, the same marketing people who do focus groups and test marketing. They were testing prevention messages in the same way they would market a new soft drink to determine what are young people really going to pay attention to, what are they really going to hear? Those are the kinds of things that historically have been done mostly by public health professionals rather than marketing professionals. I think there are a variety of ways in which we can bring those resources together, and it is something I intend to pursue.

Senator BROWNBAC. Good, because I just—there's a real interesting moment right now that there's a lot of energy to do this, left and right, young and older. I think as we engage those in these difficult situations, if we'll engage the poor, they'll save our souls in the process, because—

Ambassador TOBIAS. Yeah.

Senator BROWNBAC [continuing]. We get changed in the process, because we get changed doing it, and it's a—

Ambassador TOBIAS. Right.

Senator BROWNBAC [continuing]. It's just been beautiful, what I've seen, thus far.

I want to thank you and congratulate you. We will—as I say, we're working on a particular bill, and we'll be working with your office about that, because sounds as—like, from what you've described, that we're on some of the same track.

I do hope, as a final thought and point, that, on the water-well drilling, in particular—I've worked with groups on drilling water wells that—they say they're not getting the support out of your office that has been funded by the Congress. I've sent a letter on this, and I know this is one of the strategic initiatives that's needed, because the AIDS money, it doesn't go as far if you don't have clean water and good food—or it does—isn't as effective if a person's drinking bad water. Same with malaria. It just weakens the system. There are quite a few groups out there willing to drill private water wells, and I think they—we can extend our money through them a lot of times, that they'll match it, at least one to one, if not higher. I'm hopeful that's something you can look at on getting more water wells drilled in some of these parts of Africa, in particular.

Ambassador TOBIAS. The quest for water is what consumes most of the day for people—going someplace to get clean water and carrying it long distances. Access to clean water has to be a high priority.

Senator BROWNBAC. Good. Thank you very much. Godspeed.

Mr. Ambassador, appreciate it. Appreciate the thoughts that you've shared here today.

Ambassador TOBIAS. Thank you, Senator.

ADDITIONAL COMMITTEE QUESTIONS

Senator BROWNBACK. There will be some additional questions which will be submitted for your response in the record.

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

QUESTIONS SUBMITTED BY SENATOR MITCH MCCONNELL

FOREIGN ASSISTANCE REFORM

Question. What do you see as Congress's role in foreign assistance matters, generally, and with respect to foreign assistance reform, specifically?

Answer. Congress' role is essential to the success of our foreign assistance programs and, specifically, foreign assistance reform. I support the checks and balances system of our government that allows the executive branch to present a budget to Congress and for Congress to use its best judgment to direct how that money should be spent. We need to do our part to present Congress with a well-justified budget that clearly lays out our proposal for the way foreign assistance dollars should be spent, and transparently outlines the tradeoffs associated with diverging from this proposal. Our former foreign assistance budgeting practices did not clearly lay out these tradeoffs, leaving Congress with only one option—to use the best information they had available to earmark funds.

The budgeting practices I am establishing with this reform will provide Congress with more detailed, timely and accurate information. In doing so, Congress will be better positioned to make informed decisions about how their budgeting priorities fit into a comprehensive picture of U.S. Government foreign assistance. We haven't been able to do this before.

I see the reform as a collaborative effort on the part of the executive and legislative branches.

Question. There have been significant political changes in Central and South America over the years—best characterized as a lean to the left. For years, Congress has advocated increased assistance to countries in those regions, but the administration has not included significant increases in its annual budget request.

In your opinion, what countries in the Western Hemisphere are most important to U.S. national security interests, what are those interests, and how is U.S. assistance used to further our security objectives?

Please answer the same question with respect to Africa, East Asia, the Pacific, the Near East, Europe and Eurasia, and South Asia?

Answer. U.S. national security interests require that we seek to expand freedom, prosperity, energy security, peace and stability in the Europe and Eurasia region, not just to provide for our own security but to improve the security and prosperity of the world as a whole, with which our future is linked. To achieve our objectives, we use a range of diplomatic and assistance tools in cooperation with our partners and other donors, and we also seek to empower and strengthen the capabilities of key multilateral institutions like NATO the OSCE, and OECD, and to strengthen the U.S.-EU relationship.

In Southeast Europe, the United States continues to have a compelling national interest in helping break the circle of violence that plagued the countries of Southeast Europe in the 1990s and support their path to Euro-Atlantic integration. Our top priorities for the Balkans are to reach a settlement this year on Kosovo's future status without isolating Serbia, to help Serbia become stable and democratic, and to ensure the success of Bosnia and Herzegovina's efforts to build a more integrated modern state that will be able to function without strong international supervision. To achieve our objectives, U.S. assistance focuses on promoting democratic development and a viable market economy that offers opportunities to all, and putting the region firmly on the path of integration with Euro-Atlantic institutions.

Also highly important to maintaining stability and promoting growth and democracy in the region is U.S. assistance to Macedonia, Albania, and the newly independent Montenegro. U.S. assistance is helping to achieve U.S. objectives by increasing local level stability through community development activities, supporting tolerance and multi-ethnic democratic pluralism, and promoting market-driven economic growth.

U.S. interests also extend to Bulgaria, Romania, and Croatia. More than a decade of U.S. assistance has facilitated progress in the economic, democratic and social sectors, although shortcomings remain in some areas. Bulgaria and Romania are in

the final stages of qualification for EU membership, and Croatia is in consultations with the EU on its future accession.

In Eurasia, U.S. interests and assistance focus on supporting the sovereignty of post-Soviet states, as well as their democratic development, economic growth and energy security. Where possible, such as in Ukraine and Georgia, Euro-Atlantic integration is also a principal U.S. objective. Armenia and Georgia have achieved enough progress in their transition to have concluded compacts for Millennium Challenge Corporation assistance, while Ukraine, Moldova, and Kyrgyzstan are MCC threshold candidates. In Central Asia, U.S. assistance also aims to ease pressures stoking Islamic extremism. In the South Caucasus region, U.S. efforts are helping to foster stability and democratic practices. Regional conflicts threaten regional security and impede the full democratic and economic development of the South Caucasus and Black Sea region. The United States is working to promote just, lasting, and peaceful resolutions to the separatist conflicts in Abkhazia, South Ossetia, Nagorno-Karabakh, and Transnistria. U.S. efforts also seek to mitigate ongoing conflict in Chechnya and the North Caucasus. Throughout Eurasia we are continuing intensive counter narcotics efforts, as well as the fight against the epidemics of HIV/AIDS and multiple drug resistant tuberculosis. In addition, our assistance programs address cross-border threats from terrorism, weapons of mass destruction proliferation, trafficking in persons and narcotics, and other criminal activity.

The United States is interested in ensuring that Central Asia does not produce another Afghanistan and continues to provide its critical support to the Global war on terrorism. Repression, corruption, poverty and isolation make the region a breeding ground for terrorism and extremist ideologies. Through our assistance, we are working to mitigate those conditions by supporting nascent democratic development, ensuring successful economic reform, enhancing border security, and furthering regional integration in trade and energy.

In Belarus and Uzbekistan, the United States supports the democratic aspirations of the people, with a focus on increasing access to information and supporting the growth and capacity of civil society groups and independent political parties.

U.S. relations with Russia, of course, are highly important, with elements of cooperation as well as areas of disagreement. We remain actively and constructively engaged bilaterally, regionally and multilaterally on key issues from counterterrorism to stopping trafficking in persons. We work together to cut off terrorist financing, share law enforcement information, improve transportation security, and prevent proliferation of weapons of mass destruction. We are actively assisting with recovery and development in the North Caucasus region. As Co-Chairs of the OSCE's Minsk Group, we cooperate closely with Russia to promote a peaceful resolution of the Nagorno-Karabakh conflict. We also urge Russia to cooperate constructively on peaceful resolutions of the Abkhazia, South Ossetia, and Transnistria conflicts that respect the territorial integrity of Georgia and Moldova within their internationally recognized borders. We encourage Russia to support reforms in Belarus and Uzbekistan, whose leaders have set these countries on courses of repression. The United States works with our NATO Allies and the EU to continue to urge Russia to fulfill remaining Istanbul commitments relating to withdrawal of its military forces from Georgia and Moldova. Fulfillment of the Istanbul commitments is a prerequisite for the United States to move forward with ratification of the adapted CFE Treaty.

We are concerned about democratic backsliding in Russia. Russia's new NGO law, which went into effect in mid-April, is a particular object of our attention. The United States worked closely with our European and G-8 allies to communicate our concerns about this legislation while it was still under Duma consideration. We believe this law will chill and deter independent civil society in Russia. We have pledged, together with our European allies, to closely monitor the law's impact on civil society. Our assistance programs will continue to support NGOs and activists working to promote democracy in Russia.

AUTHORITY OVER OTHER GOVERNMENT AGENCIES

Question. As Director of Foreign Assistance, do you have authority over foreign assistance activities run by other government agencies—such as Treasury, CDC, and the MCC?

Answer. As Director of Foreign Assistance, I maintain authority over foreign assistance funds allocated to the State Department and USAID, which include approximately 80 percent of the foreign assistance dollars appropriated by Congress. I will serve in a coordinating role for all foreign assistance, including that delivered through other agencies and entities of the U.S. Government.

DIRECTOR OF FOREIGN ASSISTANCE

Question. How has the new position of Director of Foreign Assistance been received by the various bureaus at State and USAID—have you been welcomed, or are you seen as threat?

Answer. My new position as Director of Foreign Assistance has been embraced by various bureaus at State and USAID. As expected with any proposed change to status quo, there are those who would prefer the old way of doing things. Those bureaus in support of the change recognize the need to reform the way we plan, implement and measure the impact of our foreign assistance resources to be more coherent and strategic.

CONGRESSIONAL BUDGET JUSTIFICATION

Question. Have you had an opportunity to review the budget justification materials that the Committee receives each fiscal year, and if so, do you find them adequate? Are you contemplating any changes to these materials for the fiscal year 2008 request, or in the account structure of the budget request?

Answer. Our fiscal year 2008 budget justification to Congress will differ markedly from previous justification materials. For fiscal year 2008, USAID and State will present one united budget justification that will include all foreign assistance funds and USAID operating expenses. In the near future, my staff will be consulting with appropriations staff to review our proposal for justification material. At this time we are not proposing changes to the account structure for fiscal year 2008. As the reform process evolves, if we encounter a need to recommend changes to account structure, we will work closely with your staff to explain the benefit of proposed changes.

TRANSFORMATIONAL DIPLOMACY

Question. What is your definition of “transformational diplomacy” and how does the fiscal year 2007 budget request support this concept?

Answer. “Transformational diplomacy” is defined by the Secretary as, “To work with our many partners around the world to build and sustain democratic, well governed states that will respond to the needs of their people and conduct themselves responsibly in the international system.” The fiscal year 2007 budget request aims to provide assistance to our partners to continue economic growth, support democracy, and expand individual opportunity.

REGIONAL PRIORITIES

Question. There have been significant political changes in Central and South America over the years—best characterized as a lean to the left. For years, Congress has advocated increased assistance to countries in those regions, but the Administration has not included significant increases in its annual budget request.

In your opinion, what countries in the Western Hemisphere are most important to U.S. national security interests, what are those interests, and how is U.S. assistance used to further our security objectives?

Answer. The Western Hemisphere region as a whole is vital to U.S. national security interests. Those interests include U.S. efforts to defeat terrorism, to promote freedom, to fight the war on illegal drugs and to develop strong trading relationships. Allow me to highlight our assistance programs in five key Western Hemisphere nations: Bolivia, Colombia, Haiti, Nicaragua and Venezuela.

—*Bolivia.*—Evo Morales and his Movement toward Socialism (MAS) party have continued to waver on its commitment to free market economic policy, pluralist democracy, and counternarcotics—key U.S. national security interests. Among other activities, the U.S. Government is focusing assistance to Bolivia on programs that strengthen vibrant and effective democracies, including the support of counterweights to one-party control such as judicial and media independence, a strong civil society, and educated local and state level leaders.

—*Colombia.*—The key U.S. national security interest in Colombia is to reduce the production and flow of illicit drugs to the United States. The U.S. Government’s alternative development program creates an environment for sustainable and equitable economic growth to create permanent licit alternative income-generating opportunities in areas vulnerable to drug production and trafficking. The program stimulates increased private investment and creates the policy and institutional conditions required to sustain and accelerate private investment-based job and income creation. U.S. assistance also encompasses strengthening democratic institutions, expanding access to justice and the rule of law, anti-corruption and the promotion of human rights.

- Haiti*.—The installation of Rene Preval’s administration marks the resumption of constitutional governance in Haiti. The U.S. Government is committed to working with the new government of Haiti to help build a stable and well-governed state that is responsive to the needs of its people. Mindful of the need for economic development, the United States is supporting the provision of short-term emergency jobs while helping create the conditions for longer term growth and improved health and education services. We will work with the newly elected Haitian Parliament to strengthen institutional capacity and encourage participatory democracy as a counterbalance to centralized patronage politics. In the critical rule of law sector, our focus will be to reform the justice system and improve access to justice.
- Nicaragua*.—The highest priority in Nicaragua for the United States is ensuring free and fair elections. Elections will be held on November 5, 2006 for president, vice president, members of the National Assembly and delegates to the Central American Parliament. There is a continuing lack of public confidence in the Supreme Electoral Council’s handling of the electoral process and in whether or not presidential elections will be handled impartially. In coordination with a variety of international donors and organizations—including the Organization of American States and local nongovernmental organizations—U.S. assistance provides support for voter education activities, updating voter registries, delivering voter identification cards, and domestic and international election observers. U.S. funding is also helping to establish mediation centers nationwide to help alleviate congestion in the court system, improve access to justice, and enhance public confidence in the justice system.
- Venezuela*.—The dismantling of democratic institutions by President Hugo Chavez and increased control by the Venezuelan executive branch over the country’s five branches of government threatens the continuation of representative democracy in Venezuela, a key U.S. national security interest. Presidential elections will take place in December 2006, and opposition groups have raised serious concerns over the fairness and transparency of the government-controlled electoral process. The U.S. Government’s work in Venezuela is handled through the Office of Transition Initiatives. The objectives are to provide assistance to strengthen and reinvigorate independent democratic voices and reverse democratic backsliding by enhancing civil society dialogue, supporting constitutional processes, and strengthening democratic institutions.

COUNTRIES MOST IMPORTANT TO THE U.S. IN AFRICA

Question. In your opinion, what countries in Africa are most important to U.S. national security interests, what are those interests, and how is U.S. assistance used to further our security objectives?

Answer. The Africa region as a whole is vital to U.S. national security interests. Key areas of critical importance throughout the continent include counter-terrorism and the implications of extractive industries; establishing peace and security; and cross-cutting issues of governance, gender, the impact of HIV/AIDS, urbanization and youth. Allow me to highlight our assistance programs in Somalia, Ethiopia, Eritrea, Sudan, Nigeria, and Liberia.

The U.S. Government (USG) interests in Sudan are of both a security and humanitarian nature. Our goals in Sudan are to successfully implement the Comprehensive Peace Agreement, ending the crisis in Darfur and integrating all Sudanese regions into the Government of National Unity. Our assistance focuses on the displaced populations in Darfur, as well as on vulnerable populations in other regions of the country. We support resettlement activities for refugees and displaced persons and promote activities to protect civilians, especially the prevention of violence against women. Looking to the longer term, we are also raising local capacity to increase livelihood opportunities and strengthen community resilience and local economies.

Liberia is a cornerstone in our strategy to promote regional stability and to inhibit the activities of illegal traffickers and terrorists in West Africa. After the signing of the Peace Agreement, the USG played a leading role in helping Liberia maintain the peace and begin the national reconstruction and rehabilitation process. In November 2005, Ellen Johnson Sirleaf was elected as Africa’s first woman head of state in an election deemed free and fair by the international community. Current U.S. assistance is focused on solidifying the transition process by enhancing democratic governance, supporting agriculture and livelihoods, ensuring stability and security by taking the lead in reforming the armed forces and police, reintegrating refugees and Internally Displaced Persons, infrastructure development, and supporting the provision of essential social services.

The Horn of Africa, Somalia in particular, is critical to U.S. national security interests, given the potential for harboring and spreading extremism. U.S. assistance helps reduce poverty and related lack of access to social services (education in particular) to help lift people out of despair and provide options to extremism. It also helps stabilize and strengthen governance institutions that allow for peaceful resolution of domestic and regional problems. We are also providing food assistance to avert famine and building the region's long-term capacity to ensure food security.

In Nigeria, our interests are to fight corruption, counter increasing Islamic radicalization, and ensure stability in the energy sector. The USG is working with the Government of Nigeria to strengthen its governance institutions and reestablish military-to-military relationships. We are building partnerships to counter terrorist organizations, implementing recommendations to stabilize the energy sector, and working to expand formal financial systems. Our assistance is also being used to promote U.S. private sector involvement in the key sectors of agriculture and aviation to stimulate economic growth and trade.

GLOBAL FUND

Question. If you can put your AIDS Coordinator hat back on for a moment, what level of funding is appropriate for the Global Fund in fiscal year 2007?

Answer. The U.S. Government [USG] is by far the largest contributor to the fight against global HIV/AIDS. In fiscal year 2004, the USG provided approximately one-half of the world's commitment to international HIV/AIDS support. The U.S. Government has dramatically increased its commitment in fiscal years 2005 and 2006, while the rest of the world, so far, has not. With the \$4 billion request for fiscal year 2007, the disproportion between the U.S. commitment and that of the rest of the world will likely continue to grow.

Each country needs to find the right mix of bilateral and multilateral contributions to get the most immediate results from its investment. For the USG, the 20-year history of its bilateral programs means that these programs can move much faster in the focus countries than the Global Fund. Other governments have made similar determinations to invest heavily in bilateral efforts rather than multilateral options.

The Global Fund remains an important part of the Emergency Plan strategy, and the U.S. Government remains by far its largest single contributor of funds. The Emergency Plan originally anticipated allocating \$1 billion to the Global Fund over five years. However, we are now on track to provide over \$2 billion to the Fund in just the first three years of the Emergency Plan, through fiscal year 2006. The President's fiscal year 2007 request for focus country bilateral AIDS programs funding—\$2.717 billion within Foreign Operations and \$2.776 total—is, in part, an attempt to recover from the effects of the redirection of almost \$527 million from focus country programs to the Global Fund and other components of the Emergency Plan over PEPFAR's first three years. If focus country budgets are not fully funded again in fiscal year 2007, the capacity needed for a dramatic expansion of services in fiscal year 2008 will not be possible—and no increase in fiscal year 2008 spending could undo this setback. Without the fiscal year 2007 level of funding for the focus countries, it will not be possible to meet the 2-7-10 goals of the Emergency Plan—especially the goal of supporting treatment for 2 million.

If the Global Fund maintains its core mission and a model that Congress supports, and as the Fund's performance improves in the years to come, there will be opportunities to reassess the level of U.S. Government funding for it. For fiscal year 2007, however, it is crucial that the USG continue to concentrate its resources on focus country programs.

DEMOCRACY

Question. What is the total funding level for democracy, governance and rule of law programs in the budget request?

Answer. The USAID request for funding for democracy, governance and rule of law programs for fiscal year 2007 is \$856,175,000 (including DA, ESF, SEED and FSA).

FISCAL YEAR 2007 PRESIDENT'S BUDGET SUMMARY BY ACCOUNT FOR DEMOCRACY,
GOVERNANCE & HUMAN RIGHTS¹

[In millions of dollars]

Account	Fiscal year	
	2006 estimate	2007 request
Foreign Operations	1,281.1	1,573.4
Development Assistance	190.1	168.6
Economic Support Fund	655.7	756.3
USAID-implemented Programs	422.4	502.4
State Department/Global Programs	233.4	253.8
MEPI	99.0	120.0
Iraq	55.4	87.3
South Asia Regional	1.0	2.0
EAP Women's Issues	1.0	1.0
Laos .....	.....	0.3
House Democracy Assistance Program	1.0	.....
Trafficking in Persons	11.9	8.5
UNHCHR Nepal	1.5	.....
Human Rights & Democracy Fund Program (DRL) ²	62.6	35.0
Assistance for E. Europe & Baltics (SEED)	114.5	78.2
State Department Programs	37.2	22.8
USAID-implemented Programs	77.3	55.4
Freedom Support Act	165.4	140.3
State Department Programs	40.9	32.1
USAID-implemented Programs	124.5	108.2
Democracy Fund (excluding UNDEF and HRDF)	23.6	.....
National Endowment for Democracy	15.1	.....
Country Programs	8.5	.....
Inter-American Foundation: Local Governance & Democracy	5.2	6.2
INCLE	50.4	322.8
Women's Justice Empowerment Initiative .....	.....	9.5
Trafficking in Persons	5.0	7.0
Administration of Justice/Rule of Law/Anti-corruption	45.5	306.3
Andean Counterdrug Initiative	64.2	62.7
Administration of Justice/Rule of Law/Anti-corruption	29.0	27.9
USAID	35.2	34.8
IO&P	11.9	38.4
U.N. Democracy Fund ²	7.9	10.0
OAS Fund for Strengthening Democracy	2.5	2.5
U.N. Voluntary Fund for Technical Cooperation in the Field of Human Rights	1.5	1.5
UNDP Democratic Governance Thematic Trust Fund .....	.....	24.5
State Operations	74.4	77.7
Related Appropriations	74.4	77.7
The Asia Foundation ³	8.5	6.5
National Endowment for Democracy ⁴	65.9	71.2
GRAND TOTAL	1,355.5	1,651.1

¹This table excludes: (1) funding for programs that support victims of war and victims of torture that is sometimes categorized as "human rights"; (2) funding categorized as "conflict management", including all Transition Initiatives (TI) funds, some DA and ESF funding, and USG support for the U.S. Institute of Peace; (3) funding for educational and cultural exchanges and public diplomacy programs funded through State Operations that promote democracy.

²Fiscal year 2006 funds were appropriated in the Democracy Fund.

³Excludes portions of budget that are used for operating expenses and non-democracy grant programs.

⁴Excludes portion of budget that is used for operating expenses.

Guinea	DA .....	.....	569	.....	569	.....	569	.....	579	579
Guinea Total .....	.....	.....	569	.....	569	.....	569	.....	579	579
Kenya	DA .....	.....	400	1,475	1,875	.....	1,402	500	1,902	1,902
.....	ESF	1,200	1,520	250	2,970	.....	250	1,805	3,255	3,255
Kenya Total .....	.....	1,200	1,920	1,725	4,845	.....	1,652	2,305	5,157	5,157
Liberia	DA	1,000	.....	2,684	3,684	1,447	.....	1,300	3,747	3,747
.....	ESF	500	5,000	8,000	13,500	6,000	.....	.....	13,500	13,500
Liberia Total .....	.....	1,500	5,000	10,684	17,184	7,447	.....	1,300	17,247	17,247
Madagascar	DA .....	.....	492	400	892	.....	.....	.....	400	400
Madagascar Total .....	.....	.....	492	400	892	.....	.....	.....	400	400
Mali	DA	100	429	600	1,129	.....	.....	448	1,148	1,148
Mali Total .....	.....	100	429	600	1,129	.....	.....	448	1,148	1,148
Mozambique	DA .....	.....	.....	992	992	.....	.....	.....	1,000	1,000
Mozambique Total .....	.....	.....	.....	992	992	.....	.....	.....	1,000	1,000
Namibia	DA .....	.....	490	272	762	.....	.....	465	310	775
Namibia Total .....	.....	.....	490	272	762	.....	.....	465	310	775
Nigeria	DA .....	.....	1,318	1,846	3,296	10,352	.....	.....	10,352	10,352
.....	ESF	132	4,950	.....	4,950	.....	.....	5,000	5,000	5,000
Nigeria Total .....	.....	5,082	1,318	1,846	8,246	10,352	.....	.....	15,352	15,352
REDSO-ESA	DA .....	.....	836	1,000	1,836	.....	.....	867	1,867	1,867
.....	ESF	300	500	.....	800	.....	.....	800	1,000	1,000
REDSO-ESA Total .....	.....	300	1,336	1,000	2,636	.....	.....	1,667	2,867	2,867
Regional Center for Southern Africa	DA	500	483	.....	983	.....	.....	850	1,850	1,850
Regional Center for Southern Africa Total .....	.....	500	483	.....	983	.....	.....	850	1,850	1,850

TAB 1.—USAID DEMOCRACY AND GOVERNANCE—Continued

Operating unit	Appropriation code	Fiscal year									
		2006 estimate					2007 budget request				
		Rule of law	Political process	Civil society	Governance	Democracy and governance	Rule of law	Political process	Civil society	Governance	Democracy and governance
Rwanda	DA	.....	.....	1,000	629	1,629	.....	.....	1,000	648	1,648
Rwanda Total		.....	.....	1,000	629	1,629	.....	.....	1,000	648	1,648
Senegal	DA	.....	.....	263	720	983	.....	.....	.....	1,000	1,000
Senegal Total		.....	.....	263	720	983	.....	.....	.....	1,000	1,000
Sierra Leone	DA	.....	.....	.....	2,041	2,041	.....	.....	.....	2,076	2,076
Sierra Leone Total	ESF	.....	.....	.....	5,940	5,940	.....	500	500	1,500	2,500
Sierra Leone Total		.....	.....	.....	7,981	7,981	.....	500	500	3,576	4,576
Somalia	DA	.....	.....	1,545	.....	1,545	.....	.....	1,571	.....	1,571
Somalia Total		.....	.....	1,545	.....	1,545	.....	.....	1,571	.....	1,571
South Africa	DA	2,178	.....	1,565	1,430	5,173	.....	.....	1,752	3,504	5,256
South Africa Total	ESF	1,000	.....	287	.....	1,287	1,300	.....	.....	.....	1,300
South Africa Total		3,178	.....	1,852	1,430	6,460	1,300	.....	1,752	3,504	6,556
Sudan	DA	.....	2,100	1,749	300	4,149	.....	.....	1,749	300	4,149
Sudan Total		.....	2,100	1,749	300	4,149	.....	.....	1,749	300	4,149
Tanzania	DA	.....	.....	264	800	1,064	.....	.....	310	764	1,074
Tanzania Total		.....	.....	264	800	1,064	.....	.....	310	764	1,074
Uganda	DA	.....	1,218	500	660	2,378	.....	1,000	1,419	.....	2,419
Uganda Total		.....	1,218	500	660	2,378	.....	1,000	1,419	.....	2,419

West African Regional Program (WARP)	DA	.....	.....	4,280	600	4,880	.....	.....	6,354	600	6,954
West African Regional Program (WARP) Total	DA	.....	4,280	600	4,880	.....	.....	6,354	600	6,954	
Zambia	DA	.....	300	450	750	.....	.....	300	450	750	
Zambia Total	DA	.....	300	450	750	.....	.....	300	450	750	
Zimbabwe	DA	.....	500	500	1,376	.....	.....	700	700	1,400	
Zimbabwe	ESF	.....	900	1,500	2,970	.....	.....	1,000	2,000	3,000	
Zimbabwe Total	DA	.....	1,276	2,000	4,346	.....	.....	1,700	2,700	4,400	
Africa Total	DA	10,511	15,940	38,976	50,585	116,012	22,687	14,441	43,332	51,731	132,191
Asia and Near East:											
Afghanistan	DA	7,500	.....	.....	22,500	30,000	12,000	7,000	.....	6,000	25,000
Afghanistan	ESF	.....	3,000	8,000	47,000	58,000	.....	3,000	9,000	124,000	136,000
Afghanistan Total	DA	7,500	3,000	8,000	69,500	88,000	12,000	10,000	9,000	130,000	161,000
ANE Regional	DA	.....	.....	.....	2,028	2,028	.....	.....	.....	3,225	3,225
ANE Regional Total	DA	.....	.....	.....	2,028	2,028	.....	.....	.....	3,225	3,225
Bangladesh	DA	1,238	.....	.....	1,336	2,574	.....	.....	.....	1,550	1,550
Bangladesh	ESF	1,000	2,000	.....	1,752	4,752	1,000	2,000	.....	2,000	5,000
Bangladesh Total	DA	2,238	2,000	.....	3,088	7,326	1,000	2,000	.....	3,550	6,550
Cambodia	DA	6,113	3,485	817	960	11,375	237	4,160	975	673	910
Cambodia	ESF	.....	.....	.....	.....	.....	4,595	.....	.....	2,770	12,500
Cambodia Total	DA	6,113	3,485	817	960	11,375	4,832	4,160	975	3,443	13,410
China	DA	2,475	.....	.....	.....	2,475	.....	.....	.....	733	733
China Total	DA	2,475	.....	.....	.....	2,475	.....	.....	.....	733	733
East Timor	ESF	3,000	.....	.....	3,000	6,000	1,500	1,400	.....	1,100	4,000
East Timor Total	ESF	3,000	.....	.....	3,000	6,000	1,500	1,400	.....	1,100	4,000

TAB 1.—USAID DEMOCRACY AND GOVERNANCE—Continued

Operating unit	Appropriation code	Fiscal year									
		2006 estimate				2007 budget request					
		Rule of law	Political process	Civil society	Governance	Democracy and governance	Rule of law	Political process	Civil society	Governance	Democracy and governance
Egypt	ESF	17,060	6,020	14,850	47,575	85,505	17,605	6,310	12,415	50,125	86,455
Egypt Total		17,060	6,020	14,850	47,575	85,505	17,605	6,310	12,415	50,125	86,455
India	DA ESF	326 200				326 200					
India Total		526				526					
Indonesia	ESF	5,200	7,000	3,400	14,850	30,450	1,975	3,464		14,175	19,614
Indonesia Total		5,200	7,000	3,400	14,850	30,450	1,975	3,464		14,175	19,614
Iraq	ESF									25,000	25,000
Iraq Total										25,000	25,000
Jordan	ESF	3,000	3,000	5,000	3,000	14,000	3,000	2,000	4,000	3,000	12,000
Jordan Total		3,000	3,000	5,000	3,000	14,000	3,000	2,000	4,000	3,000	12,000
Lebanon	ESF			2,000	5,000	7,000	8,000		1,000	1,000	10,000
Lebanon Total				2,000	5,000	7,000	8,000		1,000	1,000	10,000
Mongolia	ESF	2,000	100		300	2,400	1,500			400	1,900
Mongolia Total		2,000	100		300	2,400	1,500			400	1,900
Morocco	ESF		2,900	600	2,940	6,440		1,000	7,000	8,000	
Morocco Total			2,900	600	2,940	6,440		1,000	7,000	8,000	
Nepal	DA	1,485				1,485	1,500				1,500

ESF	990	990	990	990	1,000	1,000	1,000	1,000	1,000
Nepal Total	1,485	990	2,475	1,500	1,000	1,000	1,000	1,000	2,500
Pakistan	3,597	12,600	3,597	20,000	8,000	8,000	3,000	19,000	3,000
ESF	7,400	12,600	7,400	23,597	8,000	8,000	22,000	30,000	27,000
Pakistan Total	10,997	12,600	10,997	2,000	651	651	250	901	901
Philippines	1,000	2,500	1,000	1,000	249	249	6,500	7,749	7,749
ESF	3,000	2,500	1,000	1,000	900	900	6,750	8,650	8,650
Philippines Total	4,000	2,500	2,000	8,500	900	900	6,750	8,650	8,650
Regional Development Mission Asia (RDM-Asia)	491	491	491	3,564	640	640	3,500	3,500	3,500
DA	3,564	3,564	3,564	4,055	4,140	4,140	4,140	4,140	4,140
ESF	1,233	1,233	1,233	2,000	250	250	750	1,300	750
Regional Development Mission Asia (RDM-Asia) Total	1,233	1,233	1,233	2,000	250	250	750	1,300	750
Sri Lanka	19,922	3,000	19,922	36,850	6,000	6,000	15,500	25,500	25,500
Sri Lanka Total	19,922	3,000	19,922	36,850	6,000	6,000	15,500	25,500	25,500
West Bank and Gaza ¹	644	465	644	1,109	50	50	1,685	1,998	1,998
West Bank and Gaza Total	644	465	644	1,109	50	50	1,685	1,998	1,998
Yemen	644	465	644	1,109	50	50	1,685	1,998	1,998
Yemen Total	644	465	644	1,109	50	50	1,685	1,998	1,998
Asia and Near East Total	75,163	44,095	75,163	343,344	39,484	39,484	290,236	426,725	426,725
Europe and Eurasia:									
Albania	1,200	500	1,200	5,927	300	300	1,935	4,789	4,789
Albania Total	1,200	500	1,200	5,927	300	300	1,935	4,789	4,789
Armenia	431	2,292	431	13,600	387	387	4,021	9,960	9,960
Armenia Total	431	2,292	431	13,600	387	387	4,021	9,960	9,960

TAB 1.—USAID DEMOCRACY AND GOVERNANCE—Continued

Operating unit	Appropriation code	Fiscal year									
		2006 estimate					2007 budget request				
		Rule of law	Political process	Civil society	Governance	Democracy and governance	Rule of law	Political process	Civil society	Governance	Democracy and governance
Azerbaijan	FSA	1,143	1,885	4,335	1,486	8,849	672	1,422	4,040	1,000	7,134
Azerbaijan Total		1,143	1,885	4,335	1,486	8,849	672	1,422	4,040	1,000	7,134
Belarus	FSA	414	970	3,732		5,116	390	906	4,641		5,937
Belarus Total		414	970	3,732		5,116	390	906	4,641		5,937
Bosnia and Herzegovina	AEEB	3,500	1,700	3,230	4,206	12,636	2,450	1,600	2,300	3,002	9,352
Bosnia and Herzegovina Total		3,500	1,700	3,230	4,206	12,636	2,450	1,600	2,300	3,002	9,352
Bulgaria	AEEB	4,315		1,104	3,446	8,865					
Bulgaria Total		4,315		1,104	3,446	8,865					
Croatia	AEEB		3,446	2,125	3,711	5,836					
Croatia Total			3,446	2,125	3,711	5,836					
Eurasia Regional	FSA	130	65	330	65	590	140	65	490	65	760
Eurasia Regional Total		130	65	330	65	590	140	65	490	65	760
Europe Regional	AEEB	265	108	704	118	1,195	216	95	1,104	103	1,518
Europe Regional Total		265	108	704	118	1,195	216	95	1,104	103	1,518
Georgia	FSA	2,055	722	809	6,007	9,593	1,537	659	706	5,993	8,895
Georgia Total		2,055	722	809	6,007	9,593	1,537	659	706	5,993	8,895
Kazakhstan	FSA	856	397	3,864		5,117			4,238		4,238

Kazakhstan Total	856	397	3,864	5,117	.....	.....	.....	4,238	.....	4,238
Kosovo	5,575	2,175	3,575	14,055	2,730	6,297	1,925	2,646	5,150	16,018
Kosovo Total	5,575	2,175	3,575	14,055	2,730	6,297	1,925	2,646	5,150	16,018
Kyrgyzstan	.....	.....	2,644	4,444	1,800	1,000	200	3,180	1,676	6,056
Kyrgyzstan Total	.....	.....	2,644	4,444	1,800	1,000	200	3,180	1,676	6,056
Macedonia	2,687	1,612	1,931	10,226	3,996	2,615	1,000	1,807	2,546	7,968
Macedonia Total	2,687	1,612	1,931	10,226	3,996	2,615	1,000	1,807	2,546	7,968
Moldova	1,645	1,138	1,644	7,026	2,599	1,696	1,825	2,384	173	6,078
Moldova Total	1,645	1,138	1,644	7,026	2,599	1,696	1,825	2,384	173	6,078
Montenegro	1,200	560	1,028	2,788	.....	300	.....	600	1,250	2,150
Montenegro Total	1,200	560	1,028	2,788	.....	300	.....	600	1,250	2,150
Romania	450	1,400	2,700	5,500	950	.....	.....	.....	.....	.....
Romania Total	450	1,400	2,700	5,500	950	.....	.....	.....	.....	.....
Russia	4,162	5,565	25,418	38,250	3,105	3,155	3,615	18,299	3,815	28,884
Russia Total	4,162	5,565	25,418	38,250	3,105	3,155	3,615	18,299	3,815	28,884
Serbia	1,805	1,400	3,000	7,205	1,000	4,027	1,400	3,500	1,000	9,927
Serbia Total	1,805	1,400	3,000	7,205	1,000	4,027	1,400	3,500	1,000	9,927
Tajikistan	.....	350	2,100	4,086	1,636	.....	.....	2,554	1,692	4,246
Tajikistan Total	.....	350	2,100	4,086	1,636	.....	.....	2,554	1,692	4,246
Turkmenistan	.....	.....	1,090	1,090	.....	.....	.....	1,100	.....	1,100
Turkmenistan Total	.....	.....	1,090	1,090	.....	.....	.....	1,100	.....	1,100
Ukraine	1,041	3,746	7,088	18,235	6,360	3,207	1,446	4,593	9,391	18,637

TAB 1.—USAID DEMOCRACY AND GOVERNANCE—Continued

Operating unit	Appropriation code	Fiscal year									
		2006 estimate					2007 budget request				
		Rule of law	Political process	Civil society	Governance	Democracy and governance	Rule of law	Political process	Civil society	Governance	Democracy and governance
Ukraine Total		1,041	3,746	7,088	6,360	18,235	3,207	1,446	4,593	9,391	18,637
Uzbekistan	FSA	500		2,710		3,210	1,002		2,580		3,582
Uzbekistan Total		500		2,710		3,210	1,002		2,580		3,582
Europe and Eurasia Total		33,374	26,585	81,444	52,036	193,439	30,093	16,845	66,337	43,954	157,229
Latin America and Caribbean:											
Bolivia	ACI	2,970			400	3,370	2,000				2,000
	DA				2,574	2,574				2,466	2,466
	ESF		1,000	1,356	1,109	3,465		1,000	1,000	1,100	3,100
Bolivia Total		2,970	1,000	1,356	4,083	9,409	2,000	1,000	1,000	3,566	7,566
Caribbean Regional Program	ESF						1,000				1,000
Caribbean Regional Program Total							1,000				1,000
Colombia	ACI	13,750		2,621	9,198	25,569	13,806		2,694	8,522	25,022
Colombia Total		13,750		2,621	9,198	25,569	13,806		2,694	8,522	25,022
Cuba	ESF			7,650		7,650			6,500		6,500
Cuba Total				7,650		7,650			6,500		6,500
Dominican Republic	DA	280	1,350		350	1,980	900	950		150	2,000
	ESF	1,000			980	1,980	2,000				2,000
Dominican Republic Total		1,280	1,350		1,330	3,960	2,900	950		150	4,000
Ecuador	ACI				2,000	2,000				3,400	3,400

DA	690	300	990	150	550	400	1,000	1,000
ESF	600	780	1,980	200	.....	.....	1,078	2,178
Ecuador Total	1,290	1,080	4,970	150	550	400	5,478	6,578
El Salvador	1,387	500	3,727	.....	.....	.....	250	250
El Salvador Total	1,387	500	3,727	.....	.....	.....	250	250
Guatemala	1,891	.....	1,485	.....	100	.....	2,991	3,091
ESF	1,891	396	4,455	1,850	.....	.....	1,150	3,000
Guatemala Total	1,891	396	5,940	1,850	100	.....	4,141	6,091
Guyana	310	440	1,980	1,000	.....	1,000	.....	2,000
Guyana Total	310	440	1,980	1,000	.....	1,000	.....	2,000
Haiti .....	.....	795	3,936	.....	2,850	4,150	2,000	9,000
ESF	5,650	1,309	28,800	.....	.....	5,700	10,000	15,700
Haiti Total	5,650	2,100	32,736	.....	2,850	9,850	12,000	24,700
Honduras	600	.....	1,980	600	.....	.....	1,848	2,448
Honduras Total	600	.....	1,980	600	.....	.....	1,848	2,448
Jamaica	1,014	1,261	2,475	1,687	.....	150	.....	1,837
Jamaica Total	1,014	1,261	2,475	1,687	.....	150	.....	1,837
LAC Regional	506	90	9,395	.....	.....	2,326	1,000	3,326
ESF	3,000	2,960	6,960	.....	1,500	1,995	1,600	5,095
LAC Regional Total	3,506	3,050	16,355	.....	1,500	4,321	2,600	8,421
Mexico	2,610	790	3,400	1,700	.....	.....	300	2,000
ESF	2,083	400	6,116	3,000	.....	2,000	1,200	6,200
Mexico Total	4,693	400	9,516	4,700	.....	2,000	1,500	8,200
Nicaragua	2,750	2,000	7,148	2,116	.....	.....	2,116	4,232

Democracy, Conflict and Humanitarian Assistance Total	2,227	19,800	4,257	2,723	29,007	2,500	7,150	3,500	2,750	15,900
Office of Global Development Alliances:										
Office of Global Development Alliances	1,880			1,880	1,880					
Office of Global Development Alliances Total	1,880			1,880	1,880					
Office of Global Development Alliances Total	1,880			1,880	1,880					
Program and Policy Coordination:										
Bureau for Policy and Program Coordination	80	80	80	80	320	78	79	79	79	315
Bureau for Policy and Program Coordination Total	80	80	80	80	320	78	79	79	79	315
Program and Policy Coordination Total	80	80	80	80	320	78	79	79	79	315
ACI Sum	16,720	3,821	14,558	35,099	15,806	3,694	15,322	34,822	15,322	34,822
AEEB Sum	20,997	9,455	21,524	22,257	74,233	16,905	6,320	13,511	14,986	51,722
DA Sum	34,759	31,434	32,122	85,629	183,944	38,255	24,571	39,122	62,682	164,630
ESF Sum	78,573	66,788	82,948	192,369	420,678	61,688	46,283	73,840	317,683	499,494
FSA Sum	12,377	17,130	59,920	29,779	119,206	13,188	10,525	52,826	28,968	105,507
IDA Sum										
Grand Total—USAID Democracy & Governance	163,426	124,807	200,335	344,592	833,160	145,842	87,699	182,993	439,641	856,175

¹ National—program under review.

TAB 2.—USAID HUMAN RIGHTS—Continued
[In thousands of dollars]

Operating unit	Appropriation code	Fiscal year							
		2006 estimate				2007 budget request			
		Victims of war	Victims of torture	Trafficking in persons	Total human rights	Victims of war	Victims of torture	Trafficking in persons	Total human rights
Europe Regional	AEEB	.....	.....	673	673	.....	.....	275	275
Europe Regional Total		.....	.....	673	673	.....	.....	275	275
Georgia	FSA	.....	.....	222	222	.....	.....	220	220
Georgia Total		.....	.....	222	222	.....	.....	220	220
Kazakhstan	FSA	.....	.....	680	680	.....	.....	242	242
Kazakhstan Total		.....	.....	680	680	.....	.....	242	242
Kosovo	AEEB	.....	.....	.....	.....	.....	.....	200	200
Kosovo Total		.....	.....	.....	.....	.....	.....	200	200
Kyrgyzstan	FSA	.....	.....	350	350	.....	.....	170	170
Kyrgyzstan Total		.....	.....	350	350	.....	.....	170	170
Moldova	FSA	.....	.....	972	972	.....	.....	777	777
Moldova Total		.....	.....	972	972	.....	.....	777	777
Russia	FSA	.....	.....	750	750	.....	.....	.....	.....
Russia Total		.....	.....	750	750	.....	.....	.....	.....
Tajikistan	FSA	.....	.....	510	510	.....	.....	28	28
Tajikistan Total		.....	.....	510	510	.....	.....	28	28

Ukraine	FSA	1,218	1,218	1,218	1,195	1,195
Ukraine Total		1,218	1,218		1,195	1,195
Uzbekistan	FSA	600	600			
Uzbekistan Total		600	600			
Europe and Eurasia Total		8,450	8,450		6,435	6,435
Latin America and Caribbean:						
Ecuador	ACI	100	100			
Ecuador Total		100	100			
Haiti	DA	1,400	2,400	1,000	1,000	1,000
	ESF			300	1,000	1,300
Haiti Total		1,400	2,400	1,300	1,000	2,300
Latin America and Caribbean Total		1,400	2,500	1,300	1,000	2,300
Democracy, Conflict and Humanitarian Assistance:						
Office of Democracy and Governance	DA	4,504	9,009	4,000		8,000
Office of Democracy and Governance Total		4,504	9,009	4,000		8,000
Democracy, Conflict and Humanitarian Assistance Total		4,504	9,009	4,000		8,000
	ACI Sum	100	100			
	AEEB Sum	3,148	3,148		3,723	3,723
	DA Sum	6,188	24,068	8,000	4,000	20,199
	ESF Sum	9,197	8,683	8,199	2,936	3,506
	FSA Sum	5,301	7,001	570	2,712	2,712
	FSA Sum	5,302	5,302			
Grand Total—USAID Human Rights		14,498	39,619	8,000	13,371	30,140

DEMOCRACY, GOVERNANCE AND HUMAN RIGHTS FUNDING (ALL-SOURCES)—NEAR EAST, EAST
ASIA PACIFIC, AND SOUTH ASIA (INCLUDING CENTRAL ASIA)

[In thousands of dollars]

	Fiscal year	
	2006 estimate	2007 request
Summary—Near East and Asia		
Development Assistance	49,431	40,209
ESF	489,011	600,472
USAID implemented	299,426	390,152
State/Global Programs	189,585	210,320
FSA—USAID & State Programs	40,384	34,303
Democracy Fund (excl. HRDF)	12,673	.....
INCLE	27,590	286,425
The Asia Foundation	8,500	6,500
TOTAL	627,589	967,909
Bilateral Detail		
Development Assistance (DA):		
Afghanistan	30,000	25,000
ANE Regional	2,028	3,225
Bangladesh	3,465	2,550
Cambodia	2,331	910
China	2,475	733
India	326	.....
Nepal	1,485	1,500
Pakistan	3,597	4,000
Philippines	2,000	901
RDM-Asia	491	640
Sri Lanka	1,233	750
DA Subtotal	49,431	40,209
Economic Support Fund (ESF)—USAID implemented:		
Afghanistan	58,000	136,000
Bangladesh	4,752	5,000
Cambodia	11,375	13,500
East Timor	6,000	4,000
Egypt	85,505	86,455
India	200	.....
Indonesia	31,850	20,000
Iraq .....	.....	25,000
Jordan	14,000	12,000
Lebanon	7,000	10,000
Mongolia	2,400	1,900
Morocco	6,440	8,000
Nepal	990	1,000
Pakistan	20,000	27,000
Philippines	6,500	7,999
RDM-Asia	3,564	3,500
Sri Lanka	2,000	1,300
West Bank and Gaza ¹	36,850	25,500
Yemen	1,109	1,998
ESF Subtotal—USAID	298,535	390,152
Economic Support Fund (ESF)—State/Global Programs:		
Iraq	55,440	87,270
S. Asia Regional	990	2,000
MEPI	99,000	120,000
Laos .....	.....	250
EAP Regional Women's Issues	990	800
UNHCHR Nepal	1,485	.....
HRDF	31,680	.....

DEMOCRACY, GOVERNANCE AND HUMAN RIGHTS FUNDING (ALL-SOURCES)—NEAR EAST, EAST
ASIA PACIFIC, AND SOUTH ASIA (INCLUDING CENTRAL ASIA)—Continued

[In thousands of dollars]

	Fiscal year	
	2006 estimate	2007 request
China	19,800	.....
Muslim—outside Middle East ²	11,880	.....
ESF Subtotal—State/Global	189,585	210,320
Assistance for the Independent States of the Former Soviet Union (FSA)—USAID implemented:		
Eurasia Regional	590	840
Kazakhstan	5,797	4,480
Kyrgyz Republic	4,794	6,226
Tajikistan	4,596	4,274
Turkmenistan	1,090	1,100
Uzbekistan	3,810	3,582
FSA Subtotal—USAID	20,677	20,502
Assistance for the Independent States of the Former Soviet Union (FSA)—State implemented:		
Eurasia Regional	8,038	7,410
Kazakhstan	555	538
Kyrgyz Republic	6,200	2,349
Tajikistan	1,390	1,497
Turkmenistan	680	810
Uzbekistan	2,844	1,197
FSA Subtotal—State	19,707	13,801
Democracy Fund:		
NED programs:		
China	2,970	.....
Tibet	248	.....
N Korea	990	.....
Other Country Programs:		
Thailand	1,980	.....
Iran and Syria	6,485	.....
Subtotal Democracy Fund	12,673	.....
International Narcotics and Law Enforcement (INCLE):		
Afghanistan	26,500	38,000
Indonesia	515	525
Iraq .....	.....	247,600
Philippines	350	300
Thailand	225	.....
INCLE Subtotal	27,590	286,425

¹ Notional—program currently under review.

² Programs may also be implemented outside of Asia.

STATE DEPARTMENT/USAID DEFINITION OF DEMOCRACY AND GOVERNANCE PROGRAMS

Democracy and governance programs are technical assistance and other support to strengthen capacity of reform-minded governments, non-governmental actors, and/or citizens in order to develop and support democratic states and institutions that are responsive and accountable to citizens. They also include efforts to promote democratic transitions in countries that are not reform-minded.

Programs are organized around core concepts considered the key building blocks of democracy. Democracy programs promote the rule of law and human rights, transparent and fair elections coupled with a competitive political process, a free and independent media, stronger civil society and greater citizen participation in government, and governance structures that are efficient, responsive and accountable.

COORDINATION OF DEMOCRACY PROGRAMS

Question. Within USAID and State, who specifically has authority over democracy programs, and how do USAID and State currently coordinate to ensure that democracy programs support U.S. policy objectives? How about coordination with the National Endowment for Democracy? What are your plans to improve this coordination?

Answer. The Director of Foreign Assistance has authority over all foreign assistance, including democracy programs. State and USAID are reforming foreign assistance processes to ensure that they advance the Secretary's transformational diplomacy goal of, "Helping to build and sustain democratic, well-governed states that will respond to the needs of their people and conduct themselves responsibly in the international system." The reform has identified five primary objectives toward achieving this goal, of which one is supporting states to "govern justly and democratically." All State and USAID programs in democracy will advance this objective in a manner that supports the Secretary's goal. At present, coordination with the National Endowment for Democracy (NED) is performed in Washington primarily through State's Bureau for Democracy, Human Rights and Labor, through which the NED receives its Congressional appropriation as well as additional Washington funds. Coordination in the field is done through the respective embassies and USAID missions. USAID works closely with the NED core institutes, such as the International Republican Institute (IRI) and the National Democratic Institute (NDI) both on policy issues and field operations with respect to the programs USAID manages.

DEMOCRACY FUND

Question. Last year, Senator Leahy and I created a new "Democracy Fund" account as a first step to improve the conduct and management of democracy, governance and rule of law programs by consolidating activities under a single account. Do you support the Democracy Fund?

Answer. I support the objective of the Democracy Fund. I concur that we need to improve the conduct and management of democracy, governance and rule of law programs, in addition to programs in other sector areas. As Director of Foreign Assistance, my aim is to bring increased coherence, accountability and transparency to the use of our foreign assistance resources. I look forward to sharing with the Committee our progress in this regard.

DEMOCRACY AND GOVERNANCE PROGRAMS IN CHINA

Question. Understanding you inherited the fiscal year 2007 budget request, how do you justify the inadequate request of \$733,000 for democracy and governance programs in China?

Answer. I agree we should be taking every reasonable opportunity to advance democracy in China. State's Bureau for Democracy Human Rights and Labor supports a \$20 million/year democracy promotion program in China—USAID's request was to continue a modest Development Assistance (DA) funded program with universities (and possibly expanding to NGOs). The \$733,000 allocated to democracy and governance, out of a total of \$5 million in DA for China, was allocated with the additional \$20 million in ESF for democracy in mind.

BRANDING

Question. What is USAID's branding policy with respect to democracy assistance? Would you agree that there should be exceptions to branding—such as assistance provided to support elections?

Answer. USAID's branding policy for assistance awards was established by federal rulemaking, including solicitation and adaptation of comments by USAID grantees, and is published at 22 C.F.R. § 226.91. The published regulation anticipated Congress's concern by including seven "presumptive exceptions" under which branding is not required for programmatic reasons, including several that may apply to democracy programs, and one specifically that provides an exception if marking would "compromise the intrinsic independence or neutrality of a program or materials where independence or neutrality is an inherent aspect of the program or materials, such as election monitoring or ballots, and voter information literature; political party support or public policy advocacy or reform; independent media, such as television and radio broadcasts, newspaper article and editorials; public service announcements or public opinion polls and surveys."

USAID PERSONNEL

Question. A number of key positions at USAID remain unfilled, including the Assistant Administrator for Management, the Assistant Administrator for Europe and Eurasia, and the Inspector General.

Do you have a timeframe for when these positions may be filled?

Answer. I share your concern. These positions are critical to the success of our new strategic framework. I expect that we will be able recommend nominees to the President's staff in the coming weeks.

Donald Gambatesa was sworn in as Inspector General on January 17, 2006.

CONTRACTORS

Question. USAID relies on a number of institutional contractors at USAID who provide support services to bureaus and programs.

Do you believe a conflict of interest exists for contractors working at USAID, and how do you ensure that they represent the interests of the Agency and not their employers?

Answer. In the absence of appropriate safeguards and vigilance, there could be the potential for a conflict of interest. At USAID we take this issue very seriously and have worked to fully comply with the letter and spirit of the Federal Acquisition Regulation on Organizational and Consultant Conflicts of Interest (FAR 9.500) which limits certain activities that are vulnerable to such conflicts. Since 1999 USAID has applied the FAR standards to organizations performing designs, evaluations and audits. When mitigation of a potential conflict is not feasible, USAID restricts follow-on work. These policies include solicitation and contract clauses as well as non-disclosure agreements to assure contractors are aware of limitations. Contractors have a strong incentive to hew closely to the rules, as they are aware that any deviation could endanger their ability to compete on future contracts.

Our best guard against these issues is awareness of the rules. We accomplish this through our annual ethics training as well as regular outreach trainings conducted by our General Counsel. While we expect our contractors to have corporate codes of conduct, our supplementary training helps sensitize contractor employees to unique vulnerabilities under Federal contracts. These include assuring that contractor employees are not privy to sensitive internal Government information.

In addition to training and contract clauses, USAID Cognizant Technical Officers monitor vulnerabilities to conflicts of interest. The Ombudsman for USAID's Office of Acquisition and Assistance can address concerns raised by contractors and their employees. Finally, the Inspector General maintains a hotline that can be used if someone is concerned about an apparent conflict of interest.

QUESTIONS SUBMITTED BY SENATOR ARLEN SPECTER

TUBERCULOSIS

Question. Tuberculosis [TB] is the leading cause of death among people who are HIV-positive, because of their weakened immune system. One-third of the more than 40 million people with HIV/AIDS are also infected with TB. In areas such as sub-Saharan Africa, up to half of AIDS related deaths are caused by TB.

In fiscal year 2005, 1.8 percent of PEPFAR's funding was directed toward TB/HIV activities. In fiscal year 2006 this number grew to about 2.5 percent of PEPFAR's budget. Given that TB is the leading cause of death of those infected by HIV/AIDS, do you plan to devote a larger portion of the PEPFAR budget towards programs designed to combat the threat caused by TB in the fiscal year 2007 budget?

Answer. In fiscal year 2005, \$19.3 million went to supporting TB-related activities in the fifteen focus countries. That amount is planned to increase to \$40.1 million in fiscal year 2006. In addition, \$91.5 million in additional funds are planned to support other bilateral country programs in fiscal year 2006. Focus country funding is expected to increase in fiscal year 2007 as well. Fiscal year 2007 Country Operational Plans are currently being produced and will be submitted for review in late 2006; these plans will set forth planned spending levels for TB/HIV activities in fiscal year 2007.

The President's budget request also includes \$91.3 million in fiscal year 2007 for support of TB activities in other bilateral countries. In addition, the U.S. Government is the largest donor to the Global Fund to Fight AIDS, Tuberculosis, and Malaria, contributing one-third of the Fund's resources. The Global Fund finances essential HIV and TB programs in resource-limited settings. The Emergency Plan emphasizes TB care and treatment for co-infected patients be included in the country

level plans, and it is considered a priority program area in guidance that has been provided to the countries in establishing their operational plans. The Emergency Plan supports programming that includes diagnosis of latent TB infection, treatment to prevent development of active disease, and general TB-related care. Because of the high rate of co-morbidity between TB and HIV/AIDS, we are also urging the counseling and testing facilities the United States supports to offer HIV testing to those who present with TB or other infectious diseases. The Emergency Plan has developed “basic preventive care packages” that include key support and preventive therapies. These packages include the tuberculosis treatment therapies mentioned above.

The Emergency Plan will continue to work with its partner USG implementing agencies that have programs focusing on TB and malaria, coordinating those programs with the Emergency Plan efforts focusing on HIV/AIDS.

BLOOD SAFETY

Question. Another problem facing in the developing world is the inability of medical providers to test blood to be used in blood transfusions for AIDS and other potentially deadly diseases. This problem is particularly acute in many sub-Saharan countries.

PEPFAR is making tremendous efforts to address this problem in the program’s fifteen focus countries. However, tainted blood is still a major problem in many non-focus countries in sub-Saharan Africa. What efforts do you propose to address this problem in non-focus countries, particularly those in sub-Saharan Africa?

Answer. With the knowledge that turning the tide against global AIDS requires a global fight, the Emergency Plan supports HIV/AIDS programs in 108 countries in addition to the 15 focus countries. The Emergency Plan strategy is to develop lessons learned from the rapid scale-up of national integrated prevention, treatment, and care programs in the focus countries, and have the greatest impact possible in the countries most affected by HIV/AIDS. These lessons learned are being applied to non-focus countries, including those in sub-Saharan Africa, in an effort to put into practice the most successful and comprehensive programs.

PEPFAR supports international blood safety organizations to partner with host countries in the development of comprehensive systems that include low-risk blood donor selection, blood banking, and blood safety training. The goal of these programs is to increase blood supply through donor recruitment. The programs also work to ensure blood safety through proper screening of donors and donated blood. Currently, the Emergency Plan supports:

- National programs to improve the quality of blood supplies through improved policies;
- The establishment of laboratory facilities and commodity procurement; and
- Healthcare worker training and management for technicians needing blood safety expertise.

The Emergency Plan also provides technical assistance to support countries in implementing the foundational components of effective national blood transfusion services.

PERU COCA PRODUCTION

Question. In April this year, I traveled to Latin America on a CODEL. While in Peru, I met with Susan Keogh, Director of Narcotics Affairs in Peru. Ms. Keogh informed me that approximately 400,000 acres are being deforested annually for the cultivation of coca and other plants. On average, there are approximately 40,000 to 100,000 coca plants per two acres, which require about two tons of chemicals to be used for their production.

Since coca is very vulnerable to diseases, coca growers cover the coca with pesticides which are very deleterious to the environment. Some portions of these chemicals almost always find their way into rivers and streams, as coca must be cultivated close to a water supply.

When I asked what efforts the Peruvian Government is taking to combat these problems, Ms. Keogh remarked that the Peruvian government hardly focuses on this issue of cocaine and its effects on the environment.

I noticed your fiscal year 2007 Budget Justification notes that, “Limited government presence in the highlands and jungle allows illegal coca cultivation . . . to flourish” and that “USAID strengthens state presence through programs to reduce coca cultivation.” Could you elaborate on your efforts in Peru?

Answer. As in so much of the South American region, the deforestation rates in Peru are abysmal, and while coca production does play a role in this, many analysts believe it is by far less a contributing factor than illegal logging and agriculture ex-

pansion. The relationship between coca cultivation and deforestation in Peru has declined rapidly in recent years as profitable legal crops have expanded the agricultural frontier. This has resulted in a legal agricultural market that dwarfs the illegal coca market in terms of total land use. Furthermore, according to the latest statistics, Peru's total coca crop, 120,000 acres, is declining.

The primary threat of deforestation deriving from coca farmers, and other colonizers, is driven by poor agricultural practices that result in the complete loss of soil nutrients in just a few years. USAID/Peru's Alternative Development Program directly addresses this threat, as described below in response to the last question. A lesser threat related to coca farming is posed by new farmers wishing to colonize new areas to grow coca. Nevertheless, compared to years past, the "new colonizers" are responsible for much less deforestation than 15 years ago. Andean Counterdrug Initiative [ACI] funding also addresses this issue by consolidating the Government of Peru's efforts to protect national parks and strengthen the sustainable forestry concession program as described below. Dissuading colonizers is also an important byproduct of programmed eradication and interdiction activities.

Peru's coca production thrives in areas that present development obstacles and where the government has a very limited presence. In these neglected and generally impoverished areas, coca production and processing brings violence and lawlessness and provides a source of financing for remnants of terrorist groups that inhabit them. Given the charged and threatening atmosphere of narco-trafficking in coca-growing areas, traditional state services and development projects cannot rely on police presence which means that education, health, and private investment projects are very costly and difficult to implement. USAID strengthens state presence in these areas through a multi-pronged approach, supporting activities to reduce coca cultivation and promote licit alternatives, complemented by actions in local government strengthening, health, education, economic growth, and environment.

A key component of the USG's comprehensive counter-narcotics strategy, USAID/Peru's Alternative Development Program operates in concert with other U.S. Government agencies, including the State Department's Narcotics Affairs Section and the U.S. Drug Enforcement Administration, as well as the Government of Peru [GOP], to reduce illegal coca production in Peru in a sustained manner. USAID pursues this goal principally through "voluntary eradication," where coca-growing communities sign an agreement with the GOP to pursue a licit lifestyle and destroy their own coca plantings. The GOP and USAID then support the community's transition to a licit lifestyle by providing development assistance based on the community's priorities. This assistance often takes the form of infrastructure (bridges, roads, schools, and health clinics). Many of the specific investments in communities are leveraging State presence where it did not exist previously. A school brings the Ministry of Education; a health center, the Ministry of Health; a bridge or a road forces the local governments to maintain the infrastructure. Alternative Development-supported projects provide an opening for government ministries to establish themselves in the communities and begin to provide traditional services to the local population.

USAID interventions also assist coca producers in moving towards high-paying export crops like coffee, cacao, and palm oil production. These productive activities are catalyzing interest the private sector, making national and international businesses stakeholders in the Alternative Development Program. All activities are closely coordinated between local governments and community members, thereby reestablishing local governments' role as an effective and transparent governing body that addresses the needs of its constituencies. In addition, USAID interventions must pass an environmental review which works to mitigate any further degradation, and all USAID projects are required to use "best practices" in land and agricultural management, as well as, minimize the use of pesticides. All forestry projects must be designed to be sustainable, to reduce future environmental problems.

Question. What efforts is USAID involved in to combat not only coca, but the adverse impacts production of that illicit crop has on the environment?

Answer. Fragile eco-systems are threatened by coca production and the rampant illegal logging in Peru. USAID promotes licit livelihoods through the reduction of poverty, the conservation of biodiversity and the implementation and enforcement of existing environmental legal frameworks in Peru. USAID interventions are also held to a strict standard including an environmental assessment before any projects begins and required environmental planning as the project is implemented. Most logging of Peru's precious timber stock is illegal and is often carried out in concert with narco-traffickers, as log trucks are often used to carry hidden stashes of drugs. Given that the forest sector is one of Peru's largest, untapped sources of jobs and export revenue, USAID's Environment Program is helping to formalize the forest sector. Activities include support to communities living in the coca growing areas

to substitute coca cultivation with forest certification activities and increase their sales of licit certified wood products in Peru and the rest of the world. This includes efforts to not just protect forest land, but make it sustainable for the future.

In nationally protected areas and parks, USAID programs work with local communities and the GOP to protect the eco-systems and develop natural resource management strategies that improve livelihoods while protecting these areas. Additionally, the program fosters greater GOP presence in protected areas by enabling municipal authorities to assume their roles in the implementation and enforcement of existing environmental legal frameworks that will prevent further expansion of coca into protected areas. USAID is also aware of the impacts to water quality that occur due to coca refinement. While the Mission does not have any programs in this area, it is aware of the Embassy in Bolivia's work to address it.

Question. USAID's fiscal year 2007 request for Environment and Natural Resource funds for Peru is \$3.070 million which is a 24.4 percent decrease from fiscal year 2004. Further USAID's fiscal year 2007 request for Alternative Development is down 14.5 percent over that same period. Can you explain this trend?

Answer. Since 2001, overall development assistance to Latin America and the Caribbean has increased from \$862,452,000 in fiscal year 2001 to \$1,696,841,000 in fiscal year 2007. The funding levels for the Andean Counterdrug Initiative have remained consistent between fiscal year 2004 through 2006. USAID recognizes the intrinsic relationship between the environment and coca production though and has therefore supplemented the environment programs with \$2.8 million in fiscal year 2005 and 2006 ACI funding.

Question. I note that the Andean Counterdrug Initiative funds from Agriculture and Environment have increased from \$2.9 million to \$35.1 million over this period of time—representing a 1,077 percent increase. Are any of these funds being used to mitigate the harm being done to the environment due to coca production?

Answer. The appearance of the enormous increase in the agriculture and environment sectors with ACI is due to a definitional change in the funding codes during this last reporting period. Previously, we attributed the bulk of ACI funds to the economic growth sector under the "other economic growth code". A change in the code's definition last year made it necessary to attribute our ACI funds to the agriculture sector with the codes corresponding to "Rural Development" and "Agriculture Production and Productivity." All ACI-related activities remain the same.

All of our agricultural and infrastructure activities follow strict standards designed to protect the environment and must undergo environmental impact assessments, including the use of integrated pest management techniques and organic production whenever possible. Farmers are taught to use sustainable agricultural practices that maintain the viability of their land and permit permanent cultivation, therefore eliminating the need to clear-cut jungle regions to access fertile land. The sustainable cultivation of long-term and profitable crops, combined with other social benefits, has been successful in preventing a return to coca cultivation and encourages these young and unstable communities (often they are 'communities' in name only) to stay put and develop, linking up with local government rather than migrating deeper into the jungle and clear-cutting virgin forest for new coca fields.

Over the last 4 years, ACI funding has helped prevent colonization by supporting sustainable forest management and park protection activities managed by USAID/Peru's Environment Program. These activities are specifically designed to prevent both illegal logging and coca colonization into delicate and still intact ecosystems in the upper and mid-Andean jungles where coca cultivation is focused.

QUESTIONS SUBMITTED BY SENATOR MIKE DEWINE

WESTERN HEMISPHERE FUNDING

Question. Mr. Administrator, how do you justify the dramatic 21.6 percent cut in Development Assistance and Child Survival and Health funding from the fiscal year 2006 appropriated levels for the Western Hemisphere? Even if you compare fiscal year 2007 to the fiscal 2006 request, it's still a cut of approximately 18 percent.

Answer. Overall U.S. Government assistance levels for Latin America are not expected to decline in fiscal year 2007. Foreign assistance for the region has nearly doubled since the start of the administration, rising from \$862 million in fiscal year 2001 to a planned \$1.7 billion in fiscal year 2007. Reductions in the Development Assistance and Child Survival and Health requests are partially offset by increases in the request for ESF, which is \$31 million more than the fiscal year 2006 level. For additional consideration is the complete picture of U.S. Government resources going to the region. The Millennium Challenge Account will be providing significant

resources, through Compact agreements, to Nicaragua (\$175 million) and Honduras (\$215 million), as well as through Threshold Country Program funding to Paraguay (\$37 million). The Millennium Challenge Account projects compliment our efforts by supporting economic growth, infrastructure, and other projects where USAID has been active in the past.

MILLENNIUM CHALLENGE CORPORATION

Question. The President's request includes \$3 billion for the Millennium Challenge Corporation [MCC]. While the MCC does not fall directly under the authority of the Director of Foreign Assistance, the MCC consults with your office and you sit on the board as Administrator. Please explain your strategy for determining levels of other assistance if a country is MCC eligible. For instance, if a country receives a compact for a major infrastructure project, will that country be eligible to receive the same amounts of Development Assistance they had before becoming MCC eligible? I've heard concerning rumors that a blanket policy would be applied and it seems to me you may want to look at these issues on a country by country basis.

Answer. My role in relation to the Millennium Challenge Corporation [MCC] as Director of Foreign Assistance is to coordinate the work of the MCC with other U.S. agencies involved in foreign assistance. Millennium Challenge Corporation staff participate on the country core teams where their programs are active. These country teams are meeting now to review country allocation levels and establish priority program areas for each recipient country. MCC participation with these teams allows for collaboration between the work the MCC is doing and other U.S. Government agencies. Their participation aids in assuring that the work of U.S. Government agencies complements each other in helping to achieve the Secretary's transformational diplomacy goal of, "Helping to build and sustain well governed states that will respond to the needs of their people and conduct themselves responsibly in the international system." The final allocation of State and USAID funding will take into account the work of the MCC to ensure that our programs complement one another in achieving the Secretary's goal. We have not set guidance to preclude or include considerations of funding from one account or another as the country teams allocate their budgets. Their guidance directs them to develop a plan that will help the country advance in achieving the Secretary's goal, taking into account all U.S. Government foreign assistance resources, including MCC funds.

HAITI FUNDING

Question. As you may know, I worked to include \$40 million in additional funding for Haiti in the Senate passed fiscal year 2006 supplemental. The conference report includes \$20 million. As Director of Foreign Assistance and USAID Administrator, what are your plans for Haiti in the short-term? Have you met with the USAID Mission Director or the Ambassador yet?

Answer. The U.S. Government will use the supplemental funds to help Haiti reduce internal conflict and provide the basis to rebuild by addressing key sources of stress and conflict in social, economic, and political spheres, notably through increasing access to primary health services and basic education, creating employment and rebuilding assets for sustainable livelihoods, and fostering improved rule of law and responsive governance. All interventions will be undertaken to achieve short-term visible and measurable results while still developing the capacity of institutions to sustain results.

I would look forward to any opportunities in the near future to meet with both our Ambassador and our Mission Director.

INTERNATIONAL DISASTER AND FAMINE ASSISTANCE

Question. The International Disaster and Famine Assistance Account request for fiscal year 2007 is cut by \$62 million from the fiscal year 2006 enacted levels (including the supplemental funds). As you know, these are the emergency funds that save lives. In addition, there is evidence that the use of these funds in emergencies are some of our best PR efforts overseas. For the past few years, we've been relying on supplemental funding for these core humanitarian activities. I believe doing so is dangerous fiscal planning that limits critical activities that respond to the large number of natural and man-made disasters. Do you believe \$349 million is sufficient to address the emergencies we know about such as Sudan, northern Uganda, Congo, and Indonesia as well as the unforeseen emergencies to come in fiscal year 2007.

Answer. We have confronted a series of major disasters over the past several years. Supplemental appropriations have been essential to an effective response. At

this point, we believe the requested level will be adequate and will allow us to respond effectively.

QUESTION SUBMITTED BY SENATOR SAM BROWNBACK

U.S.-UKRAINE FOUNDATION

Question. Congress has iterated its support for programs administered by the U.S.-Ukraine foundation, but USAID's decisions regarding funding for these programs has not reflected Congress' support. Is this lack of targeted funding for these programs a reflection of the general draw down of ESF funds for Ukraine, or have USAID country officials made these decisions for other reasons?

Answer. First, before I answer your question, let me state for the record that our programs in Ukraine are funded predominantly through the Freedom Support Act (FSA) and not through ESF funds.

USAID has funded the U.S.-Ukraine Foundation [USUF] since July 1997, when USUF was awarded a non-competitive grant. This grant has been extended several times and the total award amount has increased to its current level of \$22,245,918. The final extension to this grant has been made, taking it to July 2007, in accordance with the 10-year limit on USAID assistance instruments. During the period of this grant, USAID's funding level in Ukraine has dropped four-fold, from \$163 million in 1997 to \$41 million in 2006. Nevertheless, USUF's average funding level has remained fairly consistent at about \$2.2 million per year.

USAID recognizes the importance and value of Ukrainian Diaspora groups and we hope to continue benefiting from their participation in the USAID assistance program. Since there are currently many active and capable Diaspora groups, we expect to select a future program implementer via a competitive process.

QUESTION SUBMITTED BY SENATOR PATRICK J. LEAHY

RUSSIA

Question. In July, the United States and other nations will be meeting in St. Petersburg for the annual G8 summit. Increased attention has been paid to this year's summit because Russia is hosting it.

The irony of this gathering of democratic nations in Russia is that Russia is becoming increasingly un-democratic. It has been 2 years since President Putin won reelection with no opposition. Since then, the Kremlin has opposed the democratic movement in Ukraine, supported a blatantly manipulated election in Belarus, rolled back democratic reforms in Russia, and continued its heavy handed policies in Chechnya.

The latest crackdown on democracy is a law requiring civil society groups in Russia to re-register with the Justice Ministry in order to exert greater control of their activities and finances.

The President proposes to cut aid to Russia from \$80 million in fiscal year 2006 to \$58 million in fiscal year 2007. Almost none of this goes to the government. Shouldn't we be doing more, not less, to support democracy in Russia through civil society and the media?

Answer. We are doing a great deal to support the democratic process in Russia. U.S. assistance in Russia supports democracy programs that encourage volunteerism and civic responsibility through support to a wide variety of both Russian and American non-governmental organizations. Programs help Russian citizens, especially young people, better understand and apply democratic values and more proactively exercise their civic rights and responsibilities. In particular, the United States supports Russian human rights organizations, independent media outlets and good governance watchdogs. The proposed fiscal year 2007 budget level for Russia reflect the impact of competing priorities in a resource constrained environment.

Our relationship with Russia will always be important for the United States. In the coming years, we intend to use foreign assistance to further our strategic partnership with Russia on areas of common interest such as countering terrorist financing, mitigating conflict in the North Caucasus, advancing implementation of Russia's local self governance law and strengthening the Russian judiciary. We also intend to support Russian reformers to help the country complete its transformation to an open, democratic society.

QUESTIONS SUBMITTED BY SENATOR MARY L. LANDRIEU

DISPLACED CHILDREN AND ORPHANS FUND

Question. In fiscal year 2006, \$3 million was appropriated for USAID in the State and Foreign Appropriations bill. The funds were to be used as a pilot project for orphans, displaced, and abandoned children. To date, I haven't seen any evidence the funds have been put to use.

What has happened to these funds and please outline in detail what has been done with the funding for this very important project?

Answer. It is the explicit mandate of USAID's Displaced Children and Orphans Fund [DCOF] to directly address the concerns outlined in the language of the State and Foreign Operations Appropriations Bill. This office is charged to prevent child abandonment, address the needs of orphans, displaced and abandoned children and provide permanent homes through family reunification, guardianship and domestic adoptions. USAID will meet or exceed the \$3 million appropriated in fiscal year 2006.

Of the earmarked \$3 million, \$1.5 million will be used to reduce the abandonment and separation of children in the Democratic Republic of the Congo. This program integrates two coordinated efforts that: (1) combine poverty alleviation, training of social workers, promotion and support of children's rights, and communications and outreach, and (2) ensure minimum care standards and increase the reinsertion of separated and abandoned children with their families through support and training to local non-governmental organizations (NGOs) and government institutions.

The additional \$1.5 million will be used to support programs in Ukraine and Georgia. The goal of the Ukraine program is to build a continuum of family care services for children who are at risk or outside of family care. This program includes activities designed to strengthen and develop systems of family preservation, foster care, and adoption. The DCOF program in Georgia is targeted to assist vulnerable families to improve their ability to care for their own children as well as strengthening and expanding local NGO and government capacities to promote the physical, cognitive, emotional and psychosocial well being of at-risk children.

Question. In your new position, you will direct all foreign assistance. How will you use your position to advance the causes of orphans, displaced, and abandoned children in the developing world?

Answer. Hundreds of thousands of children are separated from their families or are in danger of becoming combatants as a result of civil war. Millions of children work or live on the streets; and as many as 40 million children will be orphaned in HIV/AIDS affected countries by 2010.

- I will work in the coming months with the Special Advisor on Orphans and Vulnerable Children, who is located within USAID, to implement a strategy that calls for a more effective and coordinated U.S. Government response. Our initial findings will be reported to the Congress in the next several months.
- We need to collaborate closely with UNICEF and leading non-governmental organizations to formulate our response, and to ensure that in countries that have completed National Plans of Action for Orphans and Vulnerable Children, that resources are made available and that results are monitored and documented.
- The U.S. Government currently implements a number of effective programs that make a huge difference in the lives of millions of highly vulnerable children around the world. Programs are located in Africa, Asia, Europe and Eurasia, and Latin America. Activities include:
 - Expanding care and support programs for children affected by HIV/AIDS at the community level in countries hardest hit by the epidemic;
 - Helping reintegrate child soldiers back into their families and communities, and providing psychosocial support for these children;
 - Providing vocational and educational opportunities for street children and other displaced children;
 - Expanding effective community-level support for orphans;
 - Preventing increased disabilities through treating and preventing blindness, and education and testing related to other disabilities; and
 - Food from Public Law 480 and donations from the United States to the World Food Program bring life-sustaining food to millions of children annually.

CHILDREN IN CONFLICT AND CRISIS

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MATERNAL AND CHILD HEALTH

Question. Despite significant scientific advances, millions of children and their mothers still die from treatable and preventable causes in the developing world. Each year, more than 10 million children under age 5 die—40 percent of these deaths occur within the first month of life. More than half a million women die from pregnancy- and child birth-related causes each year. Although the United States has played a critical role in providing the funding and expertise that has saved lives in past, funding for low-cost, low-tech interventions has stagnated.

Under your leadership, how would the U.S. Government address the millions of preventable deaths of children under 5 and their mothers?

Answer. USAID will focus its efforts in countries that continue to have a high burden of preventable maternal and child mortality to maximize our impact on health. We will work with host country governments and partners to scale-up country-appropriate packages of high-impact interventions, such as childhood immunizations, oral rehydration therapy, household water disinfection, vitamin A, antenatal care, and active management of the third stage of labor. By coordinating closely with other USG initiatives, such as the President's Malaria Initiative, and with other donors, such as the United Nations Children's Fund [UNICEF] the Global Alliance for Vaccines and Immunizations [GAVI], and the Global Fund to Fight AIDS, Tuberculosis and Malaria, we will be able to complement other funding in such a way that maximizes impact on maternal and child survival, health and nutrition. Finally, we will concentrate our new investments in emerging areas, such as neonatal health, in order to accelerate the decline in infant and child mortality.

CONCLUSION OF HEARINGS

Senator BROWNBACK. Thank you very much. That concludes our hearings.

[Whereupon, at 4:02 p.m., Thursday, June 8, the hearings were concluded, and the subcommittee was recessed, to reconvene subject to the call of the Chair.]